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OFFERING MEMORANDUM

NOT FOR GENERAL
DISTRIBUTION IN THE UNITED STATES

Almaviva S.p.A.

€350,000,000 4⅞% Senior Secured Notes due 2026

Almaviva S.p.A., a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number and *codice fiscale* 08450891000 (the "**Company**" or the "**Issuer**"), is offering €350.0 million aggregate principal amount of its Senior Secured Notes due 2026 (the "**Notes**").

We will pay interest on the Notes, in cash, semi-annually in arrears on each of April 30 and October 30, commencing April 30, 2022. The Notes will bear interest at a rate per annum, equal to 4.875%.

The Notes will mature on October 30, 2026. On or after October 30, 2023, we may on any one or more occasions redeem all or a part of the Notes at the redemption prices set out in this offering memorandum (the "**Offering Memorandum**") plus accrued and unpaid interest, on the Notes redeemed, and additional amounts, if any, to, but excluding, the applicable date of redemption. At any time prior to October 30, 2023, we may on any one or more occasions redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the applicable "make whole" premium as described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption. At any time prior to October 30, 2023, we may, at our option, also redeem up to 40% of the aggregate principal amount of the Notes (including the principal amount of any additional Notes (the "**Additional Notes**")) with the net cash proceeds from certain equity offerings at a redemption price equal to 104.875% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, if at least 50% of the originally issued aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding. At any time prior to October 30, 2023, we may in each calendar year following the Issue Date redeem up to 10% of the aggregate principal amount of the Notes (including any Additional Notes) at a redemption price equal to 103.000% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.

In the event of certain developments affecting taxation, we may redeem all, but not less than all, of the Notes. Upon the occurrence of certain events defined as constituting a change of control, we may be required to make an offer to purchase all or a portion of the Notes at a purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. However, a change of control will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event. See "*Description of the Notes*".

The Notes will be general senior obligations of the Company and will rank equal in right of payment to any existing and future indebtedness of the Company that is not expressly subordinated in right of payment to the Notes, including obligations of the Company incurred under the Revolving Credit Facility (as defined herein) and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes, will be effectively subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) of the Company that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness, and will be structurally subordinated to any existing or future indebtedness of our subsidiaries that are not Guarantors (as defined hereafter).

On the Issue Date, the Notes will be obligations of the Issuer and will not be guaranteed by any of the Issuer's subsidiaries. Within 60 days of the Issue Date, the Notes will be guaranteed by Almaviva do Brasil Telemarketing e Informática S/A and Chain Servicos e Contact Center S.A. (together, the "**Guarantors**"). The guarantee by each of the Guarantors (each a "**Guarantee**" and together the "**Guarantees**") will be a general senior obligation of the relevant Guarantor, will, together with their respective obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), rank *pari passu* in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including the senior guarantee given in favor of the Revolving Credit Facility and certain hedging obligations, if any, will rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee, will be effectively senior in right of payment to existing and future unsecured obligations of such Guarantor to the extent and value of the Collateral (as defined below) that is available to satisfy the obligations under such Guarantor's Guarantee and will be structurally subordinated to any existing or future indebtedness of such Guarantor's subsidiaries that do not guarantee the Notes.

On or about the Issue Date, the Notes will be secured by a first ranking pledge over the shares of the Issuer held by Almaviva Technologies S.r.l., representing (x) 95.1% of the share capital of the Issuer or (z) in the event of subsequent sales of the Issuer's shares by Almaviva Technologies S.r.l. or an issuance of new shares by the Issuer to a third party which is not Almaviva Technologies S.r.l. or an Affiliate of Almaviva Technologies S.r.l., not less than 80.0% of the share capital of the Issuer (the "**Almaviva Pledge**"). Subject to certain limitations (including the Agreed Security Principles (as defined herein)), the Notes will be secured (x) within 60 days of the Issue Date, by (i) a first-ranking pledge over the shares in Almaviva do Brasil Telemarketing e Informatica S/A representing 99% of its share capital held by Almaviva Contact S.p.A. and the Issuer, (ii) an assignment by way of security of certain material intra group receivables of Almaviva do Brasil Telemarketing e Informatica S/A, if any, (iii) a first-ranking pledge over the shares in Chain Servicos e Contact Center S.A. representing 100% of its share capital held by Almaviva do Brasil Telemarketing e Informatica S/A and Aquarius Participacoes S.A., and (iv) an assignment by way of security of certain material intra group receivables of Chain Servicos e Contact Center S.A., if any, and (y) within 60 days of the date on which such receivables are first documented, by an assignment by way of security of certain material intra group receivables of the Issuer, if any (the "**Post-Closing Collateral**" and, together with the Almaviva Pledge the "**Collateral**"). See "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—The enforcement of the pledge over the shares of the Company will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation.*" The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*" Under the terms of the Intercreditor Agreement (as defined herein) in the event of a distressed disposal of the Collateral or an enforcement of the security interests over the Collateral, the holders of the Notes will receive proceeds from such Collateral only after the obligations under or in respect of the Revolving Credit Facility certain hedging obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement), if any, have been repaid in full. The security interests and Guarantees will be subject to significant contractual and legal limitations. The security interests in the Collateral and the Guarantees may be released under certain circumstances.

Subject to and as set forth in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the relevant series of Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person resident in a country that is not listed in the White List (as defined below) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".

There is currently no public market for the Notes. Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market or that such listing will be maintained. This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

The Notes will be in registered form and will initially be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof and will only be transferable in minimum principal amounts of €100,000 and integral multiples of €1,000 in excess thereof. On the Issue Date, the Notes will be represented by one or more Global Notes (as defined herein) delivered through a common depositary of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). See "*Book-Entry; Delivery and Form.*"

Investing in the Notes involves a high degree of risk. See the "*Risk Factors*" section of this Offering Memorandum, beginning on page 31.

Issue Price for the Notes: 100.000% plus accrued interest, if any, from the Issue Date

The Notes and the Guarantees have not been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and they may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, this Offering is being made only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("Rule 144A")) in compliance with Rule 144A. You are hereby notified that the Initial Purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Outside the United States, this Offering is being made in connection with offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). For further details about eligible offerees and resale restrictions, see "*Plan of Distribution*" and "*Notice to Investors*."

Joint Global Coordinators

Goldman Sachs International **BNP Paribas**

Joint Bookrunners

Banca Akros S.p.A. – Gruppo Banco BPM **J.P. Morgan**

The date of this Offering Memorandum is October 26, 2021.

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In making an investment decision, you should rely only on the information contained in this Offering Memorandum. None of the Issuer, or any of the Initial Purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. None of the Issuer, or any of the Initial Purchasers is making an offer of the Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS THE NOTES ARE REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. SEE "*PLAN OF DISTRIBUTION*" AND "*NOTICE TO INVESTORS*." INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

This Offering is being made on the basis of this Offering Memorandum only. Any decision to purchase Notes in the Offering must be based on the information contained in this Offering Memorandum. None of the Issuer, Goldman Sachs International, BNP Paribas, Banca Akros S.p.A. – Gruppo Banco BPM and J.P. Morgan A.G. (each an "**Initial Purchaser**" and together, the "**Initial Purchasers**") have authorized anyone to provide you with any information or represented anything about the Issuer, or any of their respective affiliates, their financial results or this Offering that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer or any of the Initial Purchasers. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

The information contained in this Offering Memorandum is correct as of the date hereof. Neither the delivery of this Offering Memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to that date. The Issuer accordingly accepts responsibility for the information contained in this Offering Memorandum.

The information contained in this Offering Memorandum has been furnished by the Issuer and other sources we believe to be reliable.

None of the Initial Purchasers, and no employee or affiliate of the Initial Purchasers, has authorized the contents or circulation of this Offering Memorandum, and none of the Initial Purchasers, and no employee or affiliate of the Initial Purchasers, assumes any responsibility for, and no such person will accept any liability for, any loss suffered as a result of, arising out of, or in connection with this document or any of the information or opinions contained in it.

In accordance with normal and accepted market practice, none of the Trustee, the Security Agent (as defined below), the Paying Agent (as defined below), the Registrar (as defined below), nor the Transfer Agent (as defined below) is responsible for the contents of this Offering Memorandum or expresses any opinion as to the merits of the Notes under this Offering Memorandum.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, any of its affiliates, or the Initial Purchasers. This Offering Memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful.

This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of some of which will be made available upon request, for the complete information contained in those documents. By receiving this Offering Memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes. The contents of this Offering Memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Target and any of their respective affiliates, the terms of the Offering and the merits and risks involved.

In addition, for so long as the Notes are listed on the Luxembourg Stock Exchange (the "**Exchange**") and the rules and regulations of the Exchange so require, the Issuer will also provide a copy of the foregoing information and reports to the Exchange. Furthermore, for so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any year in which the Issuer is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from such reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, as amended, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer.

This Offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission or any other U.S. federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Initial Purchasers reserve the right to withdraw this Offering at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of Notes sought by investors. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own accounts. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See "*Plan of Distribution*" and "*Notice to Investors*."

The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of the Notes. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe, any such restrictions. None of the Issuer, the Initial Purchasers, the Trustee, the Paying Agent, the Security Agent, the Transfer Agent or their respective representatives are making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable laws or regulations. For a further description of certain restrictions on the Offering and sale of the Notes and the distribution of the Offering Memorandum, see "*Notice to Investors*."

To purchase the Notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell the Notes or possess or distribute this Offering Memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the Notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Issuer, the Initial Purchasers, the Trustee, the Paying Agent, the Security Agent, the Transfer Agent or their respective affiliates will have any responsibility therefor.

Neither the Issuer nor any of the Initial Purchasers are making an Offering in any jurisdiction where the Offering is not permitted. No action has been taken by the Initial Purchasers, the Issuer, or any other person that would permit an Offering or the circulation or distribution of this Offering Memorandum or any offering material in relation to the Issuer, or any of the Notes in any country or jurisdiction where action for that purpose is required.

The Notes will only be issued in fully registered form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act ("**Rule 144A**") will be represented by one or more global notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). Notes sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") will be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary. See "*Book-Entry; Delivery and Form*."

The information contained under the headings "*Summary*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry and Market Overview*" and "*Business*" includes extracts from information and data, including industry and market data, prepared by third parties. While the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the

Issuer has not independently verified the accuracy of such information and data and accepts no further responsibility in respect thereof. However, as far as the Issuer is aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

The information set forth in those sections of this Offering Memorandum describing clearing and settlement is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures. None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

Application will be made to list the Notes on the Exchange and to admit them for trading on the Exchange, and we intend to submit this Offering Memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this Offering Memorandum. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information. We may also be required to update the information in this Offering Memorandum to reflect changes in the business, financial position or results of operations and prospects of the Issuer, and their respective subsidiaries. There can be no assurance that the application for admission of the Notes on the Exchange will be approved or that such listing will be maintained, and settlement of the Notes is not conditioned on obtaining this listing.

STABILIZATION

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS INTERNATIONAL (THE "**STABILIZATION MANAGER**") (OR PERSONS ACTING ON ITS BEHALF), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON THE STABILIZATION MANAGER (OR PERSONS ACTING ON ITS BEHALF) TO DO THIS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

NOTICE TO U.S. INVESTORS

None of the U.S. Securities and Exchange Commission, any state securities commission or any other regulatory authority has approved or disapproved the Notes, and none of the foregoing authorities have passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary could be a criminal offense in certain jurisdictions.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgments that are described in this Offering Memorandum under "*Notice to Investors*." The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and the Notes are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Notice to Investors*."

CERTAIN CONSIDERATIONS REGARDING SALES INTO CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal, that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights, or consult with a legal advisor.

Pursuant to Section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "qualified investor" within the meaning of Article 2(e) of Prospectus Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation. The Notes described in this Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor (as defined above) in a Member State. No key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in a Member State has been or will be prepared. Offering or selling the Notes or otherwise making them available to any retail investor in a Member State may be unlawful.

Each person located in a Member State to whom any offer of Notes is made, or who receives any communication in respect of an offer of Notes, or who initially acquires any Notes, or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that: (i) it is a "qualified investor" within the meaning of the law in that Member State implementing Article 2(e) of the Prospectus Regulation; and (ii) it is not a retail investor (as defined above).

EEA product governance / Professional investors and ECPs only target market. Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties ("**ECPs**") and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, and without prejudice to our obligations in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Republic of Italy. The Offering has not been cleared by *the Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation and will not be subject to formal review or clearance by CONSOB. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or any other offering circular, prospectus, form of application, advertisement or other offering material or document relating to the Notes to be issued, may be distributed or published in the Republic of Italy either on the primary or on the secondary market, except: (a) to qualified investors (*investitori qualificati*) as referred to in Article 2(e) of the Prospectus Regulation; or (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**"), and the applicable Italian laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

(a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r, of Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Italian Financial Act**")), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 20307 of February 15, 2018, as amended, Italian Legislative Decree No. 385 of September 1, 1993, as amended (the "**Italian Banking Act**"), the Issuer Regulation and any other applicable laws and regulations; and

(b) in compliance with all relevant Italian securities, tax, exchange control and any other applicable laws and regulations and any other applicable requirement or limitation that may be imposed from time to time by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) or any other relevant Italian competent authorities.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investor occurs in compliance with applicable laws and regulations.

For selling restrictions in respect of Italy, see also "*Notice to Certain European Investors—European Economic Area*" above.

United Kingdom. This Offering Memorandum has been prepared on the basis that any offer of the securities in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") from a requirement to publish a prospectus for offers of such securities. This Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation. The securities described in this Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the securities or otherwise making them available to retail investors in the UK has been or will be prepared and, therefore, offering or selling the securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are outside the UK, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the UK Prospectus Regulation. This Offering Memorandum has not been approved by the United Kingdom Financial Conduct Authority or any other competent authority. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its content.

UK MiFIR product governance / Professional investors and ECPs only target market. Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only ECPs, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to ECPs and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

ITALIAN "WHITE LIST"

In order to qualify as eligible to receive interest free from *imposta sostitutiva* (Italian substitute tax), among other things, non-Italian resident holders of the Notes and beneficial interests therein must be beneficial owners resident for tax purposes in, or be "institutional investors" established in, a country which the Italian government identifies as allowing for a satisfactory exchange of information with Italy (the "**White List**") as listed in the Italian Ministerial Decree dated September 4, 1996, as amended from time to time, or, as from the tax year in which the Ministerial Decree to be issued under Article 11, paragraph 4, let. c) of Legislative Decree No. 239 of April 1, 1996 is effective, in a country therein included. See "*Certain Tax Considerations—Certain Italian Tax Considerations—Tax Treatment of Interest—Non-Italian resident Noteholders*."

Subject to certain limited exceptions, such as for central banks and supranational bodies established in accordance with international agreements in force in Italy, this residency requirement applies to all holders of the Notes and beneficial interests therein, including ultimate beneficiaries of interest payments under the Notes holding via sub-accounts to which interests in the Notes may be allocated upon purchase or thereafter.

As of the date of this Offering Memorandum, the White List includes the following States:

Albania
Alderney
Algeria
Andorra
Anguilla
Argentina
Armenia
Aruba
Australia
Austria
Azerbaijan
Bangladesh
Barbados
Belarus
Belgium
Belize
Bermuda
Bosnia and Herzegovina
Brazil
British Virgin Islands
Bulgaria
Cameroon
Canada
Cayman Islands
Chile
China
Congo (Republic of Congo)
Cook Islands
Costa Rica
Croatia
Curaçao
Cyprus
Colombia
Czech Republic
Denmark
Ecuador
Egypt
Estonia
Ethiopia
Faroe Islands
Finland
France
Georgia
Germany
Ghana
Gibraltar
Greece
Greenland
Guernsey
Herm
Holy See
Hong Kong
Hungary
Iceland
Iceland
India
Indonesia
Ireland
Isle of Man
Israel
Ivory Coast
Japan
Jersey
Jordan
Kazakhstan
Kuwait
Kyrgyz Republic
Latvia
Lebanon
Liechtenstein
Lithuania
Luxembourg
Macedonia
Malaysia
Malta
Mauritius
Mexico
Moldova
Monaco
Montenegro
Montserrat
Morocco
Mozambique
Nauru
Netherlands
Nigeria
Niue
Norway
New Zealand
Oman
Pakistan
Philippines
Poland
Portugal
Qatar
Romania
Russian Federation
Samoa
San Marino
Saudi Arabia
Senegal
Serbia
Seychelles
Singapore
Sint Maarten
Slovak Republic
Slovenia
South Africa
South Korea
Spain
Sri Lanka
St. Kitt's & Nevis
St. Vincent & the Grenadines
Sweden
Switzerland
Syria
Taiwan
Tajikistan
Tanzania
Thailand
Trinidad and Tobago
Tunisia
Turkey
Turkmenistan
Turks and Caicos Islands
Uganda
Ukraine
United Arab Emirates
United Kingdom
United States
Uruguay
Uzbekistan
Venezuela
Vietnam
Zambia

The White List may change, and the Issuer has no obligation to provide notice of any such change. Noteholders will bear the risk of changes in the White List and should therefore inform themselves of any such changes.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aim," "anticipates," "believes," "continue," "could," "estimates," "expects," "forecast," "intends," "may," "ongoing," "plans," "potential," "predict," "project," "seek," "should," "target," "will," or "would" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Memorandum and include statements made by us with regards to our intentions, beliefs or current expectations concerning, among other things, the results of our operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions and our actual results of operations, including our financial condition and liquidity may differ materially from (and may be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Memorandum. You should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Offering Memorandum, including, but not limited to, the following:

- competition in our industries;
- failure to anticipate and improve services according to technology improvements;
- dependence on a limited number of large customers;
- damage or disruption to our technical infrastructure and facilities and breaches of our security systems and service interruptions;
- economic performance in the jurisdictions in which we operate;
- adverse impact of the COVID-19 pandemic, other health epidemics and seasonality;
- market trends and development;
- labor disputes and increases in employee benefit expenses, including changes to labor law;
- our ability to obtain adequate pricing for our services and to improve our cost structure;
- personnel risks associated with our contractual arrangements with call centers;
- labor dispute risks associated with the loss of certain call center services;
- damage or disruption to our technical infrastructure and facilities;
- risks related to the services provided to government and other public entities;
- damages caused by our TJA partners and subcontractors;
- failure to deliver timely and effective implementation of our services;
- our ability to renew commercial and government contracts awarded through competitive bidding processes;
- our access to the financing we need to compete in certain public tenders and any failure to perform our obligations;
- failure to comply with anti-corruption and anti-bribery laws and regulations;
- liabilities for the actions of our directors, employees, agents, representatives, advisors and intermediaries;
- long sale cycles and delays in payments;
- our dependence on third party providers and licenses;.
- failure to protect and enforce our intellectual property right and liability from intellectual property claim;
- unexpected adjustments to our backlog;
- our ability to attract and retain necessary technical personnel;

- our exposure to currency exchange rate movements;
- risk related to our international business activities;
- regulatory, economic, social and political uncertainties in Brazil;
- the impact of any mergers, acquisitions and joint ventures on our business;
- failure to have sufficient insurance coverage;
- failure to maintain effective internal controls;
- failure to comply with data protection regulations and privacy laws or any other laws and regulations;
- adverse impact of legal liability;
- changes in tax or other laws and regulations;
- risks related to our capital structure;
- risks related to cybersecurity issues;
- risks related to our indebtedness, the Notes, Guarantee and Security; and
- the other risks and uncertainties detailed in the section titled "*Risk Factors*."

These risks and others described under "*Risk Factors*" are not exhaustive. Other sections of this Offering Memorandum describe additional factors that could adversely affect our financial position, results of operations and liquidity. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as at the date of this Offering Memorandum, and we do not intend, and do not assume any obligation, to update forward-looking statements set out in this Offering Memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Offering Memorandum. As a result, you should not place undue reliance on these forward-looking statements.

INDUSTRY AND MARKET DATA

We operate in an industry in which it is difficult to obtain precise industry and market information. The market and competitive position data in the "*Summary*," "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry and Market Overview*" and "*Business*" sections are estimates based on industry publications, and from surveys or studies conducted by KPMG, Anitec-Assinform and Frost & Sullivan, as well as other third-party industry consultants that are generally believed to be reliable. However, the accuracy or completeness of the information based on industry publications and from surveys or studies conducted by third-party industry consultants is not guaranteed and has not been independently verified. Additionally, industry publications and such studies generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed and in some instances the sources do not assume liability for such information. Some of the information herein has been extrapolated from such market data or reports using experience and internal estimates. Elsewhere in this Offering Memorandum, statements regarding the industry in which we operate and our position in this industry are based solely on experience, internal studies and estimates, and our own investigation of market conditions. We believe that the sources of such information in this Offering Memorandum are reliable, but there can be no assurance that any of these assumptions are accurate or correctly reflects our position in our industry, and none of our internal surveys or information has been verified by any independent sources. Industry and market data is based upon sampling and subjective judgments by both researchers and respondents, including judgments as to how to define a particular market. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading "*Risk Factors.*" As a result, neither we nor the Initial Purchasers make any representation as to the accuracy or completeness of any such information in this Offering Memorandum.

CERTAIN DEFINITIONS

The following terms used in this Offering Memorandum have the meanings assigned to them below unless otherwise specified or the context requires otherwise:

Existing Notes	The €250,000,000 7.25% Senior Secured Notes due 2022 that were issued by the Issuer on October 5, 2017, which we expect to redeem in full in connection with the Refinancing.
Existing Notes Redemption	The redemption on or around the Issue Date of the entire outstanding aggregate principal amount of the Existing Notes at par together with accrued and unpaid interest thereon.
Existing Revolving Credit Facility	The super senior revolving credit facility made available under the Existing Revolving Credit Facilities Agreement.
Existing Revolving Credit Facility Agreement	The super senior revolving credit facility agreement for up to €40,000,000 dated August 3, 2017, as amended from time to time, and entered into between, amongst others, the Issuer, and, Global Loan Agency Services Limited as agent, GLAS Trust Corporation Limited as security agent and the lenders named therein.
Group, we, us, our	The Issuer and its subsidiaries.
Intercreditor Agreement	Intercreditor agreement to be entered into on the Issue Date among, *inter alios*, the Issuer, the Trustee, the agent under the Revolving Credit Facility Agreement and the Security Agent, as further described under "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and as amended, supplemented and restated from time to time.
Issuer or Company	Almaviva S.p.A., a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number and *codice fiscale* 08450891000.
Italian Golden Power Authority	The presidency of the Italian Council of Ministries (*Presidenza del Consiglio dei Ministri*).
Italian Golden Power Clearance	The obtaining of the clearances, approvals and consents required to be obtained under the applicable Italian Golden Power Legislation, including any statement from the Italian Golden Power Authority that it lacks or declines jurisdiction or a decision confirming that the request is not subject to filing pursuant to the Italian Golden Power Legislation or the expiration of the applicable review period (or any extension thereof), as applicable, without any decision, communication or act by the Italian Golden Power Authority, to the extent that such inaction has the same effect as an explicit clearance, approval or consent.
Italian Golden Power Legislation	The Italian Law Decree (*decreto legge*) No. 21 of March 15, 2012, as converted into law and amended

by Italian Law (*legge*) No. 56 of May 11, 2012; the Italian Law Decree (*decreto legge*) No. 105 of September 21, 2019, as converted into law and amended by Italian Law (*legge*) No. 133 of November 18, 2019; and Italian Law Decree (*decreto legge*) No. 23 of April 8, 2020, as converted into law and amended by, *inter alia*, Italian Law (*legge*) No. 40 of June 5, 2020, each as subsequently amended and supplemented, and including the relevant Presidential Decrees (*decreti del Presidente della Repubblica*) and Prime Ministerial Decrees (*decreti del Presidente del Consiglio dei Ministri*) adopted in relation to the abovementioned laws and regulations.

Offering . . . . The offering of the Notes pursuant to this Offering Memorandum.

Notes . . . . The €350.0 million aggregate principal amount of the Issuer's senior secured notes due 2026 offered hereby.

PNRR . . . . The Italian National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*), which outlines how Italy will invest approximately €200 billion from the European Union to recover from the COVID-19 pandemic.

Refinancing . . . . Has the meaning given to such term in "*Summary—The Refinancing.*"

Revolving Credit Facility . . . . The €70.0 million revolving credit facility available pursuant to the Revolving Credit Facility Agreement, which is described in more detail under "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"

Revolving Credit Facility Agreement . . . . The revolving credit facility agreement dated October 19, 2021, which sets out the terms of the Revolving Credit Facility among, *inter alios*, the Issuer, the Security Agent and the original lenders named therein, which is described in more detail under "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"

Security Documents . . . . Has the meaning given to such term in "*Description of the Notes—Certain Definitions.*"

Termination Date . . . . The date falling four years and six months from the Issue Date or, if earlier, the date falling six months prior to the original scheduled maturity of the Notes.

TJA . . . . Temporary joint associations, a method of entering into *consortia* which the Group uses along with partners in order to bid for public tenders and provide the goods and services thereunder.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Consolidated Financial Statements

This Offering Memorandum presents the following financial information:

(i) our unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2021, which include comparatives for the six months ended June 30, 2020 (the "**Unaudited Interim Condensed Consolidated Financial Statements**"), prepared in accordance with International Accounting Standards No. 34, as adopted by the European Union ("**IAS 34**"); and

(ii) our audited consolidated financial statements as of and for the years ended December 31, 2020, 2019 and 2018, prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board ("**IASB**") as adopted by the European Union ("**IFRS**") and audited by EY S.p.A. (the "**Audited Consolidated Financial Statements**," together with the Unaudited Interim Condensed Consolidated Financial Statements, the "**Consolidated Financial Statements**").

The translation into English of our Consolidated Financial Statements and the related audit reports and review report thereon are included from page F-1 onwards.

We also present in this Offering Memorandum certain financial information for the twelve months ("**LTM**") ended June 30, 2021, which has been calculated by adding together (i) the audited financial information for the year ended December 31, 2020 and (ii) the unaudited interim condensed consolidated financial information for the six months ended June 30, 2021 and then subtracting (iii) the unaudited interim condensed consolidated financial information for the six months ended June 30, 2020. The financial information for the twelve months ended June 30, 2021 has been prepared for illustrative purposes only and is not prepared in the ordinary course of our financial reporting and has not been audited. Such financial data is not necessarily indicative of the results that may be expected for the year ended December 31, 2021 or any other period and should not be used as the basis for or prediction of an annualized calculation.

Operating Segments

For management purposes, our business is organized into four operating segments based on products and services and geographic area. Our segments are as follows:

- **IT Services**, which provides ICT and cloud computing solutions and includes the following companies: the Company, Lombardia Gestione, AlmavivA de Belgique, Agrisian, AlmavivA Digitaltec, Sadel, Wave, Wedoo Holding, Wedoo and Wedoo LLC, Kline, Almaviva Saudi Arabia and Spin Data;
- **CRM Europe**, which provides contact center services and operates predominantly in the European Union and includes the following companies: AlmavivA Contact, Italy Call and AlmavivA Services;
- **CRM International**, which provides contact center services in South America and Tunisia and includes the following companies: AlmavivA do Brasil, Aquarius Participacoes, Chain Servicos e Contact Center, Almacontact and AlmavivA Tunisie; and
- **Almawave—New Technology**, which supplies innovative technology solutions and includes the following companies: Almawave, Pervoice, Almawave do Brasil, Almawave USA and Obda Systems.

See note 5 to our Consolidated Financial Statements for further information.

Non-IFRS Financial Measures

We use certain financial and operating measures and related ratios to measure performance, including measures that are not determined in accordance with IFRS. These non-IFRS measures are not audited and are not measures of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Moreover, such measures, as defined by us, may not be comparable to other similarly titled measures used by other companies. These non-IFRS measures have limitations and should not be considered in isolation, or as substitutes for financial information as reported under IFRS. Accordingly, undue reliance should not be placed on the non-IFRS measures presented in this Offering Memorandum. We believe that these complementary measures provide investors with additional useful information that help investors evaluate the performance of our business or are measures commonly used by certain investors and securities analysts for evaluating performance.

We also present in this Offering Memorandum certain unaudited *as adjusted* financial information for the last twelve months ended June 30, 2021. The adjusted financial information gives effect to the offering of the Notes and the use of the proceeds as if they had occurred on July 1, 2020 for the *as adjusted* income statement data and on June 30, 2021 for the *as adjusted* balance sheet data. The unaudited *as adjusted* adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited *as adjusted* financial information is presented for informational purposes only. The unaudited *as adjusted* financial information does not purport to represent what our results of operations or financial condition would have been had the financing transactions described above actually occurred on the date indicated and they do not purport to project the results of operations or financial condition for any future period or as of any future date. The unaudited *as adjusted* condensed consolidated financial information should be read in conjunction with the information contained in "*Selected Historical Consolidated Financial and Other Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the financial statements appearing elsewhere in this Offering Memorandum. The unaudited *as adjusted* financial information is not intended to represent *as adjusted* financial information prepared in accordance with the requirements of Regulation S-X promulgated under the Securities Act or other SEC requirements.

Non-IFRS measures and ratios that are presented in, or derived from, measures that are presented in the Consolidated Financial Statements consist of the following:

- **Adjusted EBITDA**, which represents EBITDA as adjusted for certain non-recurring items, either positive or negative, to the extent that they affected the Consolidated Financial Statements for such years or periods or the consolidated income statement for the LTM ended June 30, 2021, as follows:

  (1) provision for personnel early retirement, which represents costs incurred in the year ended December 31, 2020 and related to employees who, during fiscal year ended December 31, 2020, have acquired early retirement rights under Italian law and have accepted to join the Company incentive plan for early retirement; and

  (2) credit write-off on a CRM international client, which represents a one-off bad debt reserve accrual incurred in the year ended December 31, 2020.

For the purpose of Adjusted EBITDA for the year ended December 31, 2020 and for the LTM as of June 30, 2021, the adjustments under points (1) and (2) have occurred in the second half of 2020.

- **Adjusted EBITDA margin**, which is calculated as the ratio of Adjusted EBITDA to revenues;
- **Free cash flow for debt service**, which is calculated: (i) by deducting income taxes and dividends paid; and (ii) by adding other items from/to the Operating Cash Flow. For the purpose of calculating this measure, other items is the algebraic sum of acquisition of investments accounted for using the equity method, acquisition of subsidiaries net of cash and cash equivalents, proceeds from divestments of property, plant and equipment, acquisition of residual interests in companies already controlled, proceeds deriving from Almawave's share capital quotation and fees paid for the Almawave listing;
- **Operating cash flow**, which is calculated as the algebraic sum of Adjusted EBITDA adding-back: (i) non-recurring items detailed in point (1) and (2) of the Adjusted EBITDA definition; (ii) capital expenditures; and (iii) the increase or decrease in working capital. For the purpose of calculating this measure, the increase or decrease in working capital is calculated as the algebraic sum of the change excluding the exchange rate effects and the effects resulting from changes in consolidation area on trade receivables, inventories, contract assets, trade payables, other assets, other liabilities, liabilities for employee benefits and provisions, deferred tax assets and liabilities;
- **Cash conversion**, which is calculated as the ratio of Operating cash flow to Adjusted EBITDA;
- **As adjusted gross debt** is calculated as the sum of non-current financial liabilities and current financial liabilities as shown in the unaudited interim condensed consolidated statement of financial position as of June 30, 2021, as adjusted to give effect to the offering of the Notes and the use of the proceeds;
- **As adjusted net debt**, which represents As adjusted gross debt less cash and cash equivalents, current financial assets and non-current financial assets as shown in the unaudited interim condensed consolidated statement of financial position as of June 30, 2021, as adjusted to give effect to the offering of the Notes and the use of proceeds;
- **As adjusted cash interest expense**, which represents cash paid interest expenses on our payables due to banks, payables due to other lenders, financial lease payables, accrued liabilities from financial expenses and other financial payables for the LTM ended June 30, 2021, as adjusted to give effect to the offering of the Notes and the use of the proceeds;

• **Capital expenditures** is calculated as the sum of the line items investments in property, plant and equipment and investments in intangible assets as resulting from the statement of cash flows included in the Consolidated Financial Statements;

• **EBITDA** is calculated by adding back to the Profit/(Loss) for the period resulting from the Consolidated Financial Statements or from the consolidated income statement for the LTM ended June 30, 2021 the following items: (i) income taxes; (ii) profit/loss from investments accounted for using equity method; (iii) exchange gains/(losses); (iv) financial income and financial expenses; (v) depreciation and amortization; and (vi) losses/gains from sale of non-current assets.

Provided that the segment information at income statement level is not reported at Profit/(Loss) for the period level but until Operating Profit level only, EBITDA for the reportable segment is calculated by adding back to the Operating Profit for the period resulting from the Consolidated Financial Statements or from the consolidated income statement for the LTM ended June 30, 2021 the following items: (i) depreciation and amortization; and (ii) losses/gains from sale of non-current assets;

• **EBITDA Margin** is calculated as the ratio of EBITDA to revenues. When presented with respect to an individual operating and reporting segment, EBITDA Margin is calculated as the ratio of EBITDA for that segment to total revenues, including both external revenues and inter-segment revenues;

• **Gross debt** represents the sum of non-current financial liabilities and current financial liabilities and current financial liabilities as of the stated date; and

• **Net debt** represents the sum of non-current financial liabilities and current financial liabilities less cash and cash equivalents, current financial assets and non-current financial assets as of the stated date.

For a reconciliation of Profit/(Loss) for the period to EBITDA, EBITDA to Adjusted EBITDA, and Adjusted EBITDA to Operating Cash Flow and to Free Cash Flow for Debt Service, as well as for a calculation of EBITDA margin and Adjusted EBITDA margin, see "*Summary Historical and Certain Other Financial Data.*"

Complementary measures and ratios that are not presented in or derived entirely from measures that are presented in the Consolidated Financial Statements and are not prepared in accordance with IFRS (and are subject to the qualifications described below) include the following:

• **FTE** is the average number of full time equivalent employees working for the stated operating segment or for the whole Group during a certain period of time, calculated as the mathematical average of the headcount at the beginning and at the end of the stated period for that referenced operating and reportable segment or for the Group.

• **Net FTE**, which represents FTEs as adjusted for the effect of social security measures, unpaid absenteeism, overtime, accruals and holidays.

• **Backlog** is an operating performance indicator of the IT Services segment that represents the total estimated revenue attributable to the uncompleted portion of our customer contracts in the IT Services segment, including framework agreements, as at a stated balance sheet date. To the extent work advances on these contracts, revenue is recognized in accordance with our revenue recognition policies and thereafter no longer constitutes backlog.

Backlog is not a guarantee of future revenue and is not an indicator of operating profit, cash generation or future liquidity.

Our backlog is affected by our clients' contractual right of early termination and additional cancellations or defaults by our clients with respect to our backlog orders. All of our contracts provide the client with a right of early termination within the contractual notice period and not all of our contracts provide us with the right to receive compensation in respect of such early termination. Our contracts may also reach the end of their term without being renewed. In these circumstances, we could have a transition period of up to three to 18 months (depending on the type and complexity of the previous contract) during which we continue to provide services to our clients while they transition to the new provider. Contract terminations, non-renewals, variations, alternative interpretations and renegotiations may result in our backlog being realized later than anticipated or not at all, and may also result in unanticipated costs being borne by us. Further, we may not be able to realize the full amount of revenues projected in our backlog due to contract cancellations and events substantially beyond our control, including non-payment by customers, and, even if realized, there can be no assurance that any such revenues will result in profit. If we fail to fully realize our backlog, our business, results of operations, financial condition and prospects may be adversely affected.

You should exercise caution in comparing backlog as reported by us to backlog of other companies as it is a measure that is not required by, or presented in accordance with, IFRS. Other companies may calculate backlog differently than we do because backlog and similar measures are used by different companies for different purposes and on the basis of different assumptions, and are often calculated in ways that reflect the circumstances of those companies.

You should not consider the foregoing items as alternatives to comparable IFRS measures. Moreover, these measures and related ratios:

- have limitations as analytical tools and should not be considered in isolation;
- are not measures of financial performance or liquidity under IFRS;
- should not be considered as alternatives to net cash flow from operating activities or any other measure of liquidity derived in accordance with IFRS;
- should not be considered as alternatives to (loss)/profit for the period or any other performance measures derived in accordance with IFRS;
- may be different from definitions, presentations and calculations used by other companies and therefore comparability may be limited;
- may not be indicative of results of operations; and
- do not necessarily indicate whether cash flow will be sufficient or available for cash requirements.

In our discussion of revenues or cost of CRM International we have excluded, where expressly indicated, the impact of fluctuations in foreign currency exchange rates by providing and explaining changes in constant currency, which is a non-IFRS financial measure. We believe changes in constant currency provides valuable supplemental information regarding the revenues or cost of CRM International. This calculation may differ from similarly titled measures used by other companies and, accordingly, the changes in constant currency are not meant to substitute for changes in recorded amounts presented in conformity with IFRS nor should such amounts be considered in isolation.

Rounding

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands or percentages and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Currency Presentation

In this Offering Memorandum, all references to "euro," "EUR" or "€" are to the single currency of the participating member states of the Economic and Monetary Union of the European Union; all references to "U.S. dollars," "US$" and "$" are to the lawful currency of the United States of America; and all references to "Brazilian real," "BRL" or "R$" are to the lawful currency of Brazil. The Consolidated Financial Statements included in this Offering Memorandum are presented in euro.

EXCHANGE RATES

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rate (London) expressed in U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The below rates may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Offering Memorandum. We make no representation that the euro or U.S. dollar amounts referred to in this Offering Memorandum have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Composite Rates on the last business day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the euro on October 14, 2021 was $1.1597 per €1.00.

	U.S. dollars per €1.00			
	Period-end	**Average[(1)]**	**High**	**Low**
Year				
2015	1.0866	1.1032	1.1288	1.0560
2016	1.0547	1.1034	1.1440	1.0547
2017	1.2022	1.1391	1.2022	1.0608
2018	1.1452	1.1782	1.2415	1.1306
2019	1.1229	1.1183	1.1450	1.0903
2020	1.2225	1.1468	1.2225	1.0937
Month				
April 2021	1.2027	1.1967	1.2118	1.1761
May 2021	1.2228	1.2148	1.2240	1.1994
June 2021	1.1849	1.2046	1.2233	1.1849
July 2021	1.1859	1.1823	1.1885	1.1763
August 2021	1.1807	1.1768	1.1870	1.1688
September 2021	1.1716	1.1797	1.1890	1.1716
October 2021 (through October 14, 2021)	1.1597	1.1577	1.1619	1.1528

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last business day of each month during the year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

SUMMARY

The following summary contains basic information about us and this offering and is qualified by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum. This summary is not complete and does not contain all the information that you should consider before investing in the Notes. For a more complete understanding of this offering, we encourage you to read this entire Offering Memorandum carefully, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and our Consolidated Financial Statements and the notes to those Consolidated Financial Statements contained elsewhere in this Offering Memorandum.

We have estimated certain information in this Offering Memorandum regarding market share and our position relative to our competitors based on data available from third parties, our internal data and certain assumptions. See "Industry and Market Overview."

Overview

We are a leading provider of mission-critical IT services in Italy and a leading provider of customer relationship management ("**CRM**") outsourcing services in Italy and Brazil. Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies business.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration, banking and insurance, and industry and utilities sectors:

- ***Transportation and Logistics.*** We develop and manage integrated passenger mobility systems and services for public authorities and private enterprises operating in the transportation and logistics sector. We leverage the new opportunities offered by digital technologies to provide IT solutions and applications for some of the industry's most critical business processes, including command and control functions, passenger travel information (both aboard trains and in train stations), and traffic management. We have over 1,000 professionals who specialize in transportation technologies and have developed a proprietary technology platform, MoovA, which provides end-to-end solutions for transportation and logistics business processes. We are a leader in the Italian market for several modes of transportation, including rail, road and sea, and are an important player in the international market. We have deep and longstanding relationships with some of the most significant operators within the industry, including Ferrovie dello Stato Italiane Group, Italy's national rail network, for whom we have been developing and managing mission-critical software systems and integrated ICT infrastructure management systems for over 25 years.
- ***Public Administration.*** We work with a broad range of government entities to assure the delivery of some of their most important public services. For example, we have developed and currently manage end-to-end systems for the payment of social security benefits to millions of Italian pensioners, the national financial statements for the ministry of economy and finance, the local government information system (including the Smart city, Smart tourism and e-Government systems) and the online enrollment systems for the Italian education system. We also manage information systems for Italy's organ transplant program and other core applications for the Ministry of Health, electronic passports, identification and residency permit systems for the Italian Homeland Security Department, and the command and control systems for Italian law enforcement agencies and the armed forces. We have developed customer engagement solutions for public administration citizen services using emerging technologies (such as public cloud software-as-a-service (Saas), artificial intelligence and machine learning algorithms). We also have strong relationships with most of the government agencies and institutions of the European Union.
- ***Banking and Insurance.*** We offer financial services business process management systems, payment solutions, services for loan and financial management, and products and services for compliance and fraud management, enabling our banking and insurance customers to increase cost efficiency, grow their customer base and effectively manage risk. Our recent corporate acquisitions in the IT financial services market have allowed us to develop a specialized offering for customers in the wealth management sector, including stock brokerage, asset management and private banking firms, while increasing our product efficiency and enhancing our knowledge in the field of financial technology and expertise in design consultancy.
- ***Industry and Utilities.*** We offer connected car technology with our vehicle-to-everything (V2X) platform as well as car configurator technology, on board unit (OBU) solutions for traffic control, and real time fleets monitoring. We provide customers in the industrial and manufacturing sectors technologies for augmented, mixed reality solutions and predictive maintenance algorithms for engines and assembly lines.

We also provide solutions for energy and utilities distribution management systems and energy saving solutions for plants and buildings in the infrastructure asset management market.

Our IT systems, solutions and services draw on our deep understanding of the vertical markets in which they are delivered, leveraging decades of focus on these markets, as well as our expertise in the latest technology trends, such as cloud computing, internet of things, augmented and virtual reality, digital twin, mobile and mobility, artificial intelligence and data analytics, blockchain and cyber security, in addition to enterprise resource planning and corporate solutions. We are also developing IT solutions for the emerging digital healthcare market, such as location intelligence to assist with health and safety protection and predictive analysis for disease diagnosis. In 2018, we opened a competence center in Naples which now has around 400 employees with physics, math and engineering specialisms who provide IT software development services for all sectors. For the twelve months ended June 30, 2021, the IT Services Division accounted 67.7% of our revenues after intragroup eliminations and has historically outperformed compared to Italian GDP, showing spreads of 14.4%, 17.7% and 20.4% for 2018, 2019 and 2020, respectively. Our IT Services business was ranked fourth in Italy in 2020 measured by revenues (source: KPMG).

CRM

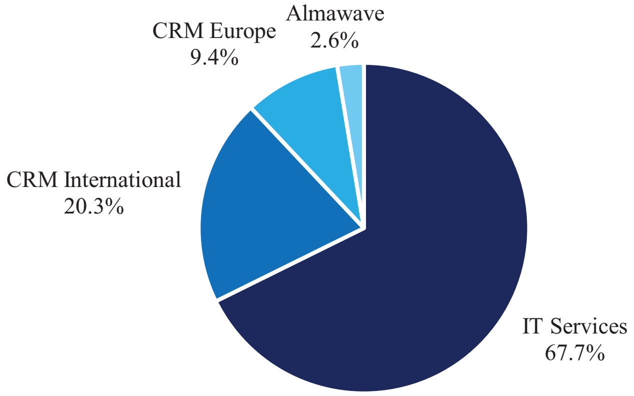
Our CRM Division offers a wide variety of CRM services and solutions to assist our customers in growing their businesses and enabling them to focus on their core competencies. Our CRM Division is organized into two subdivisions, CRM Europe and CRM International, reflecting our geographic focus on Italy and Latin America (Brazil and Colombia) and our core language competencies in Italian, English, French, Portuguese and Spanish. Our CRM Europe business was the third largest provider of CRM services in the Italian market in 2020, and our CRM International business has grown quickly to establish itself as the second largest provider of CRM services in Brazil (source: KPMG). Our CRM Division accounted for 29.7% of our revenues for the twelve months ended June 30, 2021, after intragroup eliminations. Our CRM Europe subdivision accounted for 9.4% of our revenues for the twelve months ended June 30, 2021 after intragroup eliminations. Our CRM International subdivision accounted for 20.3% of our revenues for the twelve months ended June 30, 2021 after intragroup eliminations.

Almawave

Our Almawave Division develops cutting-edge software applications and services in the areas of artificial intelligence, natural language understanding, customer interaction, big data and speech and text recognition in order to enable our customers to better target the consumers of their products and services. We started Almawave in 2008 to establish a platform for the development of proprietary technologies to support our IT Services and CRM businesses. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide, but are also offered as standalone services to other customers. Almawave has also developed a proprietary platform with more than ten modules in over 30 languages. For the twelve months ended June 30, 2021, our Almawave Division accounted for 2.6% of our revenues, after intragroup eliminations. In March 2021, Almawave completed its initial public offering and thereafter listed on the AIM segment of the Milan Stock Exchange, where approximately 26.1% of its shares are trading.

The following diagram shows a breakdown of our revenues for the twelve months ended June 30, 2021 by division and subdivision:

Revenues by Division and Subdivision
Twelve months ended June 30, 2021



Our technology specialists serve our IT Services Division customers from seven centers of competence in Italy and a location in Belgium, the United States and Saudi Arabia. We serve our CRM Division customers from more than 25,000 workstations in Italy, Romania, Brazil, Colombia and Tunisia. Our Almawave products are delivered from four locations in Italy and two in Brazil, with dedicated centers of competence in Trento and Rome, Italy. As of June 30, 2021, we had more than 42,000 FTE employees.

We generated revenues of EUR 890.9 million in the twelve-month period ended June 30, 2021 and our Adjusted EBITDA was EUR 137.3 million for the same period.

Our Strengths

We believe that our competitive strengths are as follows:

Leading market position, best-in-class product and service portfolio with a full suite of digital services (including advanced proprietary solutions)

Our IT Services Division and our CRM Europe and CRM International subdivisions each have leading positions in their respective markets. We developed these leading positions over a number of years by working closely with our customers to manage the critical assets they rely on to deliver essential services to their own customers. We believe our leading positions are a result of our outstanding technical expertise and deep knowledge of our customers' vertical markets and core business processes.

We have a particularly strong market position as a provider of IT systems and solutions to the Italian government and the public sector in general (including at both the national and regional level), and we are one of the few Italian IT companies focused on developing and managing systems and solutions for national critical assets, such as the Italian railway network, the Italian pension system for public administration, the Italian education system, the Italian health system and local tourism agencies. Based on our relationships with these organizations, we believe we are the leading provider of IT solutions for the Italian transportation sectors and public administration more broadly.

Our CRM Europe business is the third largest provider of CRM services in the Italian market, with a 5% total market share (source: KPMG). Our CRM International business has grown quickly to position itself as the second largest provider of CRM services in Brazil, with a 10% market share, behind the largest provider in the market (Atento, with a market share of approximately 25% (source: KPMG)). We have achieved this result despite having only entered the market in 2006, with a single contract, and despite not having Brazilian or Latin American roots.

We offer an attractive and integrated range of systems, solutions and services to our customers, including core business systems (such as passenger management systems for our transportation customers), as well as our expertise in cloud computing, internet-of-things, mobile and mobility, big data analytics, cyber security and other ICT services and solutions. For example, we created our proprietary Giotto platform, which provides a full toolset for developing latest-generation, integrated, secure and highly scalable IoT applications, and which we recently supplemented with new features to support smart city, smart region and landscape, smart road and connected vehicles, smart tourism, digital health and telemedicine, energy and infrastructure asset management. We have also developed solutions for the regulatory technology (regtech) and legal technology markets as well as MoovA, our proprietary technology platform for the transportation division which provides end-to-end solutions for transportation and logistics business processes. Our Almawave Division plays a crucial role in supporting the product and service development of our CRM and IT Services Divisions to a wide range of clients, and enhancing their portfolio through innovative software development (such as our Iride platform). Together, our three divisions form a unique platform that offers our customers cutting-edge digital solutions that enhance their service offerings, are critical to their businesses and, we believe, make us an indispensable partner.

Our IT products and services power a wide and diverse range of critical IT solutions for the public administration, transportation and banking and insurance sectors, including, among many others:

- a suite of integrated planning and management solutions for the Italian railway network, including smart station features, such as infomobility, video surveillance, bridge and asset monitoring, multi-channel and integrated e-ticketing systems and sales, and fleet localization and monitoring, which enable interoperability and intermodality throughout the network;
- end-to-end systems for social security and pension payments, database management and personal data security for millions of pensioners in the Italian pension system; and

- financial services business process management systems, such as core banking services, secure payment solutions and services for loan and financial management, as well as fintech solutions and application platforms which increase our portfolio through the offer of digital services to Italian and international financial intermediaries.

In our CRM Division, we have implemented a suite of services and solutions based on an extended view of customer experience management. These services and solutions integrate CRM business process outsourcing, innovative CRM solutions and advanced analytics with our significant knowledge of the evolving needs of the industries we serve and the trends leading the CRM market. Our CRM Division's services are generally powered by our own technology developed by our Almawave Division. This includes our Iride Customer Centric Suite, which gathers on one platform capabilities for semantics, statistics, intelligent business process management and automatic speech recognition to enable the implementation of an interactive model that is designed to be more engaging for users. Enabled by this technology, our CRM services include inbound and outbound services delivered across multiple channels, including digital (SMS, e-mail, chats, social media and apps, among others) and voice, consulting and process re-engineering, back office and document management, market analysis and adaptive front-end technologies. We believe our compelling portfolio of CRM products and services provides a differentiated offering compared to traditional business process outsourcing operators who lack the technology focus that we have.

Market with strong fundamentals, today more than ever, driven by the EU Recovery Fund ("PNRR") and other Digital Enablers

We operate in markets that are supported by favorable long-term trends and a stable outlook.

The market for digital services in Italy, where our IT Services business operates, was estimated to be worth approximately EUR 71.5 billion in 2020 and is expected to grow at a CAGR between 3.8% (base case) and 7.1% (PNRR deployment case) between 2020 and 2024 (source: Assinform July 2021). The Italian markets for ICT services (€12.7 billion in 2020), which is the reference market for the core activities in our IT Services Division, is expected to grow at a CAGR of 2.4% over this period. We operate in segments which address 97% of the entire market. The Italian market for Digital Enablers is expected to grow much faster with an 11.7% CAGR, and we have exposure to a number of the sectors within this market, such as AI. The AI/Cognitive services reference market for Almawave, and expected to grow at 24.0% over the same period (source: Assinform July 2021). This projected growth is driven by a strong digitalization trend across the Italian public and private sectors, enhanced by the PNRR, and the growing adoption of new technologies, such as cloud, AI and big data, and a shift in outsourcing behavior towards more externally managed services. The PNRR has allocated approximately €222 billion of funds to fuel economic recovery, of which 22% (€50 billion) has been allocated to investments in digitalization by 2026, and with €10 billion allocated for the digitalization of Public Administration where we are deeply active. We expect that our key IT services and solutions, supported by our Almawave Division, will continue to benefit from these accelerating growth trends in the market as digitalization in Italy progresses.

We expect our CRM Europe business to benefit from the expected forecasted stable growth in the Italian call center market of approximately 1.5% CAGR from 2019 to 2024 (source: KPMG) driven by demand for technology solutions where we excel, such as automated customer care and non-voice contact tools, as well as big data analytics and cloud-based solutions. This market is still very fragmented, with only 50% of the market controlled by the largest players. As such, we expect to benefit from further market share consolidation.

We expect our CRM International subdivision based in Brazil to benefit from the limited forecasted growth in the Brazilian call center market of approximately 1% CAGR from 2017 to 2024 (source: Frost & Sullivan), due to a combination of an increased trend towards outsourcing of these services away from Brazil's current, relatively unpenetrated level, and a growing middle class in Brazil. The Brazilian CRM market is particularly attractive due to the limited risk of offshoring or near-shoring competition resulting from Brazil's unique position as the only Portuguese-speaking country in Latin America.

Highly diversified and international customer base across sectors, as well as long-standing relationships with Italian public and private companies

We benefit from a highly diversified customer base, across industries, customer type (private and public) and geographies. For 2020, we generated revenues in our Telco and Media (21%), Transport (26%), Government (30%), Financial Services (16%) and Industry and Utilities (7%) sectors. Over the same period, 55% of our revenues were derived from the private sector and 45% of our revenues were derived from the public sector. In terms of geographical diversification, 74% of our revenues were generated in Italy, with Brazil accounting for

22% and other countries accounting for the remaining 4%. We increasingly focus on implementing our diversification strategy, which we have been achieving by growing across segments and by pursuing new clients.

We have long-standing relationships with many of our most important customers, with those representing more than 72% of our total revenue for the twelve months ended June 30, 2021 having been customers for more than a decade. In our IT Services Division and CRM Europe subdivision, customers representing more than 78% and 90% of our revenues, respectively, have been customers for more than a decade. In our IT Services Division, based on Company estimates, clients representing approximately 83% of our IT services revenues in 2020 have renewed at least two contracts with us, and in some cases as many as five or six contracts over the same period. Moreover, our clients include some of the most prominent and largest public and private sector entities in their respective sectors and markets. Our telecommunications and media customers include enterprises such as Vodafone, Telecom and Claro. Our transportation customers include Ferrovie dello Stato Italiane and Hitachi Rail S.p.A. Our public administration customers include the agriculture and environment, treasury and public finance, welfare and utilities and local government sectors. We also have long-standing relationships in the banking and insurance sector, where our customers include PostePay S.p.A. and Poste Italiane.

We believe our record of developing strong, durable relationships with our blue chip client base is the result of our intimate knowledge of and familiarity with those customers' business processes, as well as the fact that so many of our customers in both IT services and CRM trust us to manage core aspects of their operations, including entire networks and systems, that are integral to the smooth functioning of their businesses and, in some cases, national critical assets. For example, we believe that our IT services are vital to the daily operation of the Italian transportation system and to the millions of passengers who rely on it every day. Many customers are reluctant to undertake the risk of replacing us with a new provider which may not perform to the same standard, endangering these crucial business or public service functions.

We regard our technological capabilities as fundamental to our continued successful track record of winning new customers in the markets in which we operate. For some tenders in Italy, we are one of the few (and on occasion the only) service providers with the technological capability to completely fulfil the project requirements set out in the bid.

We are the main partner to the Italian Government in the roll-out of "digitalization 4.0". In 2020, we won approximately 80% by value of the public administration tenders in which we competed with respect to information systems, development and management of central and local critical applications, and management of infrastructure services. Approximately €2.3 billion tenders in aggregate from the public administration have already been issued or are expected in 2021 with an expected increase in investments in public administration deriving from recourse to the EU Recovery Fund (PNRR) and the commencement of specific contracts for large framework agreements (particularly for cloud-oriented application services).

Resilient IT division with a solid base of recurring revenues, expected to accelerate its growth thanks to stronger than ever backlog and digitalization wave

Our IT Services Division is characterized by limited revenue volatility due to, among other things, the critical role its products and services have come to play in the operations of many of its customers, in some cases over many years. Many of our IT Service Division's customers are responsible for providing essential public services, and the difficulty for our customers of finding substitute services on the market has provided our IT Services business with a stable stream of recurring revenues. The business demonstrated a strong resiliency to the effects of the COVID-19 pandemic, driven by digitalization trends across both the public and private sectors, and primarily due to the strength of its recurring business model and established client relationships.

Our IT Services Division's total revenues for 2018, 2019, 2020 and the twelve months ended June 30, 2021 were €427.0 million, €503.9 million, €562.0 million and €606.2 million, respectively. We estimate that approximately 48% of our 2020 IT Services revenue, comprising revenues derived from application management (33%) and infrastructure management (15%) services, represented services that we provided pursuant to ongoing long-term contracts.

Furthermore, our future performance visibility is supported by our backlog, which has reached its highest level since the company was established, amounting to €1.4 billion as of June 30, 2021, representing approximately 2.3 times the IT Services Division revenues for the twelve months ended June 30, 2021. See "*Forward-Looking Statements.*"

Strong financial profile, with high revenue visibility and excellent profitability, driving high cash generation—proven track record of delivering results

As a consequence of our long-standing customer relationships and the important role we play in our customers' businesses, our historical revenues have been relatively stable for a number of years. Our revenues for 2018, 2019 and 2020 and for the twelve months ended June 30, 2021 were €799.7 million, €866.7 million, €871.3 million and €890.9 million, respectively. We have consistently outperformed the overall Italian economy, with a 5.0%, 8.1% and 9.4% overperformance to Italian GDP in 2018, 2019 and 2020, respectively, driven largely by the resilience of our customer relationships, the mission critical nature and overall strength of the IT services market, and the trend towards digitalization. Moreover, when comparing the overperformance of our IT Services to Italian GDP, the results are even stronger, showing spreads of 14.4%, 17.7% and 20.4% for 2018, 2019 and 2020, respectively.

We are also a profitable and cash generative business. Our Adjusted EBITDA margin has improved from 9.8% in 2018 to 15.4% for the twelve months ended June 30, 2021 driven by the cost optimization initiatives carried out in 2019, 2020 and 2021 and the refocusing of our business on more profitable clients and cash conversion (defined as operating free cash flow relative to Adjusted EBITDA) of 34.1%, 59.3%, 58.8% and 14.6% (40.4% excluding €35.4 million of one-off working capital due to VAT credits) in 2018, 2019 and 2020 and for the twelve months ended June 30, 2021, respectively.

Experienced and talented management team with significant industry expertise and widely recognized in the industry

We believe that a significant driver of our success is our strong leadership and management team, which has achieved both organic growth and the acquisition of strategically valuable companies in Italy and internationally to build our product and customer portfolios, establish our innovative software development capability, and achieve our leading positions in the IT services and CRM markets in which we operate. Our management has experience navigating through multiple economic cycles, and expertise across commercial, technical, financial and other functional management areas of our business. Our team is led by our Chairman Alberto Tripi, who founded the Company in 1983 after a long career in senior management at IBM in Europe, and Marco Tripi, our Chief Executive Officer, who joined our company in 1999 and became our CEO in 2001. Our management team is highly experienced and is committed to growing our business.

Our Strategies

Our core strategic goal is to leverage our leading market position and compelling portfolio of products and services to expand to new clients and sectors in our existing markets and to selectively expand into new geographic markets where we anticipate strong demand for our digital solutions, including through selective bolt-on acquisitions. The specific elements of our strategy include the following:

Maintain Leading Market Position by Driving Innovation Across all Divisions

We believe that our leading market position, strong customer relationships and the growth in market demand for digital services provide us with a unique opportunity to increase our market share and grow our revenue by driving innovation across our businesses.

IT Services Division

Our IT services business intends to leverage the wide range of technological capabilities we possess and our deep understanding of the industries in which our customers operate, resulting from our long-standing customer relationships, to expand those relationships and drive our revenue growth. We are focused on creating vertical market platforms and products, through our knowledge and experience regarding our customers' business processes, that address our customers' business needs. We intend to exploit our expertise and proprietary solutions to expand our market share in the Italian private sector, engaging with those companies with a high capacity for IT spend.

In the near to medium term, we intend to utilize this strategy to expand our position in the transportation and logistics sector. Our transportation and logistics offering reflects the evolution of the key solutions we have developed customized on a case-by-case basis for our transportation customers, and which have become critically important to the functioning of the Italian transportation system, including infomobility, multi-channel and integrated e-ticketing systems, fleet localization and monitoring, passenger information systems, network management and many others, into a platform with standardized technologies and business processes which can be marketed as an Almaviva product to a wider range of customers in the transportation and logistics sector. MoovA, for example, is our platform for integrated, modular and seamless mobility, which connects different transportation modes in a single and advanced technological framework for fast, interconnected and flexible mobility. Our goal is to further "industrialize" our transportation and logistics portfolio to gain further market share in Italy and expand internationally. We believe we are well-positioned to use our state-of-the-art proprietary platform technologies encompassing end-to-end transportation and logistics business processes, to grow our transportation and logistics revenues both in Italy and the other markets in which we operate.

We plan to drive innovation in the financial services industry through the continuous development of our proprietary suite of products and solutions designed specifically for banks, insurance companies and other financial institutions, relying on our existing expertise and client relationships in core banking, payment, fintech, credit, wealth management services and general ERP solutions. We believe these innovations will position us to increase our market share significantly among the leading Italian financial and corporate institutions.

We have also expanded our already leading position as a service provider to the Italian government, including in the areas of defense and homeland security, administration and finance, healthcare, agriculture and welfare, to continue to be one of the main partners of choice for the government in supporting its "Digitalization 4.0" initiative to become the go-to provider of digital services across the Italian public sector. For example, we have recently launched a proposal for a public-private partnership for the Cloud Nazionale Initiative for the management of national information assets and transition to the cloud. With €50 billion of funds allocated by the PNRR towards investments in digitalization by 2026, of which €10 billion has been set aside for the digitalization of Public Administration, there are clear opportunities for us to grow our business and increase our market share.

Our future strategy is focused on moving from system integrator to provider of platforms and assets, driving increased profitability by leveraging on scalability of proprietary solutions and increasing licensing fees as a percentage of our revenues. We plan to approach this by exploiting our state-of-the art proprietary platform technologies, in order to become a leading technology provider.

CRM Division

We believe our CRM business has a significant opportunity to continue to grow revenues by integrating CRM business process outsourcing and innovative CRM solutions such as multi-channel interaction and big data analytics and by leveraging further innovations in our proprietary technologies, such as our Iride Customer Centric Suite developed by Almawave. We believe that Almawave's technology, which enables our CRM business to provide customers with CRM real-time analysis and interpretation-based services, has the potential to enhance the operational efficiency of our CRM Business Process Outsourcing service delivery by, for example, enabling our call center employees to handle higher call volumes and deliver higher levels of customer service, and by generating significant training cost reductions, driving revenue growth and improving margins. We believe these innovations position us well to increase our penetration with our existing customer base in Europe and Brazil by demonstrating the value to them in outsourcing more of their CRM functions to us.

After a successful turnaround in recent years, CRM Europe is on a clear path to profitability and achieving profitability remains one of our key strategic priorities. Since 2015, CRM Europe's workforce has been consistently reduced in line with a "rightsizing" of its business operations. Since 2015, headcount has been reduced by more than 50%, with 3,637 employees as of June 30, 2021 compared to 7,906 employees as of December 31, 2015. At the same time, we have focused on client and product rationalization by focusing on profitable products and clients. In particular, customer acquisition has focused on clients that offer better marginality and growth perspectives, and new sectors (such as industrials), while reducing exposure to others (such as telco) and product selection has focused on products with higher profitability. CRM Europe has also been able to reduce its fixed cost base by reducing its dependency on third party services and more effectively deploying its own. In response to the COVID-19 pandemic, CRM Europe implemented various strategies to maintain the gains it had made in recent years, including the implementation of proprietary solutions that enabled its staff to work effectively and efficiently from home. These solutions, including a model that enables employees to work 80% of the time away from the office, are now being implemented across the organization and enhance the work/life balance of our employees while also allowing us to reduce site costs.

Almawave Division

Our Almawave Division is critical to our innovation strategy. Almawave is a leading Italian player in artificial intelligence (AI) with a specific focus on speech recognition and text analytics technology applied to customer interaction management and augmented analytics. Almawave laboratories produce proprietary technology-based solutions for Natural Language Processing for unstructured data and knowledge analysis (using our Iride Suite and Audioma).

Almawave has particular expertise with Natural Experience (applying automatic and natural language processes to drive digital change, smart-working and citizen digital services) and Information Fusion (cognitive/AI services to navigate data and information and discover new correlations and a new model of data governance). In addition to its existing role supporting innovation in our CRM and IT Services Divisions, we intend for Almawave to focus going forward on the development and sale of proprietary products, similar to our Iride suite, in order to continue to increase its margins and profitability.

Leverage successful experience of expanding internationally to selectively enter new geographic markets

We believe that our success in Brazil has given us valuable experience of how to successfully expand into potentially profitable new international markets.

In our IT Services Division, we believe that our market-leading technologies in the transportation and logistics market, can be profitably exported beyond Italy to target markets, including to Northern and Eastern Europe. For example, we have a PIS services sales contract with a seven-year term with a customer in the Finnish transportation sector, a contract with a seven-year term (with an option to extend by five years) to provide IT and PIS services contract for the Riyadh Metro in Saudi Arabia, and we were recently awarded a contract with a three-year term with a major rollingstock builder in the United Kingdom to supply onboard information systems. We believe these regions include a number of countries where demand for digital solutions is growing, where transportation and logistics investment is a critical success factor in their overall economic development, and where our transportation and logistics solutions can drive revenue growth.

We are focused on expanding our CRM International business into selected, fast-growing markets in order to (i) deploy on a wider scale its distinctive operational and technological model that we believe generates higher profitability than other global CRM competitors and (ii) gain access to a larger market for its services and proprietary technologies designed by Almawave. We have a start-up operation in Colombia to serve the Colombian market which we are considering expanding to serve as a near-shoring location servicing the United States and other Latin American markets, where we are also exploring expanding (e.g., in Chile, Peru).

We have implemented an expansion program for Almawave focused on leveraging our current success with Brazilian and Italian CRM customers to market Almawave's proprietary solutions in wider Latin America and Indonesia, with the goal of turning this business into a leading provider of innovative software solutions.

Pursue financial strategy of prudent deleveraging, strong liquidity management and limited shareholder distributions

Following completion of this offering of the Notes, we intend to repay the Existing Notes. Going forward, we intend to prudently deleverage through steadily increasing our EBITDA and continuing our disciplined approach to cost control. We plan to make only limited shareholder distributions in the near to medium term. In addition, we intend to maintain robust liquidity through our Revolving Credit Facility, while maintaining an adequate liquidity cushion for working capital and the ongoing business needs of our company through our cost control and credit control management. We believe these measures will strengthen our financial profile while ensuring that we have sufficient cash resources to maintain our operations and execute our expansion strategies.

Pursue disciplined, opportunistic and value-creative M&A and Corporate Business Optimizations

We intend to pursue an opportunistic and value-creative, disciplined M&A strategy, also profiting from the proceeds of the Offering that are expected to be funded to the balance sheet. On the IT services side, we are targeting companies generating between approximately €20 million to €100 million in revenue mainly in the Transportation and Logistics, Healthcare, Finance, and Cybersecurity divisions with well-balanced client portfolios and/or proprietary solutions. On the CRM International side, we are targeting companies in Central and South America where we already have operations, and which are mainly focused on non-telco activities. In Almawave, we have a "make or buy" approach, where we develop our leading position as a global AI application company through a combination of organic and inorganic investments, targeting companies specialized in AI, omnichannel and Augmented Analytics but also companies with system integration skills and customer portfolio. We do not currently intend to pursue acquisitions within CRM Europe, as we continue to focus on organic initiatives.

In addition, we may seek to optimize our business activities and increase our client and market focus through corporate business reorganizations. Our operations are currently divided into different business areas according to the market sectors in which we operate, such as finance, transport, public administration, healthcare and defense. By transferring one or more of these business areas into separate legal entities with their own organizational structure and management, we would expect to be able to optimize our corporate structure and improve the overall agility and competitiveness of our organization particularly in tender processes and strengthen our market presence. Any new corporate entities resulting from any such reorganization would remain within the Restricted Group as subsidiaries of the Company.

The Refinancing

On the Issue Date, the Issuer will issue the Notes offered hereby and use the gross proceeds to (i) fund the Existing Notes Redemption, (ii) repay amounts outstanding and cancel commitments under the Existing Revolving Credit Facility and (iii) pay related fees and expenses (collectively, the "**Refinancing**"). The Issuer currently intends to use the balance of the proceeds from the Offering for general corporate purposes, including to finance potential future bolt-on acquisitions. See "*Use of Proceeds*."

The Existing Notes Redemption is conditional on the completion of the Offering.

In connection with the Refinancing, the Issuer entered into the Revolving Credit Facility Agreement on October 19, 2021, which provides for aggregate borrowings of up to €70.0 million under the Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*." Proceeds of the Revolving Credit Facility will be used, among other things, to finance or refinance (a) general corporate and working capital purposes of the Group (including, without limitation, for any acquisition, investment, joint venture, operational restructuring, reorganization and capital expenditure) and (b) the rolling over, financing, refinancing or backstopping of the Existing Revolving Credit Facility. We currently expect that the Revolving Credit Facility will be undrawn on the Issue Date. The Collateral will also secure the Revolving Credit Facility on a super senior basis pursuant to the Intercreditor Agreement.

For descriptions of our current and anticipated indebtedness and certain financing arrangements, see "*Capitalization,*" "*Description of Certain Financing Arrangements*" and "*Description of the Notes.*"

Sources and Uses

We estimate that the gross proceeds from the Offering will be €350.0 million. The gross proceeds from the Offering will be used to (i) fund the Existing Notes Redemption, (ii) repay amounts outstanding and cancel commitments under the Existing Revolving Credit Facility and (iii) pay related fees and expenses. The Issuer currently expects to use the balance of the proceeds from the Offering for general corporate purposes, including to finance potential future bolt-on acquisitions.

The Existing Notes Redemption is conditional on the completion of the Offering.

For descriptions of our current and anticipated indebtedness and certain financing arrangements, see "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."

The following table illustrates the estimated sources and uses of the proceeds from the Offering. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, the actual date on which the Existing Notes Redemption occurs and outstanding amounts upon repayment.

Sources of Funds	**Amount**	**Uses of Funds**	**Amount**
	(€ million)		**(€ million)**
Notes offered hereby[(1)]	350.0	Existing Notes Redemption[(2)]	250.0
		Repay the Existing RCF[(3)]	30.0
		Cash to balance sheet[(4)]	62.0
		Transaction fees and expenses[(5)]	8.0
Total Sources	**350.0**	**Total Uses**	**350.0**

(1) Assumes the Notes are issued at par.

(2) Represents €250.0 million outstanding aggregate principal amount of the Existing Notes which will be redeemed at par in full on the Issue Date, excluding accrued and unpaid interest due on the Existing Notes from October 15, 2021 to the date of redemption. The Existing Notes Redemption is conditional on completion of the Offering.

(3) Represents the principal amount outstanding under the Existing Revolving Credit Facility Agreement which is drawn as of the date of this Offering Memorandum, excluding accrued and unpaid interest.

(4) Represents cash to be used for general corporate purposes, including to finance potential future bolt-on acquisitions. See "*Summary—The Refinancing*."

(5) Represents an estimate of fees and expenses associated with the Refinancing, including commitment, placement, financial advisory and other transaction costs and professional fees.

Recent Developments

Ferservizi Framework Agreement

Our current framework agreement with Ferservizi S.p.A. ("**Ferservizi**"), which manages certain IT services for Ferrovie dello Stato Group, is due to terminate on December 31, 2021. We have participated, through a temporary consortium (*raggruppamento temporaneo di impresa*), in the tenders for two contracts to be awarded by Ferservizi for the provision of IT services to the Ferrovie dello Stato Group with respect to (i) railway infrastructure systems applications (for a total contract value of €575 million over a period of 84 months) ("**Gare 1**") and (ii) transport operator applications (for a total contract value of €478 million over a period of 84 months) ("**Gare 2**"). Under the terms of the tenders, we could earn up to 85% and 77.5% of the revenues under Gare 1 and Gare 2, respectively. As of the date of this Offering Memorandum, Ferservizi, after having examined our offer, is conducting the necessary audits in order to determine whether to award the tenders to us.

Almaviva Pledge

On October 19, 2021, the Italian Golden Power Authority provided the Golden Power Clearance in respect of the Almaviva Pledge in response to our application filed on October 9, 2021 pursuant to the Italian Golden Power Legislation. Therefore, the Notes will be secured by the Almaviva Pledge on the Issue Date.

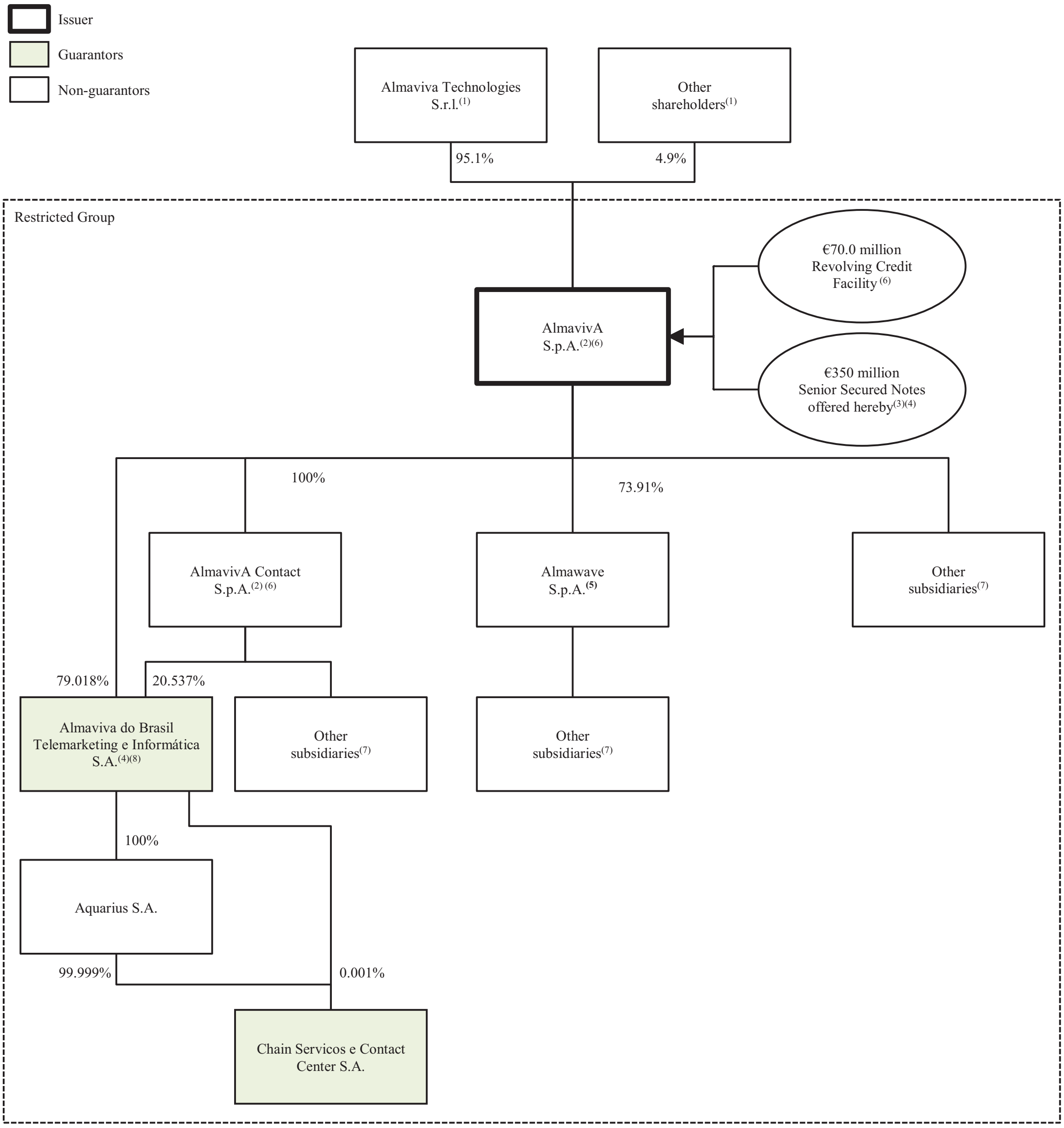
Current Trading

Based on preliminary results from our unaudited management accounts and other information currently available to management, we estimate that our total revenues increased by €12.5 million, or 9.7%, from €129.4 million for the two months ended August 31, 2020 to €141.9 million for the two months ended August 31, 2021. This increase was primarily due to an increase in revenues across each of our business segments, with revenues in IT Services, CRM International, CRM Europe and Almawave increasing by 11.9%, 5.5%, 8.0% and 34.4%, respectively, over the same periods. We estimate that our Adjusted EBITDA increased by €0.9 million, or 8.0%, from €11.3 million for the two months ended August 31, 2020 to €12.2 million for the two months ended August 31, 2021.

The preliminary financial results presented above are derived from our accounting records and internal management accounts. This information has not been audited or reviewed, nor have any procedures been performed by our independent auditors with respect thereto. Accordingly, you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto. Our preliminary financial results are based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of our financial or operational results for the months of July and August 2021. We have not prepared condensed interim financial statements for July and August 2021. Accordingly, the preliminary financial results presented above may change and those changes may be material. See "Risk Factors" and "Forward-Looking Statements."

CORPORATE AND FINANCING STRUCTURE

The diagram below provides a simplified overview of our corporate and financing structure as of the date of this Offering Memorandum adjusted to give effect to the Refinancing. The diagram does not reflect all of our subsidiaries, nor does it show all of our or our subsidiaries' liabilities. For a summary of the material financing arrangements identified in this diagram, see "Description of the Notes," "Description of Certain Financing Arrangements" and "Capitalization." For information on our management and governance structure, see "Management."



(1) The principal shareholder of the Company is Almaviva Technologies S.r.l., which owns 95.11% of the Company's share capital as of the date of this Offering Memorandum. The remaining share capital of the Company is owned by RAI—Radiotelevisione Italiana S.p.A., Fintecna S.p.A., Assicurazioni Generali S.p.A., Visualnet S.r.l., Confederazione Generale dell'Agricoltura Italiana, C.I.A.—Agricoltori Italiani and Confederazione Nazionale Coltivatori Diretti. See "*Principal Shareholder.*"

(2) The Company is a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number and *codice fiscale* 08450891000.

(3) On the Issue Date, the Company will issue €350.0 million aggregate principal amount of Senior Secured Notes due 2026 offered hereby. The proceeds from the offering of the Notes will be used to (i) fund the Existing Notes Redemption, (ii) repay amounts outstanding and cancel commitments under the Existing Revolving Credit Facility and (iii) pay the fees and expenses related to the Offering. The Issuer currently expects to use the balance of the proceeds from the Offering for general corporate purposes, including to finance potential future bolt-on acquisitions. See "*Use of Proceeds.*" The Notes will be general senior obligations of the Company and will rank equal in right of payment to any existing and future indebtedness of the Company that is not expressly subordinated in right of payment to the Notes, including obligations of the Company incurred under the Revolving Credit Facility (as defined

herein) and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), will rank senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes, will be effectively subordinated to any existing or future indebtedness or obligation (including obligations to trade creditors) of the Company that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness, and will be structurally subordinated to any existing or future indebtedness of our subsidiaries that are not Guarantors. See "*Description of the Notes.*"

(4) On the Issue Date, the Notes will be senior obligations of the Issuer and will not be guaranteed by any of the Issuer's subsidiaries. Within 60 days of the Issue Date, the Notes will be guaranteed on a senior basis by Almaviva do Brasil Telemarketing e Informática S/A and Chain Servicos e Contact Center S.A. For the twelve months ended June 30, 2021 the Issuer and the Guarantors generated 85.7% of the Group's revenue after intragroup eliminations and 88.8% of the Group's EBITDA and, as of June 30, 2021, represented 80.6% of the Group's consolidated total assets. The Guarantee by each of the Guarantors will be a general senior obligation of the relevant Guarantor, will, together with their respective obligations under the Revolving Credit Facility and certain hedging obligations (other than in the case of distressed disposals and the proceeds from enforcement of security), rank *pari passu* in right of payment to all existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to its Guarantee, including the senior guarantee given in favor of the Revolving Credit Facility and certain hedging obligations, if any, will rank senior in right of payment to all existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to its Guarantee, and will be structurally subordinated to any existing or future indebtedness of such Guarantor's subsidiaries that do not guarantee the Notes.

On the Issue Date, the Notes will be secured by a first ranking pledge over the shares of the Issuer held by Almaviva Technologies S.r.l., representing (x) 95.1% of the share capital of the Issuer or (y) in the event of subsequent sales of the Issuer's shares by Almaviva Technologies S.r.l. or an issuance of new shares by the Issuer to a third party which is not Almaviva Technologies S.r.l. or an Affiliate of Almaviva Technologies S.r.l., not less than 80.0% of the share capital of the Issuer (the "**Almaviva Pledge**"). Subject to certain limitations (including the Agreed Security Principles (as defined herein)), the Notes will be secured (x) within 60 days of the Issue Date, by (i) a first-ranking pledge over the shares in Almaviva do Brasil Telemarketing e Informatica S/A representing 99% of its share capital held by Almaviva Contact S.p.A. and the Issuer, (ii) an assignment by way of security of certain material intra group receivables of Almaviva do Brasil Telemarketing e Informatica S/A, if any, (iii) a first-ranking pledge over the shares in Chain Servicos e Contact Center S.A. representing 100% of its share capital held by Almaviva do Brasil Telemarketing e Informatica S/A and Aquarius Participacoes S.A., and (iv) an assignment by way of security of certain material intra group receivables of Chain Servicos e Contact Center S.A., if any, and (y) within 60 days of the date on which such receivables are first documented, by an assignment by way of security of certain material intra group receivables of the Issuer, if any (the "**Post-Closing Collateral**" and, together with the Almaviva Pledge, the "**Collateral**"). The Notes, the Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*" See also "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—The enforcement of the pledge over the shares of the Company will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation.*"

(5) On March 9, 2021, Almawave S.p.A. listed on AIM Italia via a capital increase, as a result of which 26.09% of its shares are owned by public shareholders.

(6) The Revolving Credit Facility provides for aggregate borrowings of up to €70.0 million. The initial borrower under the Revolving Credit Facility will be the Issuer. Under the terms of the Intercreditor Agreement and subject to applicable laws, the holders of Notes will receive proceeds from the enforcement of the Collateral only after the lenders under the Revolving Credit Facility, counterparties to certain hedging obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement) (if any) have been repaid in full. We currently expect that the Revolving Credit Facility will be undrawn on the Issue Date. See "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"

(7) Not all Group companies will guarantee the Notes. As of June 30, 2021, our non-Guarantor subsidiaries would have had €5.2 million in outstanding financial debt, none of which was secured. For the twelve months ended June 30, 2021, our non-Guarantor subsidiaries generated 14.3% of our revenue after intragroup eliminations and 11.2% of our EBITDA and, as of June 30, 2021, represented 19.4% of our consolidated total assets.

(8) The Issuer and Almaviva Contact S.p.A. together hold approximately 99.56% of the issued share capital of Almaviva do Brasil Telemarketing e Informatica S/A. Shares representing approximately 99.02% of the issued share capital of Almaviva do Brasil Telemarketing e Informatica S/A will be pledged in favor of the Notes and the Revolving Credit Facility. Approximately 0.54% of Almaviva Contact S.p.A.'s holding in Almaviva do Brasil Telemarketing e Informatica S/A will not be pledged in favor of the Notes and the Revolving Credit Facility as such shares are pledged in favor of SIMEST S.p.A. The balance of the shares of Almaviva do Brasil Telemarketing e Informatica S/A, representing 0.44% of its issued share capital, is also held by SIMEST. We have undertaken to acquire the shares held by SIMEST S.p.A. in Almaviva do Brasil Telemarketing e Informatica S/A. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingent Liabilities and Commitments*."

THE OFFERING

The following summary of the Offering contains basic information about the Notes, the Guarantees and the Collateral. It may not contain all the information that is important to you and is subject to limitations and exceptions. For additional information regarding the Notes, the Guarantees and the Collateral, see "Description of the Notes" and "Description of Certain Financing Arrangements—Intercreditor Agreement."

Issuer	Almaviva S.p.A., a joint stock company (*società per azioni*) incorporated in Italy.
Notes Offered	€350.0 million aggregate principal amount of 4.875% Senior Secured Notes due 2026.
Issue Date	On November 3, 2021.
Issue Price	100.000%.
Maturity Date	October 30, 2026.
Interest Rate	4.875% per annum.
Interest Payment Dates	Semi-annually in arrears on each of April 30 and October 30, commencing April 30, 2022. Interest will accrue from the Issue Date of the Notes.
Form and Denomination	We will issue the Notes on the Issue Date in global registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes will: • be senior general obligations of the Company; • be secured by first-ranking liens over the Collateral, but will receive proceeds from enforcement of the liens over the Collateral and certain distressed disposals only after any obligations under the Revolving Credit Facility, certain priority hedging obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement), if any, have been paid in full; • be effectively subordinated to any existing and future indebtedness or obligation (including obligations to trade creditors) of the Company that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations; • be *pari passu* in right of payment with any existing and future obligations of the Company that are not expressly subordinated in right of payment to the Notes, including obligations of the Company under the Revolving Credit Facility and certain priority hedging obligations; • be senior in right of payment to any existing and future indebtedness of the Company that is expressly subordinated in right of payment to the Notes; and • be structurally subordinated to any existing and future indebtedness of our subsidiaries that are not Guarantors. See "*Description of the Notes.*"
Guarantees	Within 60 days as of the Issue Date, the Notes will be guaranteed on a senior basis by Almaviva do Brasil Telemarketing e Informática S/A and Chain Servicos e Contact Center S.A. For the twelve months ended June 30, 2021 the Issuer and the Guarantors generated 85.7% of the Group's revenue after intragroup eliminations and 88.8% of

	the Group's EBITDA and, as of June 30, 2021, represented 80.6% of the Group's consolidated total assets.
Ranking of the Guarantees	The Notes will be guaranteed by the Guarantors within 60 days as of the Issue Date. The Guarantee of each Guarantor: • will be a general senior obligation of that relevant Guarantor; • will be secured by first-ranking liens over the Collateral, but will receive proceeds from enforcement of the liens over the Collateral and certain distressed disposals only after any obligations under the Revolving Credit Facility, certain priority hedging obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement or any additional intercreditor agreement), if any, have been paid in full; • will be effectively subordinated to any existing and future indebtedness (including obligations to trade creditors) of such Guarantor that is secured by property or assets that do not secure such Guarantee, to the extent of the value of the property and assets securing such obligations; • will be *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not expressly subordinated in right of payment to such Guarantee, including such Guarantor's obligations under the Revolving Credit Facility and certain priority hedging obligations; and • will be senior in right of payment to all existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Guarantee. The Guarantees will be subject to the terms of the Intercreditor Agreement. For further information, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement*."
Security	On the Issue Date, the Notes will be secured by a first ranking pledge over the shares of the Issuer held by Almaviva Technologies S.r.l., representing (x) 95.1% of the share capital of the Issuer or (y) in the event of subsequent sales of the Issuer's shares by Almaviva Technologies S.r.l. or an issuance of new shares by the Issuer to a third party which is not Almaviva Technologies S.r.l. or an Affiliate of Almaviva Technologies S.r.l., not less than 80.0% of the share capital of the Issuer (the "**Almaviva Pledge**"). Within 60 days of the Issue Date, the Notes will be secured on a first-ranking basis by: • a first-ranking pledge over the shares in Almaviva do Brasil Telemarketing e Informatica S/A representing 99% of its share capital held by Almaviva Contact S.p.A. and the Issuer, • an assignment by way of security of certain material intra group receivables of Almaviva do Brasil Telemarketing e Informatica S/A, if any; • a first-ranking pledge over the shares in Chain Servicos e Contact Center S.A. representing 100% of its share capital held by Almaviva do Brasil Telemarketing e Informatica S/A and Aquarius Participacoes S.A.; and • an assignment by way of security of certain material intra group receivables of Chain Servicos e Contact Center S.A., if any; and

within 60 days of the date on which such receivables are first documented, by an assignment by way of security of certain material intra group receivables of the Issuer, if any,

(the "**Post-Closing Collateral**" and together with the Almaviva Pledge, the "**Collateral**").

See "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—The enforcement of the pledge over the shares of the Company will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation.*"

The Security Agent will enter into the Security Documents relating to the Collateral set out above with the other relevant parties thereto. The Collateral will secure the payment and performance when due of all of the obligations of the Company and the Guarantors under the Indenture, the Notes and the Guarantees as provided in the relevant Security Document. "*Description of the Notes—Security*."

Subject to the terms of the Security Documents, the Notes and the Guarantees will be secured by first-ranking liens on the same assets that will secure the obligations under the Revolving Credit Facility.

The Collateral securing the Notes may be released under certain circumstances. For further information, please see "*Risk Factors—Risks relating to our Indebtedness, including the Notes, Guarantees and Security—There are circumstances other than repayment or discharge of the Notes under which the Guarantees and the Collateral, including the Almaviva Pledge, will be released automatically without your consent or the consent of the Trustee*," "*Description of Certain Financing Arrangements—Intercreditor Agreement*," and "*Description of the Notes—Security—Release of Liens*."

Intercreditor Agreement . . . . . . Each holder of a Note, by accepting such Note, will be deemed to have agreed to and be bound by the terms of the Intercreditor Agreement. The Indenture will be subject to the terms of the Intercreditor Agreement and the rights and benefits of the holders of the Notes will be limited accordingly. The Intercreditor Agreement contains provisions regarding the release of collateral and guarantees, turnover of receipts, application of proceeds and other terms in respect of the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Optional Redemption . . . . At any time prior to October 30, 2023, we may on any one or more occasions redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the applicable "make whole" premium as described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.

At any time prior to October 30, 2023, we may, at our option, also redeem up to 40% of the aggregate principal amount of the Notes (including the principal amount of any Additional Notes) with the net cash proceeds from certain equity offerings at a redemption price equal to 104.875% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption, if at least 50% of the originally issued aggregate principal amount of the Notes (including the principal amount of any Additional Notes) remains outstanding.

At any time prior to October 30, 2023, we may in each calendar year redeem up to 10% of the aggregate principal amount of the Notes (including any Additional Notes) at a redemption price equal to 103.000% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of redemption.

On or after October 30, 2023, we may on any one or more occasions redeem all or a part of the Notes at the redemption prices set out under "*Description of the Notes—Optional redemption*" plus accrued and unpaid interest, on the Notes redeemed, and additional amounts, if any, to, but excluding, the applicable date of redemption.

See "*Description of the Notes—Optional Redemption.*"

Additional Amounts; Tax Redemption . . . .

All payments made by or on behalf of the Issuer or any Guarantor under or with respect to the Notes or any Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes unless the withholding or deduction of such taxes is required by law. If any withholding or deduction for or on account of any taxes in any Relevant Taxing Jurisdiction (as defined in "*Description of the Notes—Withholding Taxes*") is required by law to be made from any payments made by or on behalf of the Issuer or any Guarantor under or with respect to any Note or any Guarantee, subject to certain exceptions, we (or the Guarantor, as appropriate) will pay additional amounts so that the net amount received is no less than the amount that would have been received in the absence of such withholding or deduction. For further information, please see "*Description of the Notes—Withholding Taxes.*"

The Issuer is incorporated under the laws of the Republic of Italy and is Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. Subject to and as set forth in "*Description of the Notes—Withholding Taxes,*" the Issuer will not be liable to pay any additional amounts to holders of the Notes if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) ("**Decree No. 239**") or pursuant to Italian Legislative Decree No. 461 of November 21, 1997 (as the same may be amended or supplemented from time to time) ("**Decree No. 461**"), except, in the case of Decree No. 239 and Decree No. 461, where the procedures required under Decree No. 239 or Decree No. 461, as applicable, in order to benefit from an exemption have not been complied with due solely to the actions or omissions of the Issuer or its agents. See "*Description of the Notes—Withholding Taxes*."

Although we believe that, under current law, Italian substitute tax will not be imposed under Decree No. 239 or Decree No. 461 where the Notes are listed on a regulated market or multilateral trading facility upon issuance and a holder of Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy included in the White List and such holder of Notes complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or Decree No. 461 after the date hereof, including any change in the countries included in the White List. See "*Description of the Notes—Withholding Taxes*." Prospective purchasers of Notes should consult their tax advisors as to the overall tax consequences of acquiring, holding and disposing of the Notes and receiving payments of interest, principal

	or any other amounts under the Notes, including, in particular, the effect of any state, regional or local tax laws of any country or territory. If certain changes in the law of any Relevant Taxing Jurisdiction become effective on or after the date hereof that would impose withholding taxes or other deductions on the payments on the Notes, we may redeem the Notes in whole, but not in part, at our discretion at any time, at a redemption price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date fixed by us for redemption. For further information, please see "*Description of the Notes—Redemption for Taxation Reasons*."
Change of Control	Upon the occurrence of certain defined events constituting a "change of control", each holder of the Notes may require us to repurchase all or a portion of its Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. However, a change of control will not be deemed to have occurred if a specified consolidated net leverage ratio is not exceeded in connection with such event. See "*Description of the Notes—Change of Control.*"
Certain Covenants	The Indenture will limit, among other things, our ability to: • incur or guarantee additional indebtedness and issue any shares of preferred stock; • create or permit to exist certain liens; • pay dividends on, redeem or repurchase our capital stock and make certain other restricted payments; • make certain investments; • create encumbrances on restrictions on the payment of dividends or other distribution, loans or advances to and on the transfer of assets to us or any of our Restricted Subsidiaries; • transfer or sell assets; • merge or consolidate with other entities; • enter into certain transactions with affiliates; and • impair the security interests for the holders of the Notes. Each of the covenants is subject to a number of important exceptions and qualifications. See "*Description of the Notes—Certain Covenants.*"
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. For further information, please see "*Notice to Investors.*" Holders of the Notes will not have the benefit of any exchange or registration rights.
No Established Market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to undertake limited market making activities, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on

	the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurance that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, nor that such listing will be maintained.
Use of Proceeds	The gross proceeds from the sale of the Notes will be used to (i) redeem the Existing Notes, (ii) repay amounts outstanding and cancel commitments under the Existing Revolving Credit Facility and (iii) pay the fees and expenses related to the Offering. In addition, the Issuer currently intends to use the balance of the proceeds from the Offering for general corporate purposes, including to finance potential future bolt-on acquisitions. See "*Use of Proceeds.*"
Governing Law	The Indenture, the Notes and the Guarantees will be governed by the laws of the State of New York. The Intercreditor Agreement will be governed by the laws of England and Wales. The Security Documents will be governed by the laws of Italy and Brazil, as applicable.
Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent . . .	The Bank of New York Mellon SA/NV, Dublin Branch.
Risk Factors	Investing in the Notes involves substantial risks. See "*Risk Factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.
Trustee	The Law Debenture Trust Corporation p.l.c.
Security Agent	GLAS Trust Corporation Limited.

SUMMARY HISTORICAL AND CERTAIN OTHER FINANCIAL DATA

The following tables summarize certain of our financial and other data for the periods ended on and as of the dates indicated below. We have extracted our summary financial information (i) as of and for the six months ended June 30, 2021 and 2020 from our Unaudited Interim Condensed Consolidated Financial Statements and (ii) as of and for the years ended December 31, 2020, 2019 and 2018 from our Audited Consolidated Financial Statements

The unaudited historical financial information for the twelve months ended June 30, 2021 has been calculated by adding together (i) the audited financial information for the year ended December 31, 2020 and (ii) the unaudited interim condensed consolidated financial information for the six months ended June 30, 2021 and then subtracting (iii) the unaudited interim condensed consolidated financial information for the six months ended June 30, 2020.

We have also presented summary unaudited as adjusted financial and other data prepared to give effect to the Refinancing as if it had occurred on July 1, 2020, in the case of summary unaudited as adjusted income statement information, and June 30, 2021, in the case of summary unaudited as adjusted statement of financial position information. The summary unaudited as adjusted financial and other data is presented for informational purposes only and does not purport to represent what our actual interest expense actually would have been if the Refinancing had occurred on July 1, 2020, or what our actual net debt position would have been had the Refinancing occurred on June 30, 2021, or on any other date, and such data does not purport to project our financial results for any future period.

The summary financial information below includes certain non-IFRS measures that we use to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are prepared in accordance with IFRS. See "Presentation of Financial and Other Information—Non-IFRS Measures."

Prospective investors should read the summary financial information and other data presented below in conjunction with "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements, included elsewhere in this Offering Memorandum.

Consolidated Income Statement

	Year ended December 31,			Six months ended June 30,		For the LTM period ended June 30,
	2018	2019	2020	2020	2021	2021
		(audited)		(unaudited)		(unaudited)
			(EUR in millions)			
Revenues from contracts with customers	799.7	866.7	871.3	431.8	451.4	890.9
Other income	23.0	20.1	19.4	8.1	9.7	21.0
Total of revenues and other income	**822.7**	**886.8**	**890.7**	**439.9**	**461.1**	**911.9**
Cost of raw materials and services	(279.3)	(301.7)	(317.1)	(156.6)	(169.6)	(330.1)
Personnel expenses	(457.5)	(474.0)	(443.5)	(222.3)	(214.3)	(435.5)
Depreciation and amortization	(26.9)	(41.5)	(39.2)	(19.7)	(17.7)	(37.2)
Losses from sale of non-current assets	(0.1)	0	0.7	0	0.1	0.8
Other expenses	(7.8)	(9.3)	(13.9)	(4.4)	(5.4)	(14.9)
Operating profit/(loss)	**51.1**	**60.3**	**77.7**	**36.9**	**54.2**	**95.0**
Financial income	0.6	0.6	1.0	0.4	0.2	0.8
Financial expenses	(29.9)	(34.8)	(33.0)	(15.6)	(15.4)	(32.8)
Exchange gains/(losses)	(0.3)	(3.8)	(0.6)	(0.9)	(0.1)	0.2
Profit/(loss) from investments accounted for using equity method	0	0	0	0	(0.9)	(0.9)
Profit/(Loss) before taxes	**21.5**	**22.3**	**45.1**	**20.8**	**38.0**	**62.3**
Income taxes	(3.5)	(8.6)	(9.0)	(0.9)	(4.0)	(12.1)
Profit/(Loss) from continuing operations	**18.0**	**13.7**	**36.1**	**19.9**	**34.0**	**50.2**
Profit/(Loss) for the period	**18.0**	**13.7**	**36.1**	**19.9**	**34.0**	**50.2**

Summarized Reclassified Consolidated Statement of Cash Flows

	Year ended December 31,			Six months ended June 30,		For the LTM period ended June 30,
	2018	2019	2020	2020	2021	2021
				(unaudited)		(unaudited)
	(EUR in millions)					
Profit/(Loss) for the year/period	18.0	13.7	36.1	19.9	34.0	50.2
Income Tax Adjustment(1)	(0.7)	2.5	0.4	(1.1)	0	1.5
Net Financial Income/(Expenses) Adjustment(2)	4.3	8.5	10.0	5.4	3.3	7.9
Depreciation, amortization and write-downs	26.9	41.5	39.2	19.7	17.7	37.2
Adjustments for other non-monetary items(3)	0.4	3.8	(0.1)	0.9	0.9	(0.1)
Change in Working Capital(4)	(27.8)	(13.3)	(13.1)	2.8	(61.2)	(77.1)
Cash-flow generated from/(absorbed by) operating activities (A)	**21.1**	**56.7**	**72.5**	**47.6**	**(5.3)**	**19.6**
Capital Expenditures(5)	(23.7)	(28.1)	(31.3)	(11.1)	(14.0)	(34.2)
Other Investing Cash Flow Items(6)	(2.9)	(0.7)	(6.5)	(10.2)	0	3.7
Cash-flow generated from/(absorbed by) investing activities (B)	**(26.6)**	**(28.8)**	**(37.8)**	**(21.3)**	**(14.0)**	**(30.5)**
Cash-flow generated from/(absorbed by) financing activities (C)	**13.9**	**(9.6)**	**(15.5)**	**(10.8)**	**5.9**	**1.2**
Cash flow of the year/period (A+B+C)	**8.4**	**18.3**	**19.2**	**15.5**	**(13.4)**	**(9.7)**
Effect of foreign exchange rates on cash and cash equivalents	(6.3)	(0.5)	(10.1)	(13.1)	2.9	5.9
Cash and cash equivalents at beginning of the year/period	69.5	71.6	89.4	89.4	98.5	91.8
Cash and cash equivalents at end of the year/period	**71.6**	**89.4**	**98.5**	**91.8**	**88.0**	**88.0**

(1) Represents the aggregate of income taxes paid and income taxes as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(2) Represents the aggregate of financial income, financial expenses, interest received and interest paid as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(3) Represents the aggregate of losses from the sale of non-current assets, exchange (gains)/losses and write-downs/(revaluations) of non-current financial assets and equity investments as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(4) Represents the aggregate of change in trade receivables, change in inventories, change in contract assets, change in trade payables, change in other assets, change in other liabilities, change in liabilities for employee benefits and provisions and change in deferred tax assets (liabilities) as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(5) Represents the aggregate of investments in property, plant and equipment and investments in intangible assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(6) Represents the aggregate of acquisition of subsidiaries net of cash and cash equivalents, acquisitions of investments accounted for using the equity method, proceeds from divestments of property, plant and equipment, intangible assets and investments accounted for using the equity method, change in non-current financial assets and change in current financial assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

Consolidated Statement of Financial Position

	As of December 31,			As of June 30,
	2018	2019	2020	2021
		(audited)		(unaudited)
		(EUR in millions)		
ASSETS				
Non-current assets				
Intangible assets	57.3	63.5	65.4	66.9
Goodwill	38.8	39.5	39.5	39.5
Property, Plant and equipment	51.1	101.4	81.9	88.2
Investments accounted for using the equity method	1.1	1.1	1.1	0.2
Non-current financial assets	1.6	4.9	1.2	1.2
Deferred tax assets	15.3	12.8	14.8	23.7
Other non-current assets	2.5	1.8	1.5	1.6
Total non-current assets	**167.7**	**225.0**	**205.4**	**221.3**
Current assets				
Inventories and amount due from customers	52.0	6.0	8.1	8.9
Contract assets	0	47.2	37.3	41.2
Trade receivables	303.7	352.8	351.0	382.8
Current financial assets	4.1	3.4	4.2	3.6
Other current assets	98.9	119.6	133.1	162.0
Cash and cash equivalents	71.6	89.4	98.5	88.0
Total current assets	**530.3**	**618.4**	**632.2**	**686.5**
Non-current assets held for sale	2.5	2.5	2.5	2.5
Total assets	**700.5**	**845.9**	**840.1**	**910.3**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share Capital	154.9	154.9	154.9	154.9
Share premium reserve	17.8	17.8	17.8	17.8
Other reserves	(185.5)	(170.3)	(187.6)	(138.0)
Profit/(loss) for the period	16.7	12.1	35.1	33.2
Total group shareholders' equity	3.9	14.5	20.2	67.9
Non-controlling interests	4.7	6.5	5.2	15.5
Total Shareholders' Equity	**8.6**	**21.0**	**25.4**	**83.4**
Non-current liabilities for employee benefits	48.5	51.3	48.6	47.1
Non-current provisions	5.0	7.0	5.8	6.1
Non-current financial liabilities	274.9	322.5	317.2	317.9
Deferred tax liabilities	1.5	1.4	0	0
Other non-current liabilities	0.8	1.0	0.8	0.7
Total non-current liabilities	**330.7**	**383.2**	**372.4**	**371.8**
Current provisions	5.6	8.5	11.2	7.7
Trade payables	222.2	262.4	270.8	275.6
Current financial liabilities	14.3	34.3	22.9	19.6
Current tax liabilities	36.1	37.7	27.7	30.7
Other current liabilities	83.0	98.8	109.7	121.5
Total current liabilities	**361.2**	**441.7**	**442.3**	**455.1**
Total liabilities	**691.9**	**824.9**	**814.7**	**826.9**
Total equity and liabilities	**700.5**	**845.9**	**840.1**	**910.3**

Selected Financial Data by Divisions and Subdivisions

	For the year ended December 31,			For the six months ended June 30,		For the LTM ended June 30,
	2018	2019	2020	2020	2021	2021
	(unaudited unless stated otherwise) (EUR in millions, unless stated otherwise)					
Total Revenues						
IT Services	427.0	503.9	562.0	263.7	307.9	606.2
CRM Europe	147.9	125.3	93.9	48.9	43.6	88.6
CRM International	225.9	232.2	204.3	114.7	91.6	181.2
Almawave	16.0	21.3	26.9	12.3	14.7	29.3
Intragroup eliminations and other adjustments	(17.1)	(16.0)	(15.8)	(7.8)	(6.4)	(14.4)
Group Revenues	**799.7**	**866.7**	**871.3**	**431.8**	**451.4**	**891.9**
EBITDA(2)	**78.1**	**101.8**	**116.2**	**56.6**	**71.8**	**131.4**
IT Services(2)	59.5	72.2	80.1	38.5	48.9	90.5
CRM Europe(2)	(7.7)	(9.2)	(3.9)	(1.7)	0.5	(1.7)
CRM International(2)	20.2	32.0	33.0	16.5	18.3	34.8
Almawave(2)	5.5	6.1	6.2	2.9	3.9	7.2
Intragroup eliminations and other adjustments	0.6	0.7	0.8	0.4	0.2	0.6
EBITDA Margin(2) (%)	**9.8**	**11.7**	**13.3**	**13.1**	**15.9**	**14.7**
IT Services(2)	13.9	14.3	14.3	14.6	15.9	14.9
CRM Europe(2)	N.A.	N.A.	N.A.	N.A.	1.1	N.A.
CRM International(2)	8.9	13.8	16.2	14.4	20.0	19.2
Almawave(2)	34.4	28.6	23.0	23.6	26.5	24.6
Capital Expenditure(4)	**23.7**	**28.1**	**31.3**	**11.1**	**14.0**	**34.2**
IT Services(4)	14.2	19.1	16.1	6.4	7.1	16.8
CRM Europe(4)	1.6	0.6	2.0	0.4	0.9	2.5
CRM International(4)	4.4	3.9	8.7	2.2	3.6	10.1
Almawave(4)	3.5	4.5	4.5	2.1	2.4	4.8

(1) Audited.

(2) The following tables provide a reconciliation of EBITDA and EBITDA Margin, as well as Adjusted EBITDA and Adjusted EBITDA Margin, for the periods indicated:

	For the eight months ended August 31,		For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30, 2021
	2020	2021	2018	2019	2020	2020	2021	
	Unaudited) (EUR in millions)		(unaudited, unless stated otherwise) (EUR in millions)			(unaudited) (EUR in millions)		(unaudited) (EUR in millions)
Profit/(Loss) for the period	**20.8**	**34.0**	**18.0(a)**	**13.7(a)**	**36.1(a)**	**19.9**	**34.0**	**50.2**
add-back:								
Income Taxes	0.1	5.3	3.5(a)	8.6(a)	9.0(a)	0.9	4.0	12.1
Profit/(Loss) from investments accounted for using equity method	0.0	0.9	0(a)	0(a)	0(a)	0	0.9	0.9
Exchange gains/(losses)	1.1	0.2	0.3(a)	3.8(a)	0.6(a)	0.9	0.1	(0.2)
Financial expenses	20.4	20.7	29.9(a)	34.8(a)	33.0(a)	15.6	15.4	32.8
Financial income	(0.5)	(0.6)	(0.6)(a)	(0.6)(a)	(1.0)(a)	(0.4)	(0.2)	(0.8)
Depreciation and amortization	26.1	23.6	26.9(a)	41.5(a)	39.2(a)	19.7	17.7	37.2
(Losses)/Gains from sale of non-current assets	(0.1)	(0.1)	0.1(a)	0(a)	(0.7)(a)	0	(0.1)	(0.8)
EBITDA	**67.9**	**84.0**	**78.1**	**101.8**	**116.2**	**56.6**	**71.8**	**131.4**
Revenue	**559.3**	**592.5**	**799.7(a)**	**866.7(a)**	**871.3(a)**	**431.8**	**451.4**	**890.9**
EBITDA Margin	**12.1%**	**14.2%**	**9.8%**	**11.7%**	**13.3%**	**13.1%**	**15.9%**	**14.7%**

(a) Audited

For the year ended December 31, 2020	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**57.7**	**(7.0)**	**22.4**	**3.7**	**0.9**	**77.7**
add-back:						
Depreciation and amortization	23.2	3.1	10.6	2.6	(0.3)	39.2
(Losses)/Gains from sale of non-current assets	(0.8)	0	0	(0.1)	0.2	(0.7)
EBITDA	**80.1**	**(3.9)**	**33.0**	**6.2**	**0.8**	**116.2**
Non-recurring items	4.4	0	1.5	0	0	5.9
Adjusted EBITDA	**84.5**	**(3.9)**	**34.5**	**6.2**	**0.8**	**122.1**
Revenue	**562.0**	**93.9**	**204.3**	**26.9**	**(15.8)**	**871.3**
EBITDA Margin	**14.3%**	**N.A.**	**16.2%**	**23.0%**	**N.A.**	**13.3%**
Adjusted EBITDA Margin	**15.0%**	**N.A.**	**16.9%**	**23.0%**	**N.A.**	**14.0%**

For the year ended December 31, 2019	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**49.2**	**(13.3)**	**19.2**	**4.1**	**1.1**	**60.3**
add-back:						
Depreciation and amortization	23.0	4.1	12.8	2.1	(0.5)	41.5
(Losses)/Gains from sale of non-current assets	0	0	0	(0.1)	0.1	0
EBITDA	**72.2**	**(9.2)**	**32.0**	**6.1**	**0.7**	**101.8**
Non-recurring items	0	0	0	0	0	0
Adjusted EBITDA	**72.2**	**(9.2)**	**32.0**	**6.1**	**0.7**	**101.8**
Revenue	**503.9**	**125.3**	**232.2**	**21.3**	**(16.0)**	**866.7**
EBITDA Margin	**14.3%**	**N.A.**	**13.8%**	**28.6%**	**N.A.**	**11.7%**
Adjusted EBITDA Margin	**14.3%**	**N.A.**	**13.8%**	**28.6%**	**N.A.**	**11.7%**

For the year ended December 31, 2018	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**44.2**	**(10.0)**	**12.2**	**3.7**	**1.0**	**51.1**
add-back:						
Depreciation and amortization	15.3	2.2	8.0	1.8	(0.4)	26.9
(Losses)/Gains from sale of non-current assets	0	0.1	0	0	0	0.1
EBITDA	**59.5**	**(7.7)**	**20.2**	**5.5**	**0.6**	**78.1**
Non-recurring items	0	0	0	0	0	0
Adjusted EBITDA	**59.5**	**(7.7)**	**20.2**	**5.5**	**0.6**	**78.1**
Revenue	**427.0**	**147.9**	**225.9**	**16.0**	**(17.1)**	**799.7**
EBITDA Margin	**13.9%**	**N.A.**	**8.9%**	**34.4%**	**N.A.**	**9.8%**
Adjusted EBITDA Margin	**13.9%**	**N.A.**	**8.9%**	**34.4%**	**N.A.**	**9.8%**

For the eight months ended August 31, 2021	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**41.3**	**(1.9)**	**18.4**	**2.3**	**0.4**	**60.5**
add-back:						
Depreciation and amortization	14.4	1.3	6.1	2.1	(0.3)	23.6
(Losses)/Gains from sale of non-current assets	(0.1)	0.0	0.0	0.0	0.0	(0.1)
EBITDA	**55.6**	**(0.6)**	**24.5**	**4.4**	**0.1**	**84.0**
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	**55.6**	**(0.6)**	**24.5**	**4.4**	**0.1**	**84.0**
Revenue	**398.3**	**58.9**	**125.4**	**19.0**	**(9.1)**	**592.5**
EBITDA Margin	**14.0%**	**N.A.**	**19.5%**	**23.2%**	**N.A.**	**14.2%**
Adjusted EBITDA Margin	**14.0%**	**N.A.**	**19.5%**	**23.2%**	**N.A.**	**14.2%**

For the eight months ended August 31, 2020	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**29.1**	**(5.0)**	**15.6**	**1.4**	**0.8**	**41.9**
add-back:						
Depreciation and amortization	15.1	2.1	7.4	1.7	(0.2)	26.1
(Losses)/Gains from sale of non-current assets	0.0	(0.1)	0.0	0.0	0.0	(0.1)
EBITDA	**44.2**	**(3.0)**	**23.0**	**3.1**	**0.6**	**67.9**
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	**44.2**	**(3.0)**	**23.0**	**3.1**	**0.6**	**67.9**
Revenue	**344.5**	**63.4**	**146.0**	**15.5**	**(10.1)**	**559.3**
EBITDA Margin	**12.8%**	**N.A.**	**15.8%**	**20.0%**	**N.A.**	**12.1%**
Adjusted EBITDA Margin	**12.8%**	**N.A.**	**15.8%**	**20.0%**	**N.A.**	**12.1%**

For the six months ended June 30, 2021	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**38.4**	**(0.5)**	**13.5**	**2.4**	**0.4**	**54.2**
add-back:						
Depreciation and amortization	10.6	1.0	4.8	1.5	(0.2)	17.7
(Losses)/Gains from sale of non-current assets	(0.1)	0	0	0	0	(0.1)
EBITDA	**48.9**	**0.5**	**18.3**	**3.9**	**0.2**	**71.8**
Non-recurring items	0	0	0	0	0	0
Adjusted EBITDA	**48.9**	**0.5**	**18.3**	**3.9**	**0.2**	**71.8**
Revenue	**307.9**	**43.6**	**91.6**	**14.7**	**(6.4)**	**451.4**
EBITDA Margin	**15.9%**	**1.1%**	**20.0%**	**26.5%**	**N.A.**	**15.9%**
Adjusted EBITDA Margin	**15.9%**	**1.1%**	**20.0%**	**26.5%**	**N.A.**	**15.9%**

For the six months ended June 30, 2020	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**27.2**	**(3.3)**	**10.8**	**1.6**	**0.6**	**36.9**
add-back:						
Depreciation and amortization	11.3	1.6	5.7	1.3	(0.2)	19.7
(Losses)/Gains from sale of non-current assets	0	0	0	0	0	0
EBITDA	**38.5**	**(1.7)**	**16.5**	**2.9**	**0.4**	**56.6**
Non-recurring items	0	0	0	0	0	0
Adjusted EBITDA	**38.5**	**(1.7)**	**16.5**	**2.9**	**0.4**	**56.6**
Revenue	**263.7**	**48.9**	**114.7**	**12.3**	**(7.8)**	**431.8**
EBITDA Margin	**14.6%**	**N.A.**	**14.4%**	**23.6%**	**N.A.**	**13.1%**
Adjusted EBITDA Margin	**14.6%**	**N.A.**	**14.4%**	**23.6%**	**N.A.**	**13.1%**

For the LTM period ended June 30, 2021	IT Services	CRM Europe	CRM International	Almawave	Adjustments, eliminations and other	Total
			(unaudited) (EUR in millions)			
Operating profit	**68.9**	**(4.2)**	**25.1**	**4.5**	**0.7**	**95.0**
add-back:						
Depreciation and amortization	22.5	2.5	9.7	2.8	(0.3)	37.2
(Losses)/Gains from sale of non-current assets	(0.9)	0	0	(0.1)	0.2	(0.8)
EBITDA	**90.5**	**(1.7)**	**34.8**	**7.2**	**0.6**	**131.4**
Non-recurring items	4.4	0	1.5	0	0	5.9
Adjusted EBITDA	**94.9**	**(1.7)**	**36.3**	**7.2**	**0.6**	**137.3**
Revenue	**606.2**	**88.6**	**181.2**	**29.3**	**(14.4)**	**890.9**
EBITDA Margin	**14.9%**	**N.A.**	**19.2%**	**24.6%**	**N.A.**	**14.7%**
Adjusted EBITDA Margin	**15.7%**	**N.A.**	**20.0%**	**24.6%**	**N.A.**	**15.4%**

(3) Other represents consolidation adjustments and corporate costs.

(4) The following table provides a reconciliation of capital expenditure for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30,
	2018	2019	2020	2020	2021	2021
	(unaudited)			(unaudited)		(unaudited)
	(EUR in millions)			(EUR in millions)		(EUR in millions)
IT Services						
Investments in Property, plant and equipment	3.1	5.3	3.9	0.8	2.6	5.7
Investments in Intangible assets (including goodwill)	11.1	13.8	12.2	5.6	4.5	11.1
Capital expenditures	14.2	19.1	16.1	6.4	7.1	16.8
CRM Europe						
Investments in Property, plant and equipment	1.5	0.6	1.7	0.3	0.7	2.1
Investments in Intangible assets (including goodwill)	0.1	0	0.3	0.1	0.2	0.4
Capital expenditures	1.6	0.6	2.0	0.4	0.9	2.5
CRM International						
Investments in Property, plant and equipment	3.1	3.0	6.9	1.7	2.1	7.3
Investments in Intangible assets (including goodwill)	1.3	0.9	1.8	0.5	1.5	2.8
Capital expenditures	4.4	3.9	8.7	2.2	3.6	10.1
Almawave						
Investments in Property, plant and equipment	0	0	0	0	0.1	0.1
Investments in Intangible assets (including goodwill)	3.5	4.5	4.5	2.1	2.3	4.7
Capital expenditures	3.5	4.5	4.5	2.1	2.4	4.8
Total Group						
Investments in Property, plant and equipment	7.7	8.9	12.5	2.8	5.5	15.2
Investments in Intangible assets (including goodwill)	16.0	19.2	18.8	8.3	8.5	19.0
Capital expenditures	23.7	28.1	31.3	11.1	14.0	34.2

Selected Group Key Performance Indicators by Group and Segments

	For the year ended December 31,		
Group	2018	2019	2020
		(unaudited)	
FTE	34,312	34,733	36,577

	For the year ended December 31,		
IT Services	2018	2019	2020
		(unaudited)	
FTE	3,515	3,782	4,032
Recurring Revenues as a % of Total Revenues	48.4%	48.5%	50.6%

	For the year ended December 31,		
CRM Europe	2018	2019	2020
		(unaudited)	
FTE	5,159	4,625	3,730
Net FTE	4,498	3,998	3,062
Revenue / Net FTE (EUR in thousands / year)	32.9	31.3	30.7
Cost / Net FTE (EUR in thousands / year)	26.7	27.4	25.7
% of FTE in Low Cost Countries	29.4%	27.9%	29.7%

	For the year ended December 31,		
CRM International	2018	2019	2020
		(unaudited)	
FTE	25,450	26,120	28,603
Revenue / FTE (EUR in thousands / year, at constant currency)	8.9	9.1	9.7

Almawave	For the year ended December 31, 2018	2019 (unaudited)	2020
FTE	188	206	212

Summarized Operating and Free Cash Flows

	As at and for the year ended December 31			For the LTM ended June 30
	2018	2019	2020	2021
	(unaudited, unless stated otherwise) (EUR in millions)			
Adjusted EBITDA[(1)]	**78.1**	**101.8**	**122.1**	**137.3**
Capital Expenditure[(2)]	23.7	28.1	31.3	34.2
Adjusted EBITDA−Capital Expenditure	**54.4**	**73.7**	**90.8**	**103.1**
(Increase) / Decrease in Net Working Capital[(3)]	(27.8)	(13.3)	(13.1)	(77.1)
Non-Recurring Items	0	0	(5.9)	(5.9)
Operating Cash Flow	**26.6**	**60.4**	**71.8**	**20.1**
Cash Conversion	*34.1%*	*59.3%*	*58.8%*	*14.6%*
Income Taxes paid	(4.2)	(6.1)	(8.6)	(10.6)
Dividends paid	(13.3)	(0.6)	(0.7)	(10.8)
Other Items[(4)]	(2.7)	(0.7)	(11.8)	26.5
Free Cash Flow for Debt Service	**6.4**	**53.0**	**50.7**	**25.2**

(1) The following Adjusted EBITDA represents EBITDA as adjusted for certain items, either positive or negative, that management considers to be non-operating or non-recurring in nature identified in the table below. In evaluating Adjusted EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemented analysis. We present Adjusted EBITDA because we believe that it is widely used by certain investors as a supplemental measure of performance and liquidity. We believe that Adjusted EBITDA provides useful information to investors about our results of operations because it is among the measures used by our board of directors and management to evaluate our underlying operating performance, review business trends, identify strategies to improve results and make day-to-day operating decisions, and it allows a comparison of our results across periods on a consistent basis by removing the effects on our operating performance of our capital structure (such as the varying levels of interest expense), asset base and capital investment cycle (such as depreciation and amortization) and items largely outside the control of management (such as income taxes). In addition, you should be aware that we may incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA should not be considered in isolation or as a substitute for measures of our operating performance in accordance with IFRS. For a description of the limitations of Adjusted EBITDA as a financial measure, see "*Presentation of financial and other information—Non-IFRS financial measures*." The following table provides a reconciliation of Adjusted EBITDA for the periods indicated below:

Adjusted EBITDA and Adjusted EBITDA Margin	For the eight months ended August 31,		For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30,
	2020	2021	2018	2019	2020	2020	2021	2021
	(unaudited) (EUR in millions)		(unaudited) (EUR in millions)			(unaudited) (EUR in millions)		(unaudited) (EUR in millions)
EBITDA	**67.9**	**84.0**	**78.1**	**101.8**	**116.2**	**56.6**	**71.8**	**131.4**
Non-recurring items:			—	—	—			
Provision for personnel early retirement	0	0	0	0	4.4	0	0	4.4
Credit write-off on CRM International client	0	0	0	0	1.5	0	0	1.5
Adjusted EBITDA	**67.9**	**84.0**	**78.1**	**101.8**	**122.1**	**56.6**	**71.8**	**137.3**
Of which:								
IT Services	44.2	55.6	59.5	72.2	84.5	38.5	48.9	94.9
CRM Europe	(3.0)	(0.6)	(7.7)	(9.2)	(3.9)	(1.7)	0.5	(1.7)
CRM International	23.0	24.5	20.2	32.0	34.5	16.5	18.3	36.3
Almawave—New Technology	3.1	4.4	5.5	6.1	6.2	2.9	3.9	7.2
Adjustments, eliminations and other	0.6	0.1	0.6	0.7	0.8	0.4	0.2	0.6
Revenue	**559.3**	**592.5**	**799.7**	**866.7**	**871.3**	**431.8**	**451.4**	**890.9**
Adjusted EBITDA Margin	**12.1%**	**14.2%**	**9.8%**	**11.7%**	**14.0%**	**13.1%**	**15.9%**	**15.4%**

(2) The below table shows the calculation of capital expenditures for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the LTM period ended June 30,
	2018	2019	2020	2020	2021	2021
	(unaudited) (EUR in millions)			(unaudited) (EUR in millions)		(unaudited) (EUR in millions)
Total Group						
Investments in Property, plant and equipment	7.7	8.9	12.5	2.8	5.5	15.2
Investments in Intangible assets (including goodwill)	16.0	19.2	18.8	8.3	8.5	19.0
Capital expenditures	**23.7**	**28.1**	**31.3**	**11.1**	**14.0**	**34.2**

(3) The following table provides a reconciliation of (Increase)/Decrease in Net Working Capital for the periods indicated:

	For the year ended December 31			For the six months ended June 30 ended		For the LTM ended June 30
	2018	2019	2020	2020	2021	2021
	(unaudited, unless stated otherwise) (EUR in millions)					
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	(9.0)	(51.1)	(4.9)	8.7	(28.6)	(42.2)
Change in inventories excluding of the exchange rate effect and consolidation scope changes	(2.2)	(1.3)	(2.2)	0	(0.7)	(2.9)
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	(5.4)	0	11.6	(0.9)	(3.9)	8.6
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	15.3	41.7	11.3	22.9	3.9	(7.7)
Change in other assets excluding of the exchange rate effect and consolidation scope changes	(16.5)	(20.6)	(23.8)	(21.6)	(26.2)	(28.4)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	(6.4)	13.6	(4.5)	4.6	0.1	(9.0)
Change in liabilities for employee benefits and provisions	(3.6)	4.4	(0.6)	(3.2)	(5.8)	(3.2)
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes	0	0	0	(7.7)	0	7.7
(Increase) / Decrease in Net Working Capital	**(27.8)**	**(13.3)**	**(13.1)**	**2.8**	**(61.2)**	**(77.1)**

(4) The following table provides a reconciliation of Other items for the periods indicated:

	For the year ended December 31			For the six months ended June 30 ended		For the LTM ended June 30
	2018	2019	2020	2020	2021	2021
	(unaudited, unless stated otherwise) (EUR in millions)					
Acquisition of investments accounted for using the equity method	0	0	0	0	0	0
Acquisition of subsidiaries net of cash and cash equivalents	(2.8)	(0.7)	(10.2)	(10.2)	0	0
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity method	0.1	0	0	0	0	0
Acquisition of residual interests in companies already controlled	0	0	(1.6)	0	0	(1.6)
Proceeds deriving from Almawave's share capital quotation	0	0	0	0	30.0	30.0
Fees paid for the Almawave listing	0	0	0	0	(1.9)	(1.9)
Other Items	**(2.7)**	**(0.7)**	**(11.8)**	**(10.2)**	**28.1**	**26.5**

Adjusted Financial Information[1]

	As at and for the LTM ended June 30, 2021
	(unaudited) (EUR in millions)
As Adjusted Cash and Cash Equivalents[2]	145.0
As Adjusted Total Gross Debt[3]	422.5
As Adjusted Net Debt[4]	277.5
As Adjusted Senior Secured Net Debt[5]	205.0
Adjusted EBITDA	137.3
As Adjusted Cash Interest Expense[6]	22.9
Ratio of *As Adjusted* Net Debt to Adjusted EBITDA	2.0x
Ratio of *As Adjusted* Senior Secured Net Debt to Adjusted EBITDA	1.5x
Ratio of Adjusted EBITDA to *As Adjusted* Cash Interest Expense	6.0x

(1) The unaudited as adjusted financial information gives effect to the offering of the Notes and the use of the proceeds, as if they had occurred on July 1, 2020 for the as adjusted income statement data and on June 30, 2021 for the as adjusted balance sheet data. The unaudited as adjusted adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited as adjusted financial information is presented for informational purposes only. The unaudited as adjusted financial information does not purport to represent what our results of operations or financial condition would have been had the financing transactions described above actually occurred on the date indicated and they do not purport to project the results of operations or financial condition for any future period or as of any future date. The unaudited as adjusted condensed consolidated financial information should be read in conjunction with the information contained in "*Selected Historical Consolidated Financial and Other Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the financial statements appearing elsewhere in this Offering Memorandum. The unaudited as adjusted financial information is not intended to represent as adjusted financial information prepared in accordance with the requirements of Regulation S-X promulgated under the Securities Act or other SEC requirements. See "*Presentation of Financial and Other Information*."

(2) As Adjusted Cash and Cash Equivalents reflects the cash and cash equivalents of the Group as of June 30, 2021, as adjusted for (i) the €77.0 million of cash from the proceeds of the Offering funded to the Issuer's balance sheet for general corporate purposes (including to fund potential future bolt-on acquisitions) and (ii) the payment of a €10.0 million dividend to Almaviva Technologies S.r.l. that we expect to make prior to the Issue Date. We have not adjusted As Adjusted Cash and Cash Equivalents for the payment on October 15, 2021 of €9.1 million of interest that had accrued on the Existing Notes from April 16, 2021 to October 15, 2021, as described in "*Use of Proceeds*" and "*Capitalization*."

(3) *As adjusted* Gross Debt represents the sum of our current and non-current payables due to banks, payables due to other lenders, lease liabilities, accrued liabilities from financial expenses and other financial payables as recorded in our unaudited interim condensed consolidated financial statements as of June 30, 2021 as adjusted to give effect to the Refinancing and the use of the proceeds from the Offering, as described in "*Capitalization*."

(4) *As adjusted* Net Debt represents our total gross debt less As adjusted cash and cash equivalents, as adjusted to give effect to the Refinancing and the use of the proceeds from the Offering, as described in "*Capitalization*."

(5) *As adjusted* Senior Secured Net Debt represents our total senior secured indebtedness (represented entirely by the Notes) less As adjusted cash and cash equivalents, as adjusted to give effect to the Refinancing and the use of the proceeds from the Offering, as described in "*Capitalization*."

(6) *As adjusted* Cash Interest Expense represents our actual interest expense for the twelve months ended June 30, 2021 as if the Notes had been issued on July 1, 2020 and the proceeds therefrom had been used as set forth under "*Use of Proceeds*." The estimate does not reflect any commitment fee or borrowings under the Revolving Credit Facility which we have assumed would have remained undrawn throughout the entire period.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with the other information contained in this Offering Memorandum, before deciding whether to invest in the Notes. The occurrence of any of the events discussed below could have a material adverse effect on our business, prospects and financial condition. If these events occur, the trading price of the Notes could decline, we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or which are presently deemed immaterial may also adversely affect our business, results of operations, financial condition or our obligations under the Notes and the Guarantors' obligations under their Guarantees. The following risk factors must be read in conjunction with the information contained in the "Business" section of this Offering Memorandum.

This Offering Memorandum contains "forward-looking statements" that involve risks and uncertainties. Actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See "Forward-Looking Statements."

Risks Relating to our Business, Industry and Operations

The industries in which we operate are highly competitive.

The IT services, CRM and new technologies industries in which we operate are highly competitive and subject to rapid change. We believe that the principal competitive factors in our markets are service quality, technical and industry expertise, price, innovation and the ability to add value to a customer's business. We compete for business with a variety of companies, including large multinational firms that provide consulting, technology, contact center and/or business process services, offshore business process service providers in low-cost locations like Albania, in-house captives of potential customers, software services companies that also provide business process services and accounting firms that also provide consulting or outsourcing services. In addition, the trend toward offshore outsourcing, international expansion by foreign and domestic competitors and continued technological changes may result in new and different competitors entering our markets. These competitors may include entrants from the communications, software and data networking industries or entrants in geographical locations with lower production and labor costs than those in which we operate.

Some of our competitors have greater financial, marketing, technological or other resources, larger customer bases and more established reputations and customer relationships in our markets than we do. As a result, some of these competitors may be able to:

- develop superior services or solutions, gain greater market acceptance and expand their service offerings more efficiently or more rapidly;
- adapt to new or emerging technologies and changes in customer requirements more quickly;
- bundle services with other services they provide at reduced prices;
- adopt more aggressive pricing policies and devote greater resources to the promotion, marketing and sales of their services, which could cause us to have to lower prices for certain products or services to remain competitive in the market;
- devote greater resources to the research and development of their services and solutions; and
- better withstand adverse market conditions.

Further, consolidation trends in our industries and, in particular, among CRM competitors may result in new competitors with greater scale, a broader geographic footprint, better technologies and greater price efficiencies entering the market. See "*—Industry consolidation and competition from larger international competitors could affect prices or demand for our services and products," Increased competition may result in lower prices and volumes, higher costs for resources, especially personnel, and lower profitability.* See also "*—Increases in wages and employee benefit expenses as well as changes to labor laws could reduce our profit margin."* We may not be able to supply customers with services that they deem superior and at competitive prices and may lose business to our competitors. Any inability to compete effectively would adversely affect our business, results of operations, financial condition and prospects.

If we are unable to anticipate and develop new services, enhance existing services and keep pace with rapid changes in the technology services industries our business will be adversely affected.

The IT services, CRM and new technologies markets in which we operate are characterized by rapid technological change, evolving industry standards, changing customer preferences and new product and service introductions. Areas of significant change include mobility, cloud-based computing, artificial intelligence, digitization and the processing and analysis of large and unstructured data (big data analytics). Our future success will depend on our ability to anticipate these advances and develop new product and service offerings to meet customer needs. If we fail to anticipate or respond to these advances and trends on a timely basis, or if we fail to develop services or technologies that meet our customers' needs or gain traction in the marketplace, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We have in the past made significant investments in research and development and will continue to make such investments as we strive to innovate and support the ongoing improvement of our organization, increase our competitive capacity and fulfill the needs of a fluid, rapidly changing market. Investments in research and development may not result in significant design improvements, marketable products or features, or may result in products and services that are more expensive than anticipated. Additionally, we may not achieve the cost savings or the anticipated performance improvements we expect, and it may take longer to generate revenues, or we may generate lower revenues than anticipated.

Failure by us to anticipate and effectively respond to changes in the markets in which we operate and develop new or enhanced technologies or processes that are competitive in the market could materially adversely affect our business, financial condition, results of operations and prospects.

We derive a large proportion of our revenues from a small number of large customers and the framework agreement with our largest customer expires on December 31, 2021 and such customer is currently evaluating whether to award us certain significant tenders; the loss of certain customers or a decrease in business volume from such customers will have a significant negative impact on our business.

We rely on strategic long-term relationships with large private and public sector entities and as a result are dependent on a small number of customers for a significant percentage of our revenues. In 2020, our largest customer accounted for 20% of our revenues, whereas our five largest and our 10 largest customers represented 36% and 47%, respectively, of our revenues in the same period. Contracts that accounted for a significant portion of our revenues in 2020 are set to expire between 2021 and 2023, including the framework agreement with our largest customer, which expires on December 31, 2021 and is currently being reviewed. See "*Summary—Recent Developments—Ferservizi Framework Agreement*." If we are not awarded the tenders for the abovementioned framework agreement with our largest customer, this would result in a significant reduction in volume of business, would have a material adverse effect on our business, financial condition, results of operations and prospects, including as a result of our reduced revenues compared to stable fixed cost base that relates to our personnel and other costs servicing that client.

Our customers have no obligation to renew their contracts with us upon their expiration and, even if they do, they may not renew with a similar duration or with the same or a greater amount of committed revenues to us. Retention rates may decline or fluctuate as a result of a number of factors, including the level of our customers' satisfaction with our services, and our prices. In particular, our success depends on relationships we develop with our customers that enable us to understand our customers' needs and deliver solutions and services that are tailored to meet those needs. If a customer is dissatisfied with the quality of our work or we fail to meet performance standards under our contracts, or if our services and solutions do not comply with the provisions of our contractual agreements or applicable regulatory requirements, we may be unable to sell additional services to the customer, lose business volume from the customer or lose the customer altogether. Moreover, most of our contracts, including our framework agreements with public sector entities, do not require the customer to commit a minimum amount of revenues.

In addition, there are a number of factors beyond our control that could cause a reduction in business volume from a customer or the loss of a customer, including changes in the customer's outsourcing strategy to moving more IT processes in-house, reduced technology spending in response to a challenging economic or competitive environment, consolidation, business or financial deterioration or failure and, in the case of public sector contracts, a decrease in public IT spending appropriations. The loss of a major customer, or a significant reduction in volume of business from our existing customers, would have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to breaches of our security systems and service interruptions, which could expose us to liability or render us unable to fulfil our obligation to provide services under our customer contracts.

We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate internally and with our customers, partners and vendors. As the breadth and complexity of this infrastructure continues to grow, including as a result of the use of mobile technologies, social media and cloud-based services, the potential risk of security breaches and cyberattacks increases. Such breaches and cyberattacks could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of sensitive or confidential information, including personal data of, among others, our employees, customers, contractors, vendors and other business partners, as well as personal data stored on our products or through our services by our customers, which may result in damage to our reputation and brand and adversely affect our relationships with our customers. Cybersecurity threats are constantly evolving, thereby increasing the difficulty of detecting and defending against them. See "—*Cybersecurity issues could impact our business*."

In providing services and solutions to customers, we often manage, utilize and store sensitive or confidential customer or company data, including personal data, and we expect these activities to increase, including through our data analytics services. The risk of cyber-attacks includes breaches and attempted breaches not only of our own products, services and systems, but also of those of our customers, employees, contractors, business partners, vendors and other third parties as well as of third-party systems on which we rely to operate our digital platforms. Unauthorized disclosure of sensitive or confidential customer or company data, whether through systems failure, employee negligence, fraud or misappropriation, could damage our reputation, cause us to lose customers and could result in significant financial exposure. Similarly, unauthorized access to or through our information systems or those we develop for our customers, whether by our employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses or other malicious software programs or social engineering attacks, could result in contractual and other legal liability, a loss of business or customers, damage to our reputation and government sanctions, and could have a material adverse effect on our results of operations, business, financial condition, results of operations and prospects.

We are highly dependent on customers located in Italy and Brazil and any weakening of economic conditions in these markets may have a negative impact on our business.

Our revenues are derived almost entirely from customers located in Italy and Brazil. In 2018, 2019 and 2020, and the six-month period ended June 30, 2021, we generated 71%, 73%, 76% and 79% of our revenues, respectively, in Italy whereas revenues generated in Brazil represented 27%, 25%, 22% and 18% of our revenues, respectively, in the corresponding periods. As a result, our business is dependent on general economic conditions in Italy and Brazil.

Our business in Italy has been adversely affected by the Italian historically slowly-growing economy. Since 2017, Italy has experienced slow economic growth and, following the outbreak of the COVID-19 pandemic, the Italian economy contracted sharply during the first half of 2020, recording a contraction in GDP of 5.4% in the first quarter of 2020, followed by a 12.8% decrease in the second quarter of 2020, in each case as compared to the previous quarter. Notwithstanding a rebound in the third quarter of the year with the GDP growing by 16.1% as compared to the previous quarter, the fourth quarter showed a 1.9% decrease compared to the previous quarter, with the government debt to GDP ratio being 155.8% as of December 31, 2020, an increase of 21.2 percentage points compared to the previous year (source: ISTAT). Overall, GDP grew by 0.9% in 2018 and 0.3% in 2019, and declined by 8.9% in 2020. In April 2020, Fitch Ratings downgraded Italy's sovereign credit rating to BBB- from BBB while indicating a stable outlook and affirmed such rating and outlook in July 2020 and on its following revision dates. Since the beginning of the COVID-19 pandemic, Moody's Investors Service has not changed Italy's sovereign credit rating which remains at Baa3 with a stable outlook. In April 2020, S&P Global Ratings confirmed Italy's sovereign credit rating at BBB/A-2 while indicating a negative outlook. However, in October 2020, S&P revised Italy's outlook from negative to stable and affirmed the rating at BBB/A-2 (where it remains as of the date of this Offering Memorandum). Sovereign ratings are heavily regulated and scrutinized which results in several revisions across the year. Under the EU sovereign release calendar, the next revision of Italy's rating is scheduled for the start of November 2021. Continuing economic stagnation or renewed deterioration of the Italian economy, including as a result of the impact of the COVID-19 pandemic, could result in reduced capacity for investments in IT products and services and thereby reducing demand for our products and services. In addition, in a strong recessionary environment our access to financing could deteriorate and we might be unable to obtain additional financing on favorable terms or at all. Any of the foregoing, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations, cash flows and prospects as well as our ability to perform our obligations under the Notes.

Italy's GDP is forecast to grow 5.0% in 2021 and 4.2% in 2022 compared to growth of 4.8% and 4.5%, respectively, for the broader Eurozone over the same periods (Source: OECD). In addition, confidence in the Italian economy has historically been undermined by political instability. On January 26, 2021, Prime Minister

Giuseppe Conte resigned, leaving Italy in an uncertain political situation with COVID-19 infections still very high. One week later, Mario Draghi, the former head of the European Central Bank, accepted the mandate from President Sergio Mattarella to form a new unity government that would guide the country out of the pandemic and through economic recovery and, on February 13, 2021, Mr. Draghi became Prime Minister. The new Italian government received votes of confidence in both the Chamber of Deputies and the Senate on February 17, 2021 and February 18, 2021. Future events are difficult to predict and there can be no assurance that Mr. Draghi's leadership will last or that there may not be further political instability, with possible material adverse effects on the Italian market and our business. In addition, the government may take positions that further exacerbate economic uncertainty in Italy which, in turn, may give rise to a decrease in prices and profitability levels and have other material impacts on the IT services industry. In addition, should the Italian government decide to discontinue any programs aimed at encouraging IT spend, including the "Impresa 4.0" digitalization plan, any such decision could reduce our customers' IT spend, which in turn may give rise to a decrease in prices for our products and, as a result, reduce our profitability. Revenues from our public sector customers represented 48% of our revenues for the twelve months ended June 30, 2021; as a result, slow economic growth coupled with reduced tax revenues supported a number of political and administrative decisions concerning reductions in levels of public spending on the grounds of reduced national and local government budget deficits. In addition, worsening economic conditions could lead our customers to delay the payments for our services or postpone their IT projects with us. Any of these events, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business has also been adversely affected by weak economic conditions in Brazil. Since 2015, Brazil has faced a severe recession, with GDP declining by 3.5% in 2015 and 3.3% in 2016, growing 1.3% in 2017, 1.8% in 2018 and 1.9% in 2020, before declining again by 4.1% in 2020 (Source: OECD). The Brazilian economy has experienced significantly lower rates of industrial production, investment, and private consumption, and significantly higher rates of unemployment, inflation and budget deficits as a result. In addition, the Brazilian real declined sharply in value against the euro between 2015 and the middle of 2020, before stabilizing during the third quarter of 2020. In response to these and similar trends, Brazil's sovereign credit rating was downgraded to below investment grade by Standard & Poor's and Moody's in 2015, and by Fitch in 2016, and has remained below investment grade ever since. Political instability continues to affect the performance of the Brazilian economy, including as a result of the government's response to the COVID-19 pandemic. See "*—A substantial portion of our operations are located in Brazil and are therefore subject to regulatory, economic, social and political uncertainties in this market.*"

Continuing economic stagnation or renewed deterioration of the Italian and Brazilian economies or the global economy pose a significant risk to us as businesses and public sector entities may postpone investment and spending, in turn reducing demand for our products and services. In addition, our access to financing could deteriorate in a strong recessionary environment. Under such circumstances, we might be unable to obtain additional financing on favorable terms or at all. The materialization of any of the foregoing risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

Any outbreak of severe communicable diseases, including COVID-19, may materially affect our business and results of operations.

Significant outbreaks of contagious diseases, including the outbreak of the COVID-19 pandemic or other illnesses, may result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, leading to substantial declines in consumer purchasing power and resulting in an economic downturn that could affect demand for our services, our ability to collect against existing trade receivables and our operating results.

In particular, in late 2019, COVID-19 began spreading globally, including in Italy. In March 2020, the World Health Organization designated COVID-19 as a pandemic, and numerous countries, including Italy, declared national emergencies with respect to COVID-19. The global impact of the outbreak continues, with many countries instituting quarantines and restrictions on travel, closing financial markets and/or restricting trading, limiting operations of non-essential businesses and instituting national or regional lockdowns. Such actions adversely impacted many industries, including ours and those of our customers.

We generated 76% and 22%, respectively, of our revenues for the year ended December 31, 2020 were generated from our operations in Italy and Brazil. Consequently, our results of operations have been and will likely continue to be adversely affected to the extent that COVID-19 or any other pandemic adversely impacts the Italian and Brazilian economies. Some of our existing customers and potential customers have been and could be adversely affected by a slowdown in economic activity and have and may also experience disruption to their businesses caused by the outbreak, which could in turn have a negative impact on our business. For example, approximately 24% of our revenues for the year ended December 31, 2020 were derived from contracts with our transportation and logistics customers, which industries have been adversely affected by the pandemic due to the disruption caused to both international and domestic travel.

More recently, a resurgence in infections in certain areas of the world resulted in the implementation of new restrictions in these countries. If the COVID-19 pandemic leads to continued or renewed shutdowns or if economic disruption from COVID-19 continues, demand for our services and our revenue may be negatively affected. The ultimate impact of the COVID-19 pandemic and the measures to control the spread of the virus are uncertain and may materially restrict or hinder our ability to conduct our business, including due to measures we may need to take to assure the health and safety of our employees, lack of available workforce, disruptions in the supply of key services or restrictions due to governmental actions. In addition, compliance with social distancing, cleaning and other health and safety measures implemented in response to COVID-19 in the various countries in which we operate may be burdensome and could result in the incurrence of additional costs and penalties. The extent of the impact of COVID-19 on our future operational and financial performance will depend on future developments, including the effectiveness and availability of vaccines and further restrictive actions taken by various governmental authorities in response to new strains of the virus, termination of government support programs and the timing of recovery of the overall economy, all of which are highly uncertain and cannot be predicted. While vaccination campaigns against COVID-19 are progressing, there can be no assurance on if and when the population will be fully immunized, including as a result of new strains of the virus which may be characterized by higher transmission rates. Therefore, it remains unclear if or when the pandemic will cease and whether previously-lifted measures to reduce the spread of COVID-19 may be reinstated. Any potential impact on our results will therefore depend on, to a large extent, future developments, including new variants of the virus, and the impact of the virus on our customers' businesses as well as new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by government authorities and other entities to contain COVID-19 or treat its impact, almost all of which are beyond our control. The potential impacts of COVID-19 on our business, financial condition, prospects and results of operations include, but are not limited to, the following:

- termination, reduction or deferral of IT service engagements or IT budgets, resulting in sharp reduction of revenues, reduced demand for IT services and lower profitability;
- temporary closure of offices or travel restrictions which may restrict our ability to service our clients or obtain new client engagements;
- our inability to accurately forecast sales, revenue or backlog during the pandemic period;
- difficulty in assessing client demand and resource and staffing needs, leading to higher costs;
- failure of our clients to pay us, which could significantly increase the amount of our accounts receivable and require us to record additional allowances for doubtful accounts or use cash reserves required for other purposes;
- increased costs associated with further country-wide or regional lockdowns or other restrictions and compliance with new government regulations or restrictions, such as quarantines or social distancing mandates, which regulations or restrictions may delay capital expenditures plans or curtail our normal operations;
- potentially unfavorable macroeconomic and other conditions for our clients and their customers;
- significant disruptions if employees are affected by the pandemic, which could disrupt our operations, raise costs and reduce revenue and earnings;
- fluctuations in interest rates and credit spreads, limiting our ability to raise or deploy capital and affecting our overall liquidity;
- increased costs or inefficiencies arising from operational changes and measures implemented to ensure the health and safety of our employees and counterparties; and
- increased costs should our application to access the Italian wage supplement fund (*cassa integrazione guadagni*) not be approved as a result of which we are required to pay the full cost of our employees' salaries for the period in which recourse to the fund was made.

The uncertain development and fluidity of the COVID-19 pandemic precludes any prediction as to the ultimate adverse impact of the COVID-19 pandemic on economic and market conditions, and, as a result, with respect to our business. The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the future severity and transmission rate of the virus (including variants thereof), the extent and effectiveness of lockdowns and other containment actions in Italy, Brazil and elsewhere, the pace and scale of vaccine implementation around the world and the impact of these and other factors on our employees, customers, suppliers and partners. In addition, to the extent the COVID-19 pandemic adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section, such as those relating to our indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

Industry consolidation and competition from larger international competitors could affect prices or demand for our services and products.

Although the Italian IT industry is still relatively fragmented, consolidation is increasing. For example, Google and Telecom Italia have recently partnered to provide cloud-based services in Italy, Amazon Web Services has recently expanded its global cloud-based services into Italy, and Microsoft and Poste Italiane have partnered to provide cloud and other services to Italian companies and public-sector entities. Consolidation trends in our industry may result in new competitors with greater scale, a broader geographic footprint, better technologies and greater price efficiencies entering or servicing the markets in which we operate. This trend could create opportunities for large enterprise software and hardware companies, including our partners, to increase their market share including through the acquisition of companies that are strong in certain lucrative market niches or that have broad installed customer bases. In doing so, these competitors may be able to reduce prices on products or software that compete with our solutions, also by leveraging their larger economies of scale, which may result in a decrease of the demand for our products and, in turn, could have a material adverse effect on our business, results of operation, financial condition and prospects.

We may face labor disruptions that could interfere with our operations, and we may be unable to efficiently reorganize our workforce in the event of a market downturn.

We are subject to a number of collective bargaining agreements ("**CCNL**") in Italy. In general, the CCNLs include terms that regulate remuneration, minimum salary, salary complements, extra time, benefits, bonuses and partial disability. Our employees in Italy are subject to various CCNLs. Trade unions and work councils exist at many of our premises, and many of our employees are enrolled in one or the other. There can be no assurance that our relations with or employees or the trade unions in which they are enrolled will not deteriorate and that we will not experience labor disputes in the future. Any failure to extend or renegotiate our collective bargaining agreements on terms favorable to us, or at all, could have a material adverse effect on our business. Additionally, the right to go on strike is provided for under Italian law and we cannot guarantee that our employees will not go on strike in the future, which could, for example, hinder our ability to provide our ordinary level of customer service, and in turn have a material adverse effect on our business, financial condition or results of operations. Furthermore, in the event that we experience a significant or otherwise material increase in labor costs that we are not able to otherwise relocate within our structure and/or a deterioration in our relationship with our employees, including in relation to any actions taken in response to the outbreak of the COVID-19 pandemic, any such event could result in a material adverse effect on our business, financial condition, results of operations and prospects. See "*—We have in the past had and are likely to continue to have labor disputes that may disrupt our operations and our relationships with our customers.*"

Our business is dependent on continued demand for onshore contact center services in Italy and will be adversely affected should the trend toward offshore outsourcing of such services continue.

Within our CRM Europe subdivision, we primarily offer onshore contact center services to customers located in Italy and the success of our business depends on continued demand for such services. Our business in Italy has been adversely affected by an accelerating trend by certain of our competitors to outsource contact center services to low-cost offshore locations outside the European Union, in particular Albania, in some cases in breach of applicable laws and regulations. Our competitors who engage in such outsourcing have lower costs than we do, as a result of which some of them have been able to undercut us on pricing. Should the trend toward such offshore outsourcing of contact center operations continue in spite of these initiatives, or should favorable legislation be reversed, this would impair our ability to compete, reduce our profit margins and have a material adverse effect on our business, results of operations, financial position and prospects.

We have in the past had and are likely to continue to have labor disputes that may disrupt our operations and our relationships with our customers.

Most of our employees in Italy and Brazil are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages have occurred in the past and are likely to continue to occur prior to or during negotiations for new collective bargaining agreements, wage negotiations and in connection with collective dismissal procedures. Prolonged strikes or work stoppages may affect the quality of our services to customers and lead to service disruptions, which may lead to a loss of business and have an adverse effect on our reputation. We have previously been and are likely to continue to be involved in labor-related disputes with employees and unions. Although the competent labor court upheld the dismissals, we cannot guarantee that we will not face further litigation in relation to this matter and that we will not be subject to similar actions in the future. In addition, we have recently been involved in labor disputes relating to requests for higher classification with relevant payment of salary differences, requalifications, reclassification of self-employed workers into permanent employees and claims for unlawful staff leasing (*somministrazione illecita di manodopera*) in the context of the service agreement between Almaviva S.p.A. and Almaviva Contact. In Brazil, we are also party to a large number of labor disputes relating to dismissals, overtime payments, dismissal notice payments, and employment conditions, among others. Any deterioration in our labor relations and disputes with our workforce or work stoppages as a result of labor disputes may have a material adverse effect on our performance, operations, financial condition and reputation and cause us to incur additional costs (such as legal fees) as a result.

There are personnel risks associated with Almaviva Contact's contractual arrangements in its call centers.

Article 1, paragraph 10, of Law 11/2016 of the Republic of Italy ("**Law 11/2016**") establishes that in the event that a successor company takes on a tender contract with the same client and for the same call center activity, the employment relationship continues with the incoming contractor (the so-called social clause (*clasola sociale*)), according to the methods and conditions set forth in the national collective bargaining agreements applied and in force at the date of transfer, stipulated by the trade union and employer organizations with the most representation at a national level.

The procedure for changes to tender contracts in call centers became fully operational by way of an agreement which was signed between the relevant national labour associations and trade unions (for example Asstel, SLC CGIL, Fistel CISL and Uilcom Uil) on May 30, 2016 (the "**New Agreement**"). The New Agreement defines the operating criteria in respect of the relevant provisions of Law 11/2016, revising Art. 53 of the current CCNL for staff of the telecommunications companies and introduces a new specific provision.

On the basis of this New Agreement, if the supplier of a member of the Almaviva Contact staff changes, the relevant staff member is intrinsically protected by being able to continue their employment relationship with the successor company. As a result, the provisions of the New Agreement may result in an increase in labor costs for Almaviva Contact. See "*—We may face labor disruptions that could interfere with our operations, and we may be unable to efficiently reorganize our workforce in the event of a market downturn*."

In the unlikely event of non-compliance with the provisions of Law 11/2016 and the CCNL for telecommunications, Almaviva Contact may rely on the competent authorities to defend its rights and the individual rights that such laws grant to employees who are subject to a change in their tender contract. Furthermore, any redundancies which may arise may be temporarily managed with preventative measures, or by relying on the relevant labor laws in force for the management of any such redundancies. However, there is no guarantee that any such occurrences may not result in labor disputes that may disrupt our operations and our relationships with our customers. See "*—We have in the past had and are likely to continue to have labor disputes that may disrupt our operations and our relationships with our customers*."

There are potential labor dispute risks associated with Almaviva Contact's loss of the Alitalia call center services.

Over the past 15 years, Almaviva Contact has engaged over 600 people to work in call centers operated on behalf of Alitalia S.p.A. ("**Alitalia**") as part of its provision of customer services to Alitalia. In August 2021, Almaviva Contact lost its bid to continue to provide such customer services to the new company resulting from the Alitalia reorganization, ITA S.p.A. ("**ITA**").

On September 7, 2021, the Italian Labor Ministry set up a dialogue between the trade unions (*organizzazioni sindacali*), ITA, Almaviva Contact and the company which ultimately won the bid to provide ITA with customer services in order to agree on how to fully implement the relevant labor laws, including Law 11/2016, and the CCNL. In this forum, both the trade unions (*organizzazioni sindacali*) and the Italian government representatives and the commissioning body (ITA) itself reiterated that the relevant labor laws should be fully applied. Negotiations are currently underway with the incoming company as to how best to manage the potential labor disputes that may arise as a result of such application. See "*—There are personnel risks associated with Almaviva Contact's contractual arrangements in its call centers*."

In the event that such negotiations do not result in all of the former Almaviva Contact employees that were previously employed in Alitalia call centers being employed by the new Alitalia call center service provider, Almaviva Contact may need to instigate a collective redundancy procedure to manage the reduction of personnel. The collective redundancy procedure has a duration prescribed by law of 75 days and is comprised of a trade union phase and an administrative phase managed by government bodies. The aim of the procedure is to identify alternative situations aimed at preventing or reducing the number of redundancies or the negative social impact that such redundancies may have. Taking into account the suspension of redundancies pursuant to the emergency legislation implemented by the Italian government in the context of COVID-19, the collective redundancy procedure could start, in the absence of a settlement or further extension of the emergency legislation, no earlier than November 1, 2021. However, there is no guarantee that any such occurrences may not result in labor disputes that may disrupt our operations and our relationships with our customers. See "*—We have in the past had and are likely to continue to have labor disputes that may disrupt our operations and our relationships with our customers*."

Damage or disruptions to our technical infrastructure and facilities could adversely affect our customers' businesses, in turn having an adverse effect on our business and results of operations.

Our success largely depends on the continued and uninterrupted performance of our technical infrastructure. Our contracts for the provision of services often guarantee only minimal downtime of the services that we provide. In particular, we are dependent on the uninterrupted performance of our contact centers around the world and our three data centers in Italy, which are central to the IT infrastructure and services we offer to our customers and on which we rely for our own operations. Our infrastructure may be damaged in natural disasters such as earthquakes, floods or fires, due to wars or terrorist attacks, or be subject to damage or compromise from human error, technical disruptions, unauthorized access, power failure, computer glitches and viruses, telecommunications failures, adverse weather conditions and other unforeseen events. Any of such events may cause disruptions to information systems, electrical power and telephone services for sustained periods, result in system interruptions, outages or delays in our systems or deterioration in their performance, which could impair our ability to operate our business. While we currently have property damage insurance in force, such insurance coverage may not be sufficient to cover the costs of repairing the damage caused from such disruptive events and such events may not be covered under our policies.

In addition, any significant failure, damage or destruction of our equipment or systems, or any major disruptions to basic infrastructure such as power and telecommunications systems in the locations in which we operate, could affect the quality of our services and cause service interruption and thus adversely affect our customers' businesses.

As many of our services play a business-critical role for our customers, any damage to or failure of the infrastructure we rely on (even if temporary), could disrupt our ability to deliver information to and provide services for our customers in a timely manner. Enhancing our IT systems and applications to achieve improved stability and redundancy, as well as putting in place remedies to resolve a disruption or other interruption of our IT services, may be time-consuming and expensive and may require resources and expertise that are difficult to obtain. If we are unable to invest in maintaining and improving our IT systems and applications, the likelihood of the occurrence of system interruptions may increase. Any such significant disruption in our services could result in lost profits or other indirect or consequential damages to our customers. In particular, we may suffer significant adverse publicity, reputational harm and a loss of customers and future business if a significant service disruption occurs generally or if any disruption affects one of our high-profile customers. Although we require our customers to sign agreements that contain provisions attempting to limit our liability for service interruptions, there can be no assurance that such contractual limitations on our liability will be enforceable in the event that one of our customers brings proceedings against us as the result of a service interruption or other problems that they may ascribe to us. The outcome of any such action would depend on the specific facts of the case and any legal and policy considerations that we may not be able to mitigate. In such cases, we could be liable for substantial damages awards that may exceed our liability insurance coverage, which could have a material adverse effect on our results of operations and financial condition.

Our profitability will suffer if we are not able to obtain favorable pricing, manage our costs effectively, or if we underestimate the scope of work or the cost of performance of our contracts.

If we are not able to obtain favorable pricing for our services and solutions, our revenues and profitability could materially suffer. The rates we are able to charge for our services and solutions are affected by a number of factors, including:

- general economic, political and market conditions;
- customers' perceptions of our ability to add value through our services;

- our customers' desire to control or reduce their costs;
- the general competitive environment in our industry (including new competitors entering the market);
- the introduction of new services or products by us or our competitors;
- public appropriations for IT spending; and
- the procurement practices of customers and their use of third-party advisors.

Our ability to improve or maintain our profitability is also dependent on our being able to successfully manage our costs, including personnel costs, which accounted for 53.3% of our total operating expenses for the twelve months ended June 30, 2021. Our cost management strategies include maintaining appropriate alignment between the demand for our services, solutions and volumes and our resource capacity, including staff utilization levels. In the past, we have completed substantial cost optimization programs within our CRM Europe division, and we continue to assess how best to optimize our organization. There can be no assurance that we will not undertake further cost optimization programs, including personnel reductions, in the future or that any such programs will be successful and that we will achieve our desired levels of profitability and labor cost optimization.

Finally, our contract profitability is highly dependent on our forecasts regarding the effort and cost necessary to deliver our services and solutions, which are based on available data and could turn out to be materially inaccurate. If we do not accurately estimate the effort, costs or timing for meeting our contractual commitments and/or completing engagements to a customer's satisfaction, our contracts could yield lower profit margins than planned or be unprofitable.

If we are not able to obtain favorable prices for our services, manage our costs effectively, or accurately forecast the cost, risk and complexity of performing our work, this will have a material adverse effect on our business, results of operations, financial condition and prospects.

We face risks related to the services we provide to government and other public entities.

A substantial portion of our revenues is generated by sales to government entities. Projects involving governments or governmental agencies carry various risks inherent in the government contracting process, including the following:

- government entities typically fund projects through appropriated monies. While these projects are often planned and executed as multi-year projects, government entities usually reserve the right to change the scope of or terminate these projects for lack of approved funding and/or at their convenience.
- changes in government or political developments, including budget deficits, shortfalls or uncertainties, government spending reductions or other debt constraints, including as a result of the COVID-19 pandemic and any related economic consequences, could result in our projects being reduced in price or scope or terminated altogether, which also could limit our recovery of incurred costs, reimbursable expenses and profits on work completed prior to the termination, and result in adjustments to backlog;
- terms and conditions of government contracts tend to be more onerous than other contracts and may include, among other things, extensive rights of audit, more punitive service-level penalties and other restrictive covenants;
- contractual non-compliance (including improper billing), failure to comply with procurement regulations, public tender and government contracts regulations and regulation regarding the protection of classified information, and other improper or illegal activities, may result in various civil and criminal penalties and administrative sanctions, which may include termination of contracts, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government. In addition, as a result of any of the abovementioned events, we may be subject to our TJA partners, consortium partners and subcontractors terminating the relevant relationships with us and/or claiming damages arising from such events;
- government contracts are often subject to more extensive scrutiny and publicity than other contracts. Any negative publicity related to such contracts, regardless of the accuracy of such publicity, may adversely affect our business and reputation;
- participation in government contracts could subject us to stricter regulatory requirements, which may increase our cost of compliance;
- political and economic factors, such as pending elections, the outcome of recent elections, changes in leadership among key executive or legislative decision-makers, revisions to governmental tax or other

policies and reduced tax revenues, can affect the number and terms of new government contracts signed or the speed at which new contracts are signed, decrease future levels of spending and authorizations for programs that we bid for, shift spending priorities to programs in areas for which we do not provide services and/or lead to changes in enforcement or how compliance with relevant rules or laws is assessed;

- government contracts may involve multiple parties in the delivery of services and require greater project management efforts on our part, and any failure in this regard may adversely impact our performance and reputation;
- litigation or disputes with government and public entities (as the law may be applied in light of relevant case law and commentaries) may lead to us being banned from contracting with other government and public entities or participating in public tenders, which would have both an economic and a reputational impact on us;
- a limited category of public sector-related customers sometimes follow payment management processes that are subject to review by other government authorities or other entities, which may cause delays or adjustments to their own payment schedule.; and
- in order to be able to participate in competitive tenders, enter into contracts with public sector customers or receive advances or payments, it is generally required to provide bank guarantees and/or insurance bonds (including bid, advance payment, performance or guarantee bonds). Failure to obtain new bonds and guarantees, or the obtainment of new bonds and guarantees at less favorable economic terms, or the obligation to pay penalties, could impair our ability to enter into new contracts or become significantly more costly, which could have a material adverse effect on our business, financial condition and results of operations.

The materialization of any of the foregoing risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our financial results depend on our capacity utilization and our ability to forecast demand and make timely decisions about staffing levels, investments and operating expenses.

Our profitability is dependent on the efficiency with which we utilize our service capacity against fluctuating and seasonal customer demands. Predicting customer demand and making timely staffing level decisions, investments and other operating expenditure commitments is key to our successful project execution and profitability maximization. Our capacity utilization is affected by a number of factors, including our ability to transition employees from completed projects to new assignments, hire and assimilate new employees, forecast demand for our services and thereby maintain an appropriate headcount and workforce, and manage attrition, and our need to devote time and resources to training, professional development and other typically non-chargeable activities. We can provide no assurance that we will continue to be able to achieve or maintain desired capacity utilization. If we fail to optimize our capacity utilization, our high fixed costs of operation, particularly in our CRM business, could result in a negative impact on our margins, and our financial conditions and results of operations could be adversely affected.

Our operating results may fluctuate from one quarter to the next due to various factors including seasonality.

Our operating results may differ significantly from quarter to quarter and our business may be affected by factors such as client losses, the timing of new contracts and of new product or service offerings, termination of existing contracts, variations in the volume of business from clients resulting from changes in our clients' operations or the onset of certain times of the year, the business decisions of our clients regarding the use of our services, start-up costs, delays or difficulties in expanding our operational facilities and infrastructure, changes to our revenues mix or to our pricing structure or that of our competitors, inaccurate estimates of resources and time required to complete ongoing projects, currency fluctuation, seasonal changes in the operations of our clients, and external circumstances, including pandemics and other catastrophic events.

In addition, the majority of our revenues are non-recurring. There is less predictability and certainty in the timing and amount of revenues generated by our non-recurring services and, accordingly, our results of operations and financial condition could be materially adversely affected by the timing and amount of revenues generated from our non-recurring services.

We typically generate less revenues in the third quarter of the year due to the August holidays in Italy. These seasonal effects cause differences in our revenues among the various quarters of any financial year, which means that the individual quarters of a year should not be directly compared with each other or used to predict annual financial results.

In addition, the sales cycle in our IT Services division is typically long, with the time between the date a contract is entered into and the beginning of the provision of services ranging from an average of six months for private sector customers to one to two years for contracts awarded under public tenders. In addition, the internal budget and approval processes of our prospective clients make it difficult to predict the timing of new client engagements. Also, we recognize revenues only upon actual provision of the contracted services and when the criteria for recognition are achieved. The financial benefit of gaining a new client may not be realized at the intended time due to delays in the implementation of our services or due to an increase in the start-up costs required in building our infrastructure. These factors may make it difficult for us to prepare accurate internal financial forecasts or replace anticipated revenues that are not received as a result of these delays.

Failure to deliver timely and effective implementation of our services to our customers and maintain sufficient levels of support and maintenance services post-implementation could have a material adverse effect on our business.

Our services and solutions are typically required to be supported by timely implementation, integration with existing customer systems and, in some cases, post-deployment maintenance and support services. In general, system implementation, migrations and integrations can be impacted by unforeseen challenges in delivering solutions on time and to budget. Due to the length and complexity of some implementations and the ongoing evolution of product cycles, we may face unforeseen issues with service deliveries that can have an adverse impact on customer satisfaction and profitability.

Once our IT systems and solutions are implemented, our customers depend on our support and maintenance service. If we do not provide effective ongoing support, our reputation (including with potential customers) could be damaged and our ability to sell additional services to existing customers may be adversely affected. In addition, to the extent that we are unsuccessful in hiring, training and retaining adequate support resources, our ability to provide adequate and timely support and maintenance services to our customers will be negatively impacted, and our customers' satisfaction with our services may be adversely affected. Our failure to provide and maintain high-quality support and maintenance services could materially adversely affect our business, financial condition and results of operations.

A significant proportion of our revenues come from commercial and government contracts awarded through competitive bidding processes, which require substantial time and resource investments.

Our customers include government and other public sector entities, which require competitive bidding procedures in order to award contracts. Many of our contracts are highly complex and require the investment of significant resources in order to prepare accurate bids and proposals. Competitive bidding imposes substantial costs and presents a number of risks, including: the substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may or may not be awarded to us; the need to estimate accurately the resources and costs that will be required to implement and service any contracts we are awarded, sometimes in advance of the final determination of their full scope and design and to consider such estimated resources and costs in the context of a competitive tender process in order to arrive at a price quote that is competitive but not so low as to be loss-making if we win the bid; and the opportunity cost of not bidding on and winning other contracts that we might otherwise pursue.

Over the past few years, and mostly for central government activities, there has been a shift in the manner public administration and healthcare related tenders are run, from a fragmented approach, whereby the relevant local public administration or other public entity launches a local tender to satisfy its individual IT services requirements, to a more integrated approach, whereby centralized purchasing agencies consolidate the purchasing function of the individual public administrations through the execution of framework agreements. Such agencies, including CONSIP, function as a centralized purchasing agency on behalf of many public administrations and healthcare customers and manage any relevant public tenders. In addition, if any of our bids are unsuccessful, we may from time to time challenge tender procedures or the relevant outcomes, which could result in significant litigation costs and management time expended on the litigation.

In addition, competitors frequently challenge contracts awarded to us under competitive public tenders. Such challenges can result in our being required to resubmit bids or the termination, reduction or modification of the awarded contracts. The costs to defend contracts awarded under public tenders can be significant and involve subsequent litigation that could take years to resolve. See *"—Our business could be adversely affected if we incur legal liability."*

We may be deemed liable for damages caused by out TJA partners and subcontractors.

In carrying out our activities, we partner with third parties in TJAs, in particular to compete for public tenders, and we subcontract certain services to third-party companies. Reliance on TJA partners, and/or subcontractors reduces our ability to directly control the quality of the services provided. Accordingly, we are exposed to risks relating to managing TJA partners and subcontractors and the risk that they may fail to meet contractual obligations and agreed quality benchmarks under the contract or to generally comply with applicable legislative or regulatory requirements. In case of default by a TJA partner or subcontractor, we may be deemed jointly and severally liable for any damages suffered by the customer as a consequence of such default, especially when such TJA partner or subcontractor renders services as an input to services provided in conjunction with the Group (and we may be required to provide the relevant services and goods at a higher cost to us, due to, among others, any costs of replacement of the original subcontractor and may otherwise be liable for various costs, expenses and damages related to such event). In addition, should any of our TJA partners or subcontractors fail to comply with the applicable tender rules in the context of a public tender process (e.g., as a result of a failure to report any required information to the tendering authority), we or the TJA in which we participate face the risk of being excluded from such tender. Any of these events may result in sanctions, prevent us from participating in future public tenders, damage our reputation and otherwise result in a material adverse effect upon our business and financial condition.

Moreover, under Italian law, contractors have responsibilities towards the contracting authorities (with respect to the conduct and quality of work of such concession contractors (and holder's subcontractors) and the actions of the subcontractor's employees. Duties that the law recognizes include the following duties of the contractor and imposes joint and several responsibility for any resultant breach thereof: (i) to maintain a safe work environment, (ii) to supervise the quality of the subcontractors' work product and (iii) to monitor and cause the subcontractors to pay salary, severance indemnity, social security and tax payments to the subcontractor's employees for the duration of the subcontract and for two years after its expiration. In particular, the contractor and the subcontractors must provide the contracting entity with a copy of the payment of tax, social security and pension deductions. If any of the required evidence is missing, the contracting entity shall suspend all payments to the contractor and subcontractor and inform the relevant tax authority of the breach. In addition, the contractor and all sub-contractors are required to provide the public authority with the social security clearance contribution certificate ("**DURC**") in order to be paid the fees for the services rendered under the relevant contract; if DURC is missing, the contracting entity is required to refrain from making the relevant payments. Any failure of TJA partners/subcontractors to meet their contractual obligations as well as any of the aforementioned events could harm our ability to deliver our products and services or our reputation, result in customer losses and financial liabilities, and trigger our joint and several liability in case of enforcement of the relevant, bid and performance bonds that we provided to our customers, any of which could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to obtain the bid bonds, performance bonds, securities or guarantees we need to compete in certain public tenders or to enter into certain contracts with our private customers, and due to our failure to perform our obligations, counterparties may enforce performance bonds we have posted.

From time to time, in the ordinary course of our business and, in particular, in order to be able to participate in competitive tenders, enter into contracts with certain customers, particularly public administrations, or receive advances on the payments under contracts with them, we are required to provide customers with bank guarantees and/or insurance bonds (including commitments relating our participation in public tenders (so called "bid bonds"), advance payment, performance or guarantee bonds). Such guarantees amounted to €11.0 million and €18.6 million as of December 31, 2020 and June 30, 2021, respectively. We also provided performance bonds and bid bonds in the amount of €222.5 million and €296.5 million as of December 31, 2020 and June 30, 2021, respectively. Our ability to obtain such guarantees and bonds from lenders such as banks, financial intermediaries and/or insurance companies depends on several factors, including such lenders' assessment of our overall financial condition, and of the financial condition of any of the companies in our Group that are involved, and of the risks of the service to be provided, as well as such company's financial and reputational track record, also in terms of previous enforcement of performance bonds and guarantees. If we are unable to obtain new bonds and guarantees, if we renegotiate existing bonds and guarantees on less favorable economic terms, or if we are required to pay penalties in the event that we default on our obligations, our ability to obtain new commissions or enter into new contracts could be impaired or become significantly more costly, all of which could have a material adverse effect on our business, results of operations, financial condition and prospects. If our customers were to enforce the bonds we were required to post at the time of the relevant contract or tender, including as a result of our default or alleged default under any applicable terms and conditions, laws or regulations, we could be subject to payment obligations which could have, individually or in the aggregate, a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to anti-corruption and anti-bribery laws and regulations in the jurisdictions in which we operate.

We are subject to anti-corruption and anti-bribery laws and regulations in various jurisdictions in which we operate, including the Italian Royal Decree 1398/1930 and Italian Legislative Decree 231/2001 ("**LD 231/2001**") and potentially the U.S. Foreign Corrupt Practices Act 1977 and the UK Bribery Act 2010, which, among other things, prohibit giving or offering to give anything of value (such as gifts, payments or any other benefits) with the intent to influence any officer, employee, agent or advisor or with the intent to award any governmental contract.

Although we believe that we have adequate policies and enforcement mechanisms to ensure legal and regulatory compliance with these and other similar laws and regulations, we cannot exclude that some of our employees, subcontractors, agents or partners may violate any such legal and regulatory requirements and we may be unable to detect or prevent every instance of such conduct involving our employees, subcontractors, agents or partners, which may expose us to criminal or civil investigations and enforcement actions, including penalties and suspension or disqualification from procurement contracting. If we fail to comply with legal and regulatory requirements, our business, reputation results of operations, financial condition and prospects may be harmed. The involvement or association of our directors, employees or agents in any fraud, bribery or corruption and other crimes committed in relation to our activities or otherwise, or allegations or rumors relating thereto, could have a material adverse effect on our business, financial condition and results of operations or negatively affect our reputation. The materialization of any of the foregoing risks could have a material adverse effect on our business, results of operations, financial condition and prospects. In particular, failure to comply with applicable regulations could result in substantial fines, claims, or revocation or suspension of contracts, authorizations, and/or licenses. In addition, certain provisions of the Italian public tender laws require compliance with certain morality requirements to participate in public tenders related to, inter alia, fraud, bribery and corruption, bid rigging (*turbativa d'asta*) and labor law violations (including failure to pay applicable labor law taxes and social security contribution), antitrust infringements, false statements to a public contracting authority and crimes against the person or workplace safety violations. Similarly, the provisions of LD 231/2001 may also affect us. Failure to comply with such rules as well as failure to comply with other requirements set forth in the public tender regulation (including, *inter alia*, conflict of interest with public contracting authorities or with our competitors, breach of contractual obligations—which notably can trigger particularly high-value penalties—and failure to comply with certain of our obligations towards our subcontractors) may render us ineligible to participate in a public tender and/or may result in the termination of a public contract awarded or entered into, exclusion from current public tenders, sanctions and penalties, civil and administrative fines, operational bans (including on a precautionary basis (e.g., ordered by the competent authorities pending the investigation phase, thus before a first instance decision on the case has been issued). Other provisions of law, including criminal law provisions, prohibit various kind of fraud in relation to public contracting or willful failure to fulfill service obligations under a contract with public sector entities. Moreover, pursuant to several of our contracts with public authorities, such entities are entitled to terminate or withdraw from the contracts in the event of, *inter alia*, (i) a failure by us to comply with any moral and professional requirements or (ii) criminal proceedings involving one or more members of our corporate bodies or key employees, in connection with crimes against, among others, the public administration or the public order. Future changes to the existing rules, reinterpretations of existing laws, case law and/or the enactment of new laws to cover the sectors in which we operate (including those resulting in the establishment of stricter morality requirements to participate in public tenders), could influence our productivity levels by limiting or restricting our services and by making it more burdensome or costly for us to carry out our activities, which could have a material adverse effect on our business, financial condition and results of operation. See "*—We may incur liabilities for the actions of our directors, employees, agents, representatives, advisors and intermediaries, including under LD 231/2001.*"

We may incur liabilities for the actions of our directors, employees, agents, representatives, advisors and intermediaries, including under LD 231/2001.

Conducting our business in an ethically acceptable manner is important to our reputation, status with regulators and business prospects. Any contact by our directors, employees, agents or partners with the public administration (including in the context of participations in public tenders, interactions held with the public administration in the process of obtaining or renewing any authorization or license and any possible public contribution) involves risks associated with fraud, bribery, corruption, incorrect use of public contributions and other fraudulent activities by our employees and related investigations.

We are also exposed to the risk that our directors, employees or agents commit IT-related crimes, which may consist of using our infrastructure to violate the IT systems of our competitors, unlawful access to banking data (including that of our customers) and damage the IT systems and documents. In addition, we may be subject to claims in connection with damage to property, business interruptions, unauthorized use of our property, unauthorized entry or breach of security protocols, negligence, willful misconduct or other tortious acts by our employees or people who have gained unauthorized access to premises operated by us through us. Such claims may be substantial and may result in adverse publicity for us. Our business activities may also involve risks related to possible accidents, which may be due to our employees' activities or mistakes and may consist in crimes, breaches of security measures, damages to third parties or manslaughter. In particular, we are also subject to LD 231/2001, which is aimed, *inter alia*, to prevent direct or indirect acts of corruption (also between private individuals), bribery, money laundering, anti-competitive behavior, fraud, environmental crimes and other illegal conduct (all such offenses as specifically defined in LD 231/2001). We may be unable to detect or prevent every instance of such conduct involving our directors, employees, consultants, partners, agents and third-party agents' representatives and intermediaries and/or fail to adequately update and implement such monitoring systems. In addition, our monitoring systems (including our internal whistleblowing procedures, our internal policies, our management and organizational model pursuant to LD 231/2001 and our risk management system) may not be sufficient to prevent, detect and identify inadequate practices, and violation of law by such individuals, especially given our profile, size, as well as in light of the extent of our cooperation with them. Any of the foregoing circumstances (including our failure to adequately implement such monitoring systems) may expose us to civil and administrative penalties, also pursuant to the provisions of LD 231/2001, as well as to reputational damage as a result of such occurrences.

In particular, pursuant to LD 231/2001, we may be held responsible for certain crimes committed in Italy or abroad, including, among others, bribery, money laundering, corruption (including among private individuals), fraud against the state, corporate offenses, market abuse, certain environmental violations and workplace safety violations in our interest or for our benefit, by individuals having a functional relationship with us at the time the relevant crime was committed, including third-party agents, partners or intermediaries, unless we were able to prove that such individuals fraudulently violated such internal control model and it was impossible for us to avoid such violation. In such circumstances, we may be subject to fines, confiscation of profits or legal sanctions (applied also as interim measures during the investigations), including, subject to certain conditions being met, provisional measures, the termination of authorization, permits, licenses, concessions and financing arrangements, including facilitated financing, suspension of our operations, or prohibitions on contracting with public authorities. The duration of these disqualifications ranges from a minimum of three months to a maximum of two years, although, in certain serious cases, some of these disqualifications can be applied permanently. As an alternative to the legal sanctions, the court may appoint a judicial custodian to run the company, with the consequence that the profits gained during the receivership period are automatically confiscated. These allegations may expose us to liability under LD 231/2001. Any of the foregoing events may have a material adverse effect on our business, financial condition and results of operations.

Delays in payment for our services by customers who represent a large percentage of our accounts receivable balance could adversely affect our business.

Delays in payment for our services by customers who represent a large percentage of our accounts receivable balance could adversely affect our business. We often carry significant accounts receivable balances from a limited number of customers that generate a large portion of our revenues. We assess and monitor the creditworthiness of our customers and manage outstanding accounts receivable balances proactively, but we may not always accurately assess such creditworthiness. While we closely monitor timely payment of our accounts receivable, a customer may become unable or unwilling to pay its balance on time, including due to an economic weakness in its industry or the financial insolvency of its business. Delays in payments by our largest customers, requests for modifications to their contractual payment arrangements or defaults on their payment obligations to us could adversely impact our business, financial condition and results of operations.

We rely to a significant extent on third-party providers.

Our ability to service our customers and deliver and implement solutions depends to a significant extent on third party providers such as subcontractors, equipment components, utility providers and network providers meeting their obligations to us and our expectations in a timely, quality manner. Our results of operations and financial condition could be materially adversely affected and we might incur significant additional liabilities if any of our third-party providers do not meet their obligations or customer expectations, or if they terminate or refuse to renew their relationships with us or were to offer their products or services to us with less advantageous prices and other terms than we previously had.

In particular, large and complex projects in our IT Services Division often require that we utilize subcontractors or that our services and solutions incorporate or coordinate with the software, systems or infrastructure requirements of other vendors and service providers, including companies with which we have alliances. Our profitability depends on the ability of these subcontractors, vendors and service providers to deliver their products and services in a timely manner and in accordance with the project requirements, as well as on our effective oversight of their performance. In addition, our CRM Division is significantly dependent on telephone and data services provided by various local and long-distance telephone and data service providers. Accordingly, any disruption of these services, any inability to obtain telephone or data services at favorable rates, or a significant increase in the cost of telephone or data services that is not recoverable through an increase in the price of our services could materially adversely affect our results of operations and financial condition.

Some of our products and services are developed using third-party open source software components and any failure to comply with the terms of the underlying open source licenses could restrict our ability to sell our products or increase our operating expenses.

We use a limited amount of software licensed by our authors or other third parties under so-called "open source" licenses. Some open source licenses contain requirements that the licensee make available source code for modifications or derivative works created based upon the type of open source software used. If our proprietary software is combined with open source software, we could, in certain limited circumstances, be required to release some of our proprietary software to the public. In addition, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. Additionally, the terms of many open source licenses have not been interpreted by courts and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions.

Although we monitor our use of open source software, we cannot guarantee that our processes for controlling the use of open source software in our products will be effective. If we are held to have breached the terms of an open source software license, we could be required to seek licenses from third parties, continue offering products on terms that are not commercially viable, re-engineer products or discontinue the licensing of such products if re-engineering cannot be accomplished on a timely basis, or generally make available some of the source code of our proprietary software. The occurrence of any of the foregoing could materially adversely affect our business, financial condition and results of operations.

We may be unable to adequately protect our intellectual property proprietary rights and prevent others from making unauthorized use of such rights.

The success of our business depends on our ability to protect and enforce our patents, trademarks, copyrights, trade secrets and other intellectual property rights. We attempt to protect our intellectual property under patent, trademark, copyright and trade secret laws, and through a combination of confidentiality procedures, contractual provisions and other methods, all of which offer only limited protection. Despite our best efforts to protect our intellectual property rights, unauthorized parties may not be deterred from misuse, theft or misappropriation of information that we regard as proprietary.

We have filed various applications for certain aspects of our intellectual property. Valid patents may not be issued from pending applications, and the claims eventually allowed on any patents may not be sufficiently broad to protect our technology or products. Any issued patents may be challenged, invalidated or circumvented, and any rights granted under these patents may not actually provide adequate defensive protection or competitive advantages. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

Moreover, policing unauthorized use of our intellectual property is difficult, expensive and time-consuming. Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us, or take unilateral steps to invalidate our intellectual property rights, which could result in a holding or official action that invalidates or narrows the scope of our rights, in whole or in part. If we are unable to protect our proprietary rights (including aspects of our software and technologies protected other than by patent rights), we may be at a competitive disadvantage compared to others who need not incur the additional expense, time and effort required to create the innovative products that have enabled us to be successful to date. Any of these events could materially adversely affect our financial condition, operating results and prospects.

Our patents and other intellectual property, with particular reference to trade secrets, may not prevent competitors from independently developing products and services similar to or duplicative to ours. Our ability to protect our intellectual property could also be impacted by changes to existing laws, legal principles and regulations governing intellectual property, including the ownership and protection of patents.

If our applications or services are found to infringe the intellectual property rights or misuse the confidential information of others, we may become liable for damages and face invalidation of our intellectual property rights.

The technology services industry is characterized by frequent claims and related litigation regarding patents, copyrights and other intellectual property rights. These claims may be asserted by operating companies, as well as companies which do not manufacture or sell products and whose sole purpose is to assert patent rights against third parties in an attempt to collect license fees. Third parties have in the past asserted, and may in the future assert, their intellectual property rights (including patents, copyright and trademarks) and rights in confidential information against us, our strategic partners or our customers and our customer contracts typically require us to indemnify customers against claims that our products infringe the intellectual property rights or misuse the confidential information of third parties. Such claims, whether with or without merit, are time-consuming, may result in costly litigation and may not be resolved on terms favorable to us. Successful claims of infringement, misuse or misappropriation by a third party against us or a third party that we indemnify could prevent us from distributing certain products or performing certain services or could require us to pay substantial damages, an accounting of profits, royalties or other fees. Such claims also could require us to cease making, licensing or using products that are alleged to infringe or misappropriate the intellectual property rights or misuse the confidential information of others, to expend additional development resources to attempt to redesign our products or services or otherwise to develop alternative technology that does not infringe, misuse or misappropriate, or to enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, confidential information or intellectual property rights.

Defending against claims of infringement or being deemed to be infringing the intellectual property rights or misusing the confidential information of others, or challenges to the validity of our intellectual property rights, could, in each case, impair our ability to innovate, develop, distribute and sell our current and planned products and services, which could materially impact our operations. In addition, even claims of infringement, misuse or misappropriation that ultimately are unsuccessful could cause reputational harm, result in expenditure of funds in litigation and divert management's time and other resources, any of which could materially adversely affect our business, financial condition and results of operations.

Our backlog is subject to unexpected adjustments and service contract terminations and is, therefore, an uncertain indicator of future earnings.

As of June 30, 2021, our backlog totaled €1.4 billion. We cannot be certain that our backlog will generate the expected revenue or cash flows or generate them when we expect. Unforeseen events or circumstances, including, for example, termination or scaling down of service contracts, increased time requirements to complete the work, delays in commencing work, disruption of work, litigation associated with amounts included in our backlog, resulting in the termination of such contracts or exclusion of our ability to perform them, or other unforeseen events (such as those discussed in these "*Risk Factors,*" including the effects of the COVID-19 pandemic) may affect projects in the backlog and could negatively impact our results of operation and financial position. Moreover, any administrative liability for the Issuer under LD 231 could give rise to the right of certain of our public counterparties (as well as private counterparties, if specifically provided for under the relevant contracts) to terminate existing contracts, which could reduce our backlog.

Our backlog is affected by our clients' contractual right of early termination and additional cancellations or defaults by our clients with respect to our backlog orders. All of our contracts provide the client with a right of early termination within the contractual notice period and not all of our contracts provide us with the right to receive compensation in respect of such early termination and for the amount of work already completed by the time of the termination. If our customers cancel, reduce or defer firm orders, we may in certain circumstances be protected from certain costs and losses, but our revenue will nevertheless be adversely affected. Although we strive to maintain ongoing relationships with our customers, there is an ongoing risk that orders may be canceled or rescheduled due to fluctuations in our customers' business needs or purchasing budgets, especially with respect to public customers which represented approximately 61% of our total backlog as of June 30, 2021. There can be no assurances that the revenue projected in our backlog will be realized or, if realized, will result in profits. Because of contract terminations or suspensions and changes in contract scope and schedule, we cannot predict with certainty when, or if, our backlog will be actualized. We can provide no assurance that we will not receive additional terminations, and, even where a contract proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed to us. To the extent we are unable to realize the pipeline of revenue associated with contracts in our backlog due to material delays, terminations or payment defaults, our business, financial condition and results of operations could be adversely affected.

In addition, our definition of backlog may not necessarily be the same as that used by other companies engaged in activities similar to ours. As a result, the amount of our backlog may not be comparable to the backlog reported by such other companies.

Failure to attract and retain skilled technical and contact center employees and management could harm our business.

We operate in a rapidly changing technological market and our success depends to a significant extent upon our ability to identify, attract, retain and motivate highly skilled and qualified technical personnel, contact center employees and management. Competition for suitably qualified individuals with the relevant technical expertise in our industry and in the locations in which we operate is intense and may increase as the demand for business process outsourcing services in jurisdictions in which we operate increases. In addition, we, like many of our competitors in the CRM industry, experience high employee turnover. If we are unable to identify, attract, develop, motivate, adequately compensate and retain well-qualified and engaged personnel, or if existing highly skilled and specialized personnel leave us and successors or adequate replacements are not readily available, we may not be able to manage our operations effectively, which could cause us to suffer delays in new product development, experience difficulty complying with applicable requirements or otherwise fail to satisfy our customers' demands, which would have an adverse effect on our business, financial condition and results of operations. Although we have entered into non-compete agreements with certain of our managers and employees, such agreements may be deemed unenforceable by competent courts and tribunals allowing our competitors to hire and contract with such managers and employees.

Increases in wages and employee benefit expenses, as well as changes to labor laws could reduce our profit margin.

Personnel costs are our largest expense and accounted for 53.3% of our operating expenses for the twelve months ended June 30, 2021. We attempt to control costs associated with salaries and benefits as we continue to shift capacity to locations where we consider wage levels of skilled personnel to be more advantageous, including Romania, but we may not always be successful in doing so. For example, as competition for trained call center employees grows in historically low-cost jurisdictions, we may need to increase salaries more significantly and rapidly than in previous periods to remain competitive. See *"Industry and Market Overview—Key Trends across verticals for CRM."* In addition, the wages of most of our call center workers in Brazil are subject to contractual inflation adjustment provisions. Should Brazil return to sustained high inflation, this will increase our labor costs in Brazil. Wage increases may reduce our profit margins and have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, most of the countries in which we operate have labor protection laws, legislation that imposes financial obligations on employers and laws governing the employment of workers. These labor laws may be modified in the future in a way that is detrimental to our business. If such labor laws become more stringent, it may become more difficult for us to discharge employees, or cost-effectively downsize our operations as our level of activity fluctuates, both of which would likely have a material adverse effect on our business, financial condition, results of operations and prospects. Our labor costs may rise faster than expected in the future also as a result of increased workforce activism, governmental measures and changes in social and pension contribution rules meant to reduce government budget deficits or to increase welfare benefits to employees.

We are exposed to currency exchange risk in the conduct of our business.

We operate internationally and are therefore exposed to risk from currency movements. Our reporting currency is the euro; therefore, 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.

Having significant costs and revenues denominated in the Brazilian real, which are translated into euros for reporting purposes, any significant period-over-period variations in the Brazilian real against the euro may have an impact on our reported results. The Brazilian real/euro exchange rate has increased significantly since 2019, ranging from BRL 4.5 per euro at the end of 2019 to BRL 6.9 at the beginning of 2021. In particular, the significant depreciation of the Brazilian real against the euro over the course of 2020 had a substantial negative impact on our results of operations that year.

We do not currently engage in foreign currency hedging to mitigate potential economic foreign exchange rate risk but it should be noted that revenues and costs of the foreign subsidiaries that do not prepare their financial statements in euro are generally expressed in the same currency and this provides a sort of natural hedging.

As a result of that, we will continue to be exposed to the risk of foreign exchange rate fluctuations limitedly to the margin generated by such foreign operations outside the euro area and, if we are unable to manage this risk effectively, through hedging or otherwise, our business, results of operations, financial condition and prospects could be materially adversely affected.

We are subject to risks associated with our international business activities.

We currently have operations in Italy, Brazil, Colombia, Belgium, Romania, Tunisia, Saudi Arabia and the United States. As a result, we are subject to numerous risks inherent in international business operations, including the following:

- difficulties in staffing, including works councils, labor unions and immigration laws and foreign operations;
- difficulties in recruiting and maintaining sales and implementation partners in markets in which we do not have a significant reach;
- the complexity of managing competing and overlapping tax regimes;
- unexpected or unfavorable changes in foreign laws, regulatory requirements and related interpretations;
- difficulty of conducting business in a country or region due to international economic sanctions regulations or action by the EU, the U.S., or other governments that may restrict our ability to transact business in a foreign country or with certain foreign individuals or entities;
- fluctuations in currency exchange rates and restrictions on the repatriation of capital;
- operational difficulties in countries with a high position in the corruption perception index;
- limited protection for intellectual property rights in some countries;
- difficulties enforcing intellectual property rights and contractual rights in certain jurisdictions;
- differing data protection and privacy laws;
- political and economic instability, outbreaks of hostilities, terrorist attacks, international embargoes, sanctions and boycotts; and
- longer accounts receivable payment cycles or bad debt.

We may expand our global footprint further to maintain an appropriate cost structure and meet our customers' delivery needs. This may involve expanding into countries other than those in which we currently operate and where we have less familiarity with local procedures. This may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. As we expand our business into new countries, we may encounter economic, regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to start up our operations or become profitable in such countries.

The materialization of any of the foregoing risks could have a material adverse effect on our business, results of operations, financial condition and prospects.

A substantial portion of our operations are located in Brazil and are therefore subject to regulatory, economic, social and political uncertainties in this market.

We have significant operations in Brazil with over 25,000 FTE employees as of June 30, 2021 and derive a substantial portion of our revenues from Brazilian customers. In 2018, 2019 and 2020, and the six-month period ended June 30, 2021, we generated 27%, 25%, 22% and 18%, respectively, of our revenues in Brazil. As a consequence, we are subject to risks relating to regulatory, economic, social and political uncertainties in Brazil.

Historically, the political environment in Brazil has influenced, and continues to influence, the performance of the country's economy. In 2016, the Brazilian president, Dilma Rousseff, was impeached for violations of federal budgetary laws and removed from office, resulting in a further loss of confidence in and setback for the Brazilian economy. More recently, Brazilian markets have experienced a high level of volatility against the backdrop of the federal prosecutor's office's *Lava Jato* investigation, which uncovered widespread corruption, including kickbacks on government contracts, in which members of the Brazilian government and senior officers of large state-owned and private companies were implicated, some of whom were arrested or forced to resign. The outcome of these investigations is uncertain and further allegations could lead to further political and economic instability. More recently, President Jair Bolsonaro, the current Brazilian president, was under investigation by the Brazilian Supreme Court for improper acts alleged by the former Minister of Justice, Sergio Moro. According to the former minister, the president had requested the appointment of Brazilian federal police officials. If the president is found to have committed such acts, any resulting consequences, including a potential impeachment, could materially and adversely affect the political and economic environment in Brazil, as well as businesses operating in Brazil, including ours. The potential outcome of these and other investigations is uncertain, but they have already had a negative impact on the market's overall perception of the Brazilian economy and could adversely affect our business, financial condition and results of operations. We cannot predict whether the ongoing investigations will lead to further political and economic instability, nor whether new allegations against government officials and executives and/or private companies will arise in the future. We also cannot predict the results of these investigations, nor the impact on the Brazilian economy or the Brazilian stock market. In addition, any difficulty of the Brazilian federal government in obtaining a majority in the Brazilian Congress could result in congressional deadlock, political unrest and massive demonstrations and/or strikes that could adversely affect our operations. Uncertainties regarding the implementation by the current government of changes relating to monetary, fiscal and social security policies, as well as relevant legislation, may contribute to economic instability. The recent occurrence of wildfires in strategic regions of Brazil (such as the Amazon rainforest or the Pantanal region) and the Brazilian government's response to such fires may further increase political unrest in the Brazilian Congress. These uncertainties and any new measures taken by the government, including any perceived failings in the government's response to the COVID-19 pandemic, may increase the volatility of the Brazilian market.

Furthermore, the Brazilian federal government frequently intervenes in the country's economy and occasionally makes significant changes in monetary, fiscal and regulatory policy. Our business, results of operations and financial condition may be adversely affected by changes in such policies, as well as fluctuations in the exchange rate of the Brazilian real against the euro, changes in interest rates, liquidity of the domestic markets for capital and loans; controls on foreign exchange and restrictions on remittances out of the country, limitations on international trade, and other political, diplomatic, social and economic developments which may affect Brazil or the international markets. Measures by the Brazilian federal government to maintain economic stability and speculation on any future acts of the Brazilian federal government may generate uncertainties in the Brazilian economy and adversely affect consumer confidence and investment which, in turn, may adversely affect our business, results of operations and financial condition.

Finally, inflation has had and may in the future have significant effects on the Brazilian economy and our business. The consumer price index in Brazil was 3.66%, 3.73% and 3.21% in 2018, 2019 and 2020, respectively, and is forecast to be 6.22% in 2021 and 4.05% in 2022. A return to high and sustained inflation could lead to market instability, a new financial crisis, reductions in consumer purchasing power and erosion of consumer and investor confidence. In addition, certain of our costs, including, in particular, personnel costs such as salaries and benefits, are sensitive to rises in inflation in Brazil. Due to competitive pressures, we may be unable to raise the prices of our services sufficiently to cover such cost increases, which could have a material adverse effect on our performance and financial condition.

Continuation or further worsening of political instability in Brazil and adverse regulatory, political and economic developments could materially adversely affect our business, results of operations and financial condition. See also "*—We are highly dependent on customers located in Italy and Brazil and any weakening of economic conditions in these markets may have a negative impact on our business.*"

We may not be successful in implementing any strategic transactions such as mergers, acquisitions and joint ventures, and integrating any acquired businesses.

Our business strategy involves pursuing strategic and opportunistic acquisitions and investments in complementary companies, products or technologies of product and service providers. Between 2018 and 2021, we acquired four businesses. Some of these acquisitions were material, including the acquisitions of Sadel S.r.l. in 2018 and Chain Servicos e Contact Center S.A. in 2020. Despite our successful track-record of acquisition and integration of new businesses into our operations, there can be no guarantee that we will continue to be able to successfully identify suitable acquisitions or complete any particular acquisition, combination or other transaction on acceptable terms, in each of our business segments, which could prevent us from achieving our strategic goals. Our ability to acquire new businesses may be limited by many factors, including availability of financing or its conditions, debt covenants, complex ownership structures among potential targets and government regulation and competition from other potential acquirers. In addition, our debt burden may increase if we borrow funds to finance any future acquisition, which could have a negative impact on our cash flows and our ability to finance our overall operations and pay interest on our indebtedness, including the Notes.

Any integration process may require significant time and resources, which may disrupt our day-to-day business and divert management's attention, and we may not be able to manage the integration process successfully. Even if we are successful in acquiring new businesses, the integration of such businesses may prove to be more difficult than we initially anticipated and could create unforeseen operating difficulties and expenditures. Integrations can be difficult and unpredictable also as a result of the complexity of software and due to the fact that acquired technologies are typically developed independently and may not have been designed to integrate with our products. Such difficulties are compounded when the products involved are well-established, as compatibility with the existing base of installed products must be preserved, and/or when the size of the acquired business is significant as compared to our size. Successful integration also requires coordination of different development and engineering teams, which could be difficult and unpredictable due to cultural conflicts and different opinions on technical decisions and product roadmaps. Acquisitions also pose certain other risks, for example, difficulties or delays in consolidating operations and achieving anticipated synergies, cost savings, revenues and cash flow enhancements, growth, operational efficiencies and other benefits, diversion of managerial resources away from our day-to-day business operations, overpayment for the acquired business, potentially dilutive issuances of equity securities to the extent that we issue new shares to fund an acquisition and the assumption of unexpected liabilities and undisclosed risks.

Certain contracts of the businesses acquired by us contain "change of control" provisions that require the acquired company to notify the counterparty of a potential change of control, or contain language that could be interpreted as allowing, subject to certain conditions, the counterparty to terminate the contract. Although the agreements governing certain of our acquisitions require the target to use commercially reasonable endeavors to obtain consents or waivers relating to such "change of control" provisions prior to closing of the acquisitions, such consents and waivers are generally not a condition to closing. If a substantial number of these contracts have been, are or will be terminated as a result of our acquisition, we may be forced to enter into new contracts on less favorable terms, or we may be unable to secure replacements. While we strive to mitigate unexpected liabilities and risks through contractual protections in our acquisition documentation, we cannot ensure that such protections will be effective. In addition, if we enter into an acquisition agreement but the acquisition is not consummated, we may be liable for break-up fees or other payments, which may, in some cases, be material and could, in turn, have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Finally, certain of the businesses we have acquired are operated through strategic partnerships with other investors who hold a non-controlling interest in the relevant company and might have interests conflicting with ours.

Our insurance coverage might not be sufficient and we might be subject to uninsured losses.

We maintain insurance coverage to protect ourselves against a broad range of risks, including in relation to property damage, business interruption, directors' and officers' liability and product liability, at levels we believe are appropriate and consistent with current industry practice. We also maintain general liability insurance coverage, for damage caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services to our customers in the event of a third-party claim citing damages or financial loss. Our objective is to exclude or minimize risk of financial loss at a reasonable cost. However, we may incur losses that may be beyond the limits, or outside the scope, of coverage of our insurance and that may limit or prevent indemnification under our insurance policies. In addition, we might not be able to maintain adequate insurance coverage on commercially reasonable terms in the future. Further, certain categories of risks are currently not insurable at reasonable cost, which could have an adverse effect on our business, financial condition and results of operations. Finally, there can be no assurance of the financial abilities of the insurance companies to meet their claim payment obligations.

We are subject to risks relating to joint ventures and certain subsidiaries that we do not fully own or control.

We have joint ventures and certain subsidiaries that we do not fully own or control. Such investments may involve risks not present when operating a business without involvement of a third party, including the possibility that partners or co-investors might become bankrupt, fail to fund their required capital contributions, perform their obligations poorly or not at all, or that make us liable to our co-investors' creditors in respect of our partners' share of joint venture liabilities. Co-investors may have economic or other business interests or goals that are inconsistent or in conflict with our business interests or goals, and may be in a position to block action with respect to our investments or take actions contrary to our policies, objectives or interests. Disputes between us and our co-investors may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and result in the loss of business opportunities and growth. Furthermore, actions by our co-investors, which we may be unaware of, or unable to control, such as political affiliations, illegal or corrupt practices and other activities, may cause reputational damage for us or result in adverse consequences to our investments, including incurring costs, damages, fines or penalties, reputational losses or the loss of key customer relationships. The above risks could have a material adverse effect on our performance, results of operations and financial condition.

Our results of operations could be adversely affected if we are unable to maintain effective internal controls.

Any internal and disclosure controls and procedures, no matter how well conceived and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must consider the benefits of controls relative to their costs. Inherent limitations within a control system include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by individuals acting alone or in collusion with others to override controls. Accordingly, because of the inherent limitations in the design of a cost-effective control system, misstatements due to error or fraud may occur and may not always be prevented or timely detected. If we are unable to assert that our internal controls over financial reporting are effective now or in the future, or if our auditors are unable to express an opinion on the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business, including through harm to our reputation. This risk is increased as a result of our frequent acquisitions. Certain entities that we acquired in the past did not have internal control procedures of an effectiveness equivalent to ours. If we fail to maintain, or fail to cause the companies we acquire to adopt and maintain, adequate internal controls our financial statements may not accurately reflect our financial condition.

We and our customers are subject to a large number of regulations, non-compliance with which could result in fines, administrative sanctions, and liability claims against us.

We are required to comply with numerous, increasingly onerous and sometimes conflicting and uncertain laws and regulations, including on matters relating to taxation, consumer protection, data privacy and protection, anti-corruption, employment and labor relations and occupational safety. Our customers' business operations are also subject to numerous regulations in the jurisdiction in which they operate or that are applicable to their industry, and our customers may contractually require that we perform our services in compliance with regulations applicable to them or in a manner that will enable them to comply with such regulations. For example, our customers' business operations are subject to laws and regulations in the areas of banking, insurance, consumer protection, e-commerce and data protection, including the General Data Protection Regulation in the European Union, which became effective on May 25, 2018. See also "*—Non-compliance with applicable data protection and privacy laws could lead to liability claims, civil liabilities and fines, as well as loss of customers and damage to our reputation.*"

Compliance with these laws and regulations imposes financial and administrative burdens and the violation of such laws or regulations by us, our employees or any of these third parties could subject us to criminal or civil enforcement, including fines or penalties, breach of contract damages, disgorgement of profits and suspension or disqualification from work, any of which could materially and adversely affect our business, including our results of operations and our reputation.

Non-compliance with applicable data protection and privacy laws could lead to liability claims, civil liabilities and fines, as well as loss of customers and damage to our reputation.

We are subject to numerous laws and regulations designed to protect personal data information, including customer, vendor, and employee data. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, we expect potential risks related to data collection and use within our business to intensify. Our failure to comply with applicable laws and regulations, or to protect such data from breaches or misuse by employees, could result in enforcement action against us. Such enforcement could include fines, public censure, claims for damages by employees, customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing end customers and prospective customers) and, in some circumstances, the imprisonment of company officials. In addition, in some cases, if a customer is found to be in violation of applicable data protection laws and the breach is due to our products, we may, according to the terms of our contract with the customer, be liable to the customer for any fines levied as a result of the breach. Any of these developments could have a material adverse effect on our business, financial condition and operations.

Data protection requirements in the jurisdictions in which we operate have recently been updated. For example, since May 2018, organizations established and/or offering products or services in any EU Member State are required to comply with the EU General Data Protection Regulation ("**GDPR**") which obligates European Union-based companies or companies that process personal data about European Union subjects (either as "data controllers" or as "data processors") to comply with a large number of obligations, which relate, for example, to (i) the processing of personal data, including transparency, data minimization, accuracy, storage limitation, security and confidentiality, (ii) the ability of the controller to demonstrate compliance with such principles (accountability), (iii) the obligation to identify a legal basis before the processing and (iv) the rights of data subjects, such as, among others, transparency, a right of access, the right to rectification and the right to erasure. The GDPR obligates companies to implement a number of formal processes and policies to review and document the privacy implications of the development, acquisition, or use of all new products, technologies or types of data. Non-compliance with the GDPR may result in significant penalties, including fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. The fine may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease processing). In providing software, digital solutions and IT services to our customers, we often process, collect and store sensitive personal data of customers, business partners, employees, third parties and others (including, among others, name, address, age, and bank details) as part of the ordinary course of our business operations. We are therefore subject to the GDPR and the Italian Privacy Code (Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018, which adapted applicable Italian rules to GDPR).

Our data security insurance coverage is limited and we cannot guarantee that our data security insurance coverage or our general liability insurance coverage will be sufficient to cover all or any liabilities in the event of a breach of our data security systems. Any failure, or perceived failure, by us to comply with any applicable data protection laws and regulations could result in proceedings, investigations or other actions (including class actions) brought against us by governmental entities and agencies or private individuals and entities, which may result in significant fines, penalties, judgments and reputational damages to our business, and require us to change business practices and increase the costs and complexity of compliance, any of which could materially adversely affect our business, results of operations and financial condition. Moreover, evolving regulation relating to privacy, information security and data protection could increase our costs and affect or limit the way through which we collect, process, use, store and transfer personal data. Compliance with, and monitoring of, such laws and regulations is demanding, time consuming and costly.

Changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information, could greatly increase our cost of providing our services or even prevent us from offering certain of our services in jurisdictions in which we operate.

These and other applicable developments in data protection and privacy laws require us to continually review and monitor our business practices and policies to ensure that we are, and remain, compliant. Enforcement activities against us or our customers could require us to indemnify our customers and could lead to fines and civil liability. Even the perception of privacy concerns, whether or not valid, may harm our reputation and inhibit adoption of our services and solutions by current and future customers, which could have an adverse effect on our business, financial condition and results of operations. Furthermore, in the aftermath of temporary personnel initiatives implemented as a result of the COVID-19 pandemic, such as a reliance on remote working, as well as an increased amount of employee health data being processed, our exposure to this risk is temporarily heightened.

Brazilian Law No. 13,709/2018, as amended, or the General Personal Data Protection Law (*Lei Geral de Proteção de Dados Pessoais, or LGPD*), regulates practices related to the processing of personal data in Brazil, including digital advertising, generating additional costs for us due to compliance with the provisions of the

LGPD. On September 18, 2020, the LGPD became enforceable, with the exception of provisions relating to fines and penalties which came into force in August 1, 2021. Since then, all processing agents/legal entities have been required to adapt their data processing activities to comply with this new environment.

The LGPD creates a system of rules that applies across all sectors of the economy and, establishes a new legal framework that applies to personal data processing activities in Brazil. The LGPD is applicable not only to online/digital data processing activities, but it is also applicable to offline activities (including the processing of personal data from employees). It also establishes, among other measures, the rights of personal data subjects; the cases in which the processing of personal data is allowed (legal bases); the obligations and requirements related to information security incidents involving personal data, leaks, transfer and sharing of personal data; as well as providing sanctions for noncompliance with its provisions, which range from a simple warning and deletion of irregularly treated personal data to the imposition of a fine.

Furthermore, as provided for in the LGPD, the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados, or ANPD*) was created as the authority responsible for developing guidelines on LGPD provisions and applying administrative sanctions in the case of noncompliance with the LGPD. The LGPD entered into force on September 18, 2020, except for the administrative sanctions that became effective and enforceable since August 1, 2021.

The LGPD applies to individuals or legal entities, private or government entities, who process personal data in Brazil or collect personal data in Brazil or, further, when the processing activities have the purpose of offering or supplying goods or services to data subjects located in Brazil. The LGPD establishes detailed rules for processing personal data, which includes the collection, use, transfer and storage of personal data, and will affect all economic sectors, including the relationship between guests and suppliers of goods and services, employees and employers and other relationships in which personal data is collected, whether in a digital or physical environment.

Since the LGPD came into effect in Brazil, all processing agents/legal entities are required to adapt their data processing activities to comply with this new environment.

Failure to comply with any provisions provided for in the LGPD prior to the entry into force of its administrative sanctions has the following risks: (i) the filing of legal, individual or collective actions seeking reparations for damages resulting from violations, based not only on the LGPD, but also on the sparse and sectorial legislation on data protection in force, such as the Consumer Protection Code and the Brazilian Civil Rights Framework for the Internet; and (ii) the application of the penalties by certain consumer protection agencies and public authorities, such as public prosecutors, as they already have authority to do so, even before the LGPD came into effect and the effective structuring of the ANPD, especially in cases of security incidents that result in improper access to personal data. In addition, we may be liable for material, moral, individual or collective damages caused by us or by our subsidiaries due to non-compliance with the obligations established by the LGPD or by specific legislation.

The Brazilian LGPD penalties and fines for violations effective on August 2021 which provides for the following penalties in an individual or cumulative manner: (i) warnings with an imposition of a deadline for the adoption of corrective measures; (ii) obligation to disclose a confirmed incident; (iii) temporary suspension, until the regularization and/or elimination of the personal data subject to the violation; (iv) a fine of up to 2% of the company, group or conglomerate's revenue in Brazil in the last year, excluding taxes, up to the global amount of R$50,000,000 per violation; (v) partial suspension of the operation of the database to which the violation refers, for a maximum period of six months, extendable for an equal period; (vi) partial or total prohibition of the activities related to data processing.

Any violation to privacy laws or regulations enacted or approved in Brazil or in other jurisdictions in which we operate could seriously harm our business, financial condition or results of operations. Pursuant to the LGPD, security breaches that may result in significant risk or damage to personal data must be reported to the National Data Protection Authority (*Autoridade Nacional de Proteção de Dados*), or ANPD), the data protection regulatory body, within a reasonable time period. The notice to the ANPD must include: (a) a description of the nature of the personal data affected by the breach; (b) the affected data subjects; (c) the technical and security measures adopted; (d) the risks related to the breach; (e) the reasons for any delays in reporting the breach, if applicable; and (f) the measures adopted to revert or mitigate the effects of the damage caused by the breach. Moreover, the ANPD could establish other obligations related to data protection that are not described above.

Our business could be adversely affected if we incur legal liability.

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. Our business is subject to the risk of litigation involving current and former employees, customers, partners, subcontractors, suppliers, competitors, government agencies or others through private actions, administrative proceedings, regulatory actions or other litigation. Regardless of the merits of the claims, the cost to defend current and future litigation may be significant, and such matters can be time-consuming and divert management's attention and resources. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some or all of these legal disputes may result in substantial monetary damages, penalties and fines or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

For example, we could be subject to significant legal liability and litigation expenses if we fail to meet our contractual obligations (including with respect to service levels, the quality of our services and data protection requirements), contribute to internal control deficiencies of a customer or otherwise breach obligations to third parties, including customers, partners, employees and former employees, and other parties with whom we conduct business. If we cannot or do not meet our contractual obligations and if our potential liability is not adequately limited through the terms of our agreements, liability limitations are not enforced or a third party alleges fraud or other wrongdoing to prevent us from relying upon those contractual protections, we might face significant legal liability and litigation expenses and our results of operations could be materially adversely affected.

We are, and may in the future be, subject to labor disputes and litigation. For example, in Italy we recently faced litigation relating to involuntary headcount reductions, including a collective dismissal procedure in connection with the closure of our contact center in Rome in 2016 as part of the restructuring of our CRM Europe division. Although the competent labor court upheld the dismissals, we cannot guarantee that we will not face further litigation in relation to this matter and that we will not be subject to similar actions in the future. In Brazil, we are also party to a large number of labor disputes relating to dismissals, overtime payments, dismissal notice payments, and employment conditions, among others.

In addition, competitors frequently challenge contracts awarded to us under competitive public tenders, and we are currently subject to several such challenges. Such challenges can result in our being required to resubmit bids or the termination, reduction or modification of the awarded contracts. The costs to defend contracts awarded under public tenders can be significant and involve litigation that could take years to resolve. An unfavorable outcome in any litigation, administrative proceeding, or other material dispute could materially adversely affect our business, performance and financial condition.

In the course of our business, we are also subject to other proceedings, such as regulatory and tax investigations and audits, as well as inspections by tax and other regulatory authorities, which may expose us to criminal or civil enforcement actions, including penalties and suspension or disqualification from procurement contracting. In addition, we are typically required to comply with certain quality standards in connection with the provision of certain services to our customers and, pursuant to some of our contracts, our customers are entitled to certain audit rights in regards to our compliance with such standards. Any findings of our non-compliance resulting from these audits could result in breach of contract claims and negative publicity which, in turn, could have a material adverse impact on our business, financial condition and results of operations.

Our tax burden could increase due to changes in tax laws or their application or interpretation, or as a result of current or future tax audits.

Due to the global nature of our business, we are subject to income taxes in multiple jurisdictions. Significant judgment and estimation is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are various transactions and calculations, including intercompany transactions and cross-jurisdictional transfer pricing, for which the ultimate tax determination is uncertain or otherwise subject to interpretation. We are regularly audited by tax authorities. These authorities may become more aggressive in their interpretation of applicable laws, rules and regulations over time. Tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. Although we believe that our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. Any additional tax liabilities resulting from a final determination could have a material adverse effect on our financial position, results of operations, or cash flows in the period or periods for which that determination is made.

Repatriation of funds held by subsidiaries in foreign jurisdictions may result in a higher effective tax rate and incremental cash tax payments. In addition, future changes in tax legislation could have a significant adverse effect on our tax rate, the carrying value of deferred tax assets or deferred tax liabilities. Any of these changes could affect our profitability. Our effective tax rate in the future could also be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and the discovery of new information in the course of our tax return preparation processes.

Cybersecurity issues could impact our business.

We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate internally and with our customers, partners and vendors. As the breadth and complexity of this infrastructure continues to grow, including as a result of the increased use of mobile technologies, social media and cloud-based services in recent years, the potential risk of security breaches and cyberattacks increases. Such breaches and cyberattacks could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of sensitive or confidential information, including personal data of, among others, our employees, customers, contractors, vendors and other business partners, as well as personal data stored on our products or through our services by our customers, which may result in damage to our reputation and brand and adversely affect our relationships with our customers. Cybersecurity threats are constantly evolving and have increased in sophistication and speed in recent years, thereby increasing the difficulty of detecting and defending against them. In addition, the fast-paced, evolving, pervasive, and sophisticated nature of certain cyber threats and vulnerabilities, as well as the scale and complexity of the business and infrastructure, make it possible that certain threats or vulnerabilities will be undetected or unmitigated in time to prevent an attack on one of our customers and its customers.

The risk of such attacks includes breaches and attempted breaches not only of our own products, services and systems, but also of those of our customers, employees, contractors, business partners, vendors and other third parties, as well as of third-party systems on which we rely to operate our digital platforms. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of our data or systems or those of our customers or other third parties, theft of sensitive, regulated, or confidential data, including personal information and intellectual property, loss of access to critical data or systems through ransomware, destructive attacks or other means, and business delays, service or system disruptions or denials of service. Furthermore, certain industries in which our customers operate require heightened standards for the handling of sensitive data and can be subject to regulatory overview, which can result in an increase in our compliance expenses and negative publicity for our products and services in case of a breach or attempted breach.

In the event of such actions, we, our customers and other third parties could be exposed to potential liability, litigation, and regulatory or other government action, as well as to the loss of existing or potential customers, damage to brand and reputation, and other financial loss. In addition, the cost and operational consequences of responding to breaches and implementing remediation measures could be significant. We also experience and respond to cybersecurity threats from time to time. As our business and the cybersecurity landscape evolve, we may also find it necessary to make significant further investments to protect data and infrastructure. However, there can be no assurance that such investments will prevent future cyberattacks or other threats from occurring which may result in material adverse effects on our business and operations. In addition, the trend to publicize vulnerabilities discovered in our industry increases the risks posed by these attacks and the potential costs that we, our partners and/or our customers might have to incur to respond and remediate to any of such attacks. Any of the foregoing, individually or in the aggregate, could have a material adverse effect on our business, results of operation, financial condition and prospects.

We rely on the reputation of our brand.

Our business depends in part on a strong brand image, and any negative impact on the reputation of, and value associated with, our brand name could adversely affect our business. Our brand, image and reputation represent an important part of our business and are dependent on our top-of-the-market service offering, our contractual performance, the maintenance of good relationships with our customers, compliance with applicable laws and successful management of disputes that occasionally arise in our day-to-day business activities. Furthermore, we operate and provide services to customers in sensitive environments, the specificities of which continuously expose us to factors outside our control that may negatively affect our reputation. Adverse publicity, legal action or other factors could lead to substantial erosion in the value of our brand, which could lead to decreased demand and have a material adverse effect on our business, financial condition, results of operations and cash flows. Successful cyber-attacks or technical issues could also negatively impact the market perception of the effectiveness of our products and harm our ability to keep existing customers and to attract new customers.

We face certain risks associated with having minority shareholders of certain of our subsidiaries.

Certain of our subsidiaries, including Almawave S.p.A., have minority shareholders who may have different interests, and any disagreements with such minority shareholders may affect the successful implementation of our business plans with respect to those subsidiaries. While there are shareholder agreements in place for most of our subsidiaries with minority shareholders that mitigate against such problems, any significant disagreements between our Group management and those minority shareholders with respect to the identification and achievement of strategic and operation objectives or otherwise could have a material adverse effect on the results of operations and financial condition of those companies.

In addition, the presence of minority shareholders at the levels of certain operating subsidiaries that are cash generative, such as Almawave S.p.A., effectively dilutes the net income available to be upstreamed to the Issuer by way of dividend as such minority shareholders are entitled to their pro rata share of such dividends and therefore, the amount of cash available to be upstreamed to the Issuer via distribution and/or dividend that can be used to service the Issuer's indebtedness or used to execute the Issuer's strategy is proportionally lower than if such subsidiaries were wholly owned.

Our industry is subject to inflation risks which may adversely affect our results.

We are affected by inflationary increases that may occur as a result of recovery of economy post-COVID-19 in payment obligations under supply contracts or in salaries, wages, benefits and other administrative costs which we may not be in a position to pass on to our customers, which in turn could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

Our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in, and to the tax laws and regulations of Italy. Adverse developments in these laws or regulations, or any change in position or interpretation by the relevant Italian tax authority regarding the application, administration or interpretation of these laws or regulations could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the tax authorities in Italy may disagree with the positions we have taken or intend to take regarding the tax, including withholding tax, treatment or characterization of our past, current and future indebtedness, including the Notes, and future intercompany loans and guarantees or the deduction of interest expenses. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of our various financing arrangements, which could result in unfavorable tax treatment for such arrangements. If the Italian tax authorities were to successfully challenge the tax, including withholding tax, treatment or characterization of any of our transactions, it could result in higher taxes to be paid and the application of significant penalties and interest that could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated, "**Article 96**") sets forth limitations to interest deductibility for corporate income tax purposes. Article 96 allows for the full tax deductibility of interest expenses incurred by an Italian tax resident company in each fiscal year up to the amount of the interest income incurred in the same fiscal year, plus interest income carried forward from previous tax years. Any excess of interest income of a given tax year can be carried forward without limitation. Interest expenses in excess of interest income (of the relevant tax year and of the previous ones—"**Net interest expenses**") are deductible for Italian corporate income tax purposes up to a threshold that is 30% of the EBITDA of an Italian tax resident company (i.e., *risultato operativo lordo della gestione caratteristica*) as recorded in such company's profit and loss account and adjusted according to domestic corporate income tax rules (the "**30% Tax EBITDA**"). The unused amount of 30% Tax EBITDA can be carried forward for the subsequent five tax years. The 30% Tax EBITDA carried forward can be deducted in a given tax year, to the extent that, in such tax year, interest income and yearly 30% Tax EBITDA are lower than the amount of interest expenses. Any excess of interest expenses can be carried forward without limitation. In the case of Italian tax resident companies participating in the same tax consolidated group, interest expenses not deducted by an entity at stand-alone level due to a lack of individual 30% Tax EBITDA can be deducted at the tax unity level, within the limit of the excess of 30% Tax EBITDA of the other companies in that tax consolidated group, in certain cases. Article 96 provides special rules for certain entities active in the insurance and finance sector.

Italian Legislative Decree no. 142 of November 29, 2018, enacting the EU anti-tax avoidance package was published in the Italian official gazette on December 28, 2018 (the "**Italian ATAD Decree**"). The Italian ATAD Decree transposes EU Directive 2016/1164 (ATAD 1)—as amended by EU Directive 2017/952 (ATAD 2)—into the Italian legal system, providing rules against the erosion of taxable bases in the internal market and the shifting of profits out of the Italian market. Such rules are aimed at tackling "double deduction" or "deduction without inclusion" (deduction of a negative income component in one country without any taxation in the other country) due to a different characterization of financial instruments, payments, entities, and permanent establishments in various countries. The rules apply to mismatches occurring between taxpayers considered to be associated enterprises or arising in the context of a structured arrangement between two non-associated taxpayers. In addition, there can be no assurance that, in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing do not relate to the business of the borrowing entity (as the relevant transaction is deemed to be "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law).

Any future changes in Italian tax laws or in their interpretation (including any future limitation on the use of the 30% Tax EBITDA of the Issuer and its subsidiaries or changes in the tax treatment of interest expenses arising from any indebtedness incurred by the Issuer and its subsidiaries, including in respect of the Notes), the failure to satisfy the applicable Italian legal requirements relating to the deductibility of interest expenses incurred in respect of the Notes or the application by the Italian tax authorities of certain existing interpretations of Italian tax law may result in our inability to fully deduct our interest expense in respect of the Notes, which may have an adverse impact on our financial condition. If the Italian tax authorities were to successfully challenge the use of proceeds from the Offering to carry out the Refinancing under the "business purpose" principle or the "abuse of law" provisions, we or another entity of the Group may be unable to fully deduct interest expenses or be subject to significant penalties and interest for late payment of taxes or other consequences that could have a material adverse effect on our financial conditions and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

Risks Relating to our Indebtedness, including the Notes, Guarantees and Security

Our substantial leverage could adversely affect our business, financial position and results of operations and may limit our ability to take certain actions. Our debt also requires us to dedicate a large portion of our cash flow from operations to fund debt payments, reducing our ability to use such cash flows to fund working capital or capital expenditures.

We have a significant amount of debt and significant debt service obligations. As at June 30, 2021, on an as adjusted basis after giving effect to the Refinancing, we had gross debt of EUR 423.0 million, of which EUR 350.0 million represents the Notes. See "*Capitalization*" and "*Description of Certain Financing Arrangements.*" In addition, we will also have the ability to borrow up to EUR 70.0 million under the Revolving Credit Facility, as well as incur other debt permitted under the Indenture relating to the Notes. See "*Description of the Notes*" and "*Description of Certain Financing Arrangements.*"

Our substantial debt could have important adverse consequences for us. For example, our substantial debt:

- will require us to dedicate a significant portion of our cash flows from operations to fund payment of principal of, and interest on, our debt, thereby reducing the availability of our cash flows to fund working capital, capital expenditures and other general corporate needs;
- could increase our vulnerability to, and limit our flexibility in planning for, or reacting to, changes in our business, the competitive environment or the industry in which we operate or adverse general economic conditions;
- could limit our ability to raise additional debt or equity capital or increase the cost of any such funding, particularly due to the financial and other restrictive covenants contained in the agreements governing our debt;
- could restrict us from making acquisitions, entering into joint ventures or exploiting business opportunities; and
- could place us at a competitive disadvantage compared to our competitors to the extent that they are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes, and would therefore have potentially harmful consequences for the development of our business and the implementation of our strategy.

The agreements and instruments governing our debt contain restrictions and limitations that could adversely affect our ability to operate our business.

The Indenture will contain a number of significant covenants or other provisions that could adversely affect our ability to operate our business. These covenants restrict our ability, and the ability of our subsidiaries, to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred shares;
- make certain payments, including dividends and other distributions, with respect to outstanding share capital;
- create or incur certain liens;
- repay or redeem subordinated debt or share capital;
- pay dividends or other amounts from certain companies within the Group;
- make certain investments or acquisitions, including participating in joint ventures, or make capital expenditures;
- sell, lease or transfer certain assets, including shares of any Restricted Subsidiary (as defined under "*Description of the Notes—Certain Definitions*");
- engage in certain transactions with affiliates; and
- effect a merger or consolidation of, or sell, all or substantially all of our assets or all of the assets of certain companies within the Group.

All of these limitations are subject to exceptions and qualifications which may be important, including the ability to pay dividends, make investments or make significant prepayments of shareholder debt. For further information, please see "*Description of the Notes—Certain Covenants.*" In addition, we will also be subject to the affirmative and negative covenants contained in the Revolving Credit Facility Agreement.

The covenants in the Indenture, the Revolving Credit Facility Agreement and any future debt instruments may significantly restrict our future operations or capital expenditures and ability to engage in other business activities that may be in our best interests. If there were an event of default under any of the agreements relating to our outstanding indebtedness, including from the Issue Date, the Revolving Credit Facility Agreement and the Indenture, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. In case of acceleration, we cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default.

Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could enforce against the Collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

Despite our current debt levels, we may be able to incur substantially more debt in the future which would increase our leverage risks.

The terms of the Indenture will restrict, but will not prohibit, us from incurring substantial additional indebtedness, including borrowings under any credit facility in a maximum aggregate principal amount not exceeding EUR 90.0 million plus certain refinancing costs (as defined in "*Description of the Notes*"), and certain other secured debt that shares in the Collateral securing the Notes on a *pari passu* or, in the case of the Revolving Credit Facility and certain hedging obligations, on a super priority basis. We may increase our debt for various reasons which could include, among other things, financing acquisitions, funding prepayment premiums, if any, on debt we refinance, funding distributions to our shareholders or for general corporate purposes. If new debt is added to our debt described above, the related risks that we now face will intensify.

No later than 60 days after the Issue Date, two of our material operating subsidiaries, Almaviva do Brasil Telemarketing e Informática S/A and Chain Servicos e Contact Center S.A. will be Guarantors. However, the Indenture will allow any of our non-Guarantor subsidiaries to incur certain additional debt that would be structurally senior to the Notes. The Indenture will also not prevent us from incurring liabilities that do not constitute "Indebtedness" as defined thereunder. For further information, please see "*Description of the Notes—Certain Definitions.*" Furthermore, we will be permitted to designate our Restricted Subsidiaries under the Indenture as Unrestricted Subsidiaries (as defined under "*Description of the Notes—Certain Definitions*") subject to certain conditions, and such Unrestricted Subsidiaries would be permitted to borrow beyond the limitations specified in the Indenture and engage in other activities in which Restricted Subsidiaries may not engage.

Our ability to generate cash depends on many factors beyond our control and we may not be able to generate sufficient cash to service our debt.

We are subject to the normal risks associated with debt financings, including the risk that our cash flow will be insufficient to meet required payments of principal and interest on debt and the risk that indebtedness will not be able to be renewed, repaid or refinanced when due, or that the terms of any renewal or refinancing will not be as favorable as the terms of such indebtedness.

We anticipate that operating cash flows from the Issuer and its subsidiaries will be sufficient to meet anticipated future operating expenses and to fund capital expenditures. However, we cannot assure you that our business will generate sufficient cash flows from operations, that currently anticipated revenue budgets and operating improvements will be realized, or that future borrowings will be available to us in amounts sufficient to enable us to pay our debt or to fund our other liquidity needs. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, including those described in these "*Risk Factors*", some of which are beyond our control.

In addition, our ability to borrow funds to make payments on our debt will depend on the satisfaction of the covenants in the Revolving Credit Facility Agreement and our other debt agreements, including the Indenture, and other agreements we may enter into. Specifically, to the extent that we borrow amounts in excess of 40% (subject to customary exclusions) of the total commitments under the Revolving Credit Facility, we will be required to comply with an ongoing net senior leverage covenant test. If we consider that we will not comply with such covenant test, we may determine that we are unable to utilize amounts in excess of such level under the Revolving Credit Facility. In addition, prior to the repayment of the Notes, we will be required to refinance or repay certain other debt, including any debt outstanding under the Revolving Credit Facility.

We cannot assure you that we will be able to refinance or repay any of our debt, including the Notes and other debt, on commercially reasonable terms or at all. If we are unable to make payments or refinance our debt or obtain new financing, we would have to consider other options, which could materially and adversely affect our financial condition and results of operations, such as requiring us to:

- reduce or delay capital expenditures;
- limit our growth;
- sell assets;
- forego opportunities, such as joint ventures or acquisitions of other businesses;
- incur indebtedness under the Revolving Credit Facility;
- sell equity; and
- negotiate with our lenders to restructure or refinance the applicable debt.

We are exposed to interest rate risks and fluctuations in such rates may adversely affect our debt service obligations.

Following the Issue Date, we expect that our primary floating rate debt obligations (excluding finance leases and other liabilities) will relate to the Revolving Credit Facility. An increase in the interest rates on such debt will reduce the funds available to repay our debt and to finance our operations, capital expenditures and future business opportunities. Although, from time to time we enter into various derivative transactions to manage exposure to movements in interest rates, there can be no assurance that we will be able to continue to do so at a reasonable cost, that our hedging strategies will adequately protect our operating results from the effects of changes in interest rates or that hedges will not limit any benefit that we might otherwise receive from favorable movements in interest rates.

The value of the Collateral securing the Notes and the Guarantees may not be sufficient to satisfy the Issuer's obligations under the Notes and the Guarantor's obligations under the Guarantees, and the Collateral securing the Notes and the Guarantees may be reduced or diluted in certain circumstances.

On the Issue Date, the Notes and the Guarantees will be secured by the Collateral described in this Offering Memorandum. For further information, please see "*Description of the Notes—Collateral*." In the event of liquidation, insolvency, foreclosure, bankruptcy, reorganization or similar proceedings, the proceeds from the sale of the Collateral securing debt under the Notes and the Guarantees may not be sufficient to fully satisfy the Notes and the Guarantees. The value of the Collateral and the amount that may be received upon a sale of Collateral will depend upon many factors, including, among others, the liquidity and condition of the Collateral, the ability to sell the Collateral in an orderly sale, market and economic conditions, whether the business is sold as a going concern and the availability of buyers.

No appraisal of the fair market value of the Collateral has been made in connection with this offering of Notes. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. The value of the Collateral could be impaired in the future as a result of changing economic and market conditions, our failure to successfully implement our business strategy, competition and other factors. The Collateral may include intangible or other illiquid assets that by their nature may not have a readily ascertainable market value or may not be readily saleable or, if saleable, there may be substantial delays in their liquidation. In addition, the value of the Collateral may decrease because of obsolescence or certain casualty events.

The proceeds from a sale of Collateral would be distributed to satisfy debt and all other obligations under any debt secured by *pari passu* lien on the Collateral concurrently with the distribution of such proceeds in respect of the Notes. Pursuant to the Intercreditor Agreement, the creditors under the Revolving Credit Facility and certain hedge counterparties will have priority over the holders of Notes with respect to the proceeds from the Collateral. For further information, please see "*—The ability of the holders of the Notes to recover under the Collateral may be limited. Before any amounts are available to repay the Notes, creditors under the Revolving Credit Facility and certain hedge counterparties and creditors under future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement will have a right to be repaid with the proceeds realized following the enforcement of all or part of the Collateral.*" The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture (including additional Notes) and the agreements governing our other debt. Your rights to the Collateral would be diluted by any increase in the debt secured by the Collateral. To the extent that holders of other secured debt or third parties enjoy liens (including statutory liens), whether or not permitted by the Indenture or the Security Documents governing the Collateral, such holders or third parties may have rights and remedies with respect to the Collateral securing the Notes and the Guarantees that, if exercised, could further reduce the proceeds available to satisfy the obligations under the Notes and the Guarantees.

As a result of the foregoing, liquidating the Collateral securing the Notes and the Guarantees may not produce proceeds in an amount sufficient to fully pay any amounts due on the Notes and the Guarantees. We cannot assure you of the value of the Collateral or that the net proceeds received upon a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding would be sufficient to repay all amounts due on the Notes and the Guarantees. If the proceeds of the Collateral were not sufficient to repay amounts outstanding under the Notes and the Guarantees, then holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would only have an unsecured claim against our remaining assets. The Intercreditor Agreement will provide for detailed enforcement mechanisms with respect to the Collateral. For further information, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The ability of the holders of the Notes to recover under the Collateral may be limited. Before any amounts are available to repay the Notes, creditors under the Revolving Credit Facility and certain hedge counterparties and creditors under future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement will have a right to be repaid with the proceeds realized following the enforcement of all or part of the Collateral.

The obligations under the Notes and the Guarantees are secured by security interests over the Collateral, which also secures obligations under the Revolving Credit Facility and certain of our hedging obligations. Pursuant to the Intercreditor Agreement, the creditors under the Revolving Credit Facility and certain hedge counterparties and creditors under future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement will have priority over the holders of Notes with respect to the proceeds from the Collateral. In addition, the creditors under the Revolving Credit Facility and certain hedge counterparties and creditors under future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement will have priority over any amounts received from the sale of any assets of the Issuer or any of the Guarantors pursuant to an insolvency event or certain distressed disposals of the Collateral pursuant to the Intercreditor Agreement. As such, you may not be able to recover on the Collateral if the claims of the creditors under the Revolving Credit Facility and certain hedge counterparties under our hedging obligations and creditors under future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement are greater than or equal to the proceeds realized from any enforcement of the Collateral. Any proceeds from the enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility and certain hedging obligations and future indebtedness that may be secured on a super senior basis in accordance with the terms of the Indenture and the Intercreditor Agreement in relation thereto have been paid from such recoveries, be applied pro rata in repayment of the Notes and any other debt secured by a *pari passu* lien.

In addition, the Collateral may also secure certain future indebtedness that is permitted to be incurred under the Indenture and our other debt agreements on a *pari passu* basis, and certain of that indebtedness may have similar priority to the proceeds of the enforcement of, or certain distressed disposals of, the Collateral. Any proceeds from an enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility and certain hedging obligations have been paid from such recoveries, be applied pro rata in repayment of the Notes and other senior indebtedness secured on *a pari passu* basis on such Collateral. Our ability to incur additional debt in the future secured on the Collateral may have the effect of diluting the ratio of the value of such Collateral to the aggregate amount of the obligations secured by the Collateral. In addition, claims of any secured creditors which are secured by assets that do not also secure the Notes or the Guarantees will have priority with respect to such assets over the claims of holders of the Notes. As such, the claims of the holders of the Notes will be effectively subordinated to the rights of such secured creditors to the extent of the value of the assets securing such indebtedness.

Subject to certain conditions, any security interest in the Collateral will be automatically released at the time of an enforcement sale of the pledged entity or of the pledged assets or shares of any direct or indirect parent entity of such subsidiary. Following such a sale, the Trustee and the holders of the Notes will have no claims in relation to such entity and its direct and indirect subsidiaries under the Notes or any Guarantee. For further information, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The rights of the holders of the Notes to enforce remedies with respect to the Collateral are subject to security sharing arrangements.

The security interests in our assets serving as Collateral for the Notes and the Guarantees thereof will also be granted as Collateral in favor of the creditors under the Revolving Credit Facility and certain hedging counterparties. The Intercreditor Agreement and the Indenture will also permit a security interest in such Collateral to be granted to creditors of additional debt and to hedging counterparties under certain of our hedging obligations. The Intercreditor Agreement provides that a common security agent (the "**Security Agent**"), who will serve as the Security Agent for the creditors under the Revolving Credit Facility, certain hedge counterparties, the holders of the Notes and any additional secured debt, will act only as provided for in the Intercreditor Agreement. In general, the agent under the Revolving Credit Facility and the representatives of our hedging counterparties and any agent with respect to any future secured debt will have, subject to prior notification of the Trustee, the right to instruct the Security Agent to enforce the shared Collateral once the Collateral becomes enforceable in accordance with the relevant Security Documents. The Intercreditor Agreement provides that the enforcement sale of any Collateral will be subject to, as a condition to the release of any claims of any other debt secured by such Collateral under the Intercreditor Agreement, certain protections intended to maximize the secured creditors' recovery from an enforcement sale.

Although enforcement instructions given by holders of the Notes alongside any other creditors secured on a *pari passu* basis with the Notes which together constitute a majority will initially prevail in the majority of circumstances, if (i) from the date that is three months after the date of the first such enforcement instructions (including any such instructions not to take enforcement steps) are issued, no steps have been taken in relation to the commencement of enforcement of Collateral, (ii) an insolvency event is continuing in respect of the relevant guarantor, third-party security provider or borrower, or (iii) the liabilities owing to the Super Senior Creditors (as defined below) have not been fully discharged within six months of the date the first such enforcement instruction was issued, then enforcement instructions by the Super Senior Creditors will prevail. These arrangements could be disadvantageous to the holders of the Notes in a number of respects and may permit the Super Senior Creditors to control enforcement in circumstances in which their interests are different from those of the holders of the Notes. For further information, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement.*" The Super Senior Creditors or any other future class of debt secured by the Collateral may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies under the Security Documents at a time when it would not be advantageous for the holders of the Notes to do so.

In addition, if the relevant Super Senior Creditors have instructed the Security Agent to sell either some or all of our subsidiaries or any direct or indirect parent entity of such subsidiary or other assets through an enforcement of their security interests in accordance with the terms of the Intercreditor Agreement, the borrowing liabilities, the Guarantees from any such Guarantor that are sold and any Guarantee issued and the security over any such assets securing the Notes and any Guarantee thereof will be automatically released. For further information, please see "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

Moreover, certain proceeds received by the holders of the Notes and the Super Senior Creditors must be turned over to the Security Agent pursuant to the Intercreditor Agreement for application in accordance with the Intercreditor Agreement.

The Issuer and the Guarantors will in most cases have control over the Collateral securing the Notes and the Guarantees, and the sale of particular assets could reduce the pool of assets securing the Notes and the Guarantees.

The Security Documents will allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the assets subject to the Security securing the Notes and the Guarantees until the Collateral becomes enforceable in accordance with the relevant Security Documents. So long as no enforcement event under the relevant Security Document would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the assets subject to the Collateral, such as selling, factoring or otherwise disposing of Security and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Security and, consequently, the amounts payable to you from proceeds of any sale of assets subject to the Collateral in the case of an enforcement of the Collateral. To the extent that additional indebtedness and obligations are secured by the Collateral, our control over the Collateral may be diminished.

The limited share pledge and the recovery from the enforcement of the share pledges forming part of the Collateral may result in a taxable capital gain and involve long recovery times and a low recovery rate.

In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entity, which could result in a taxable capital gain to such entities. As the Notes will be issued by the Issuer, an enforcement over the shares of the Issuer would involve the enforcement over the share pledge of an entity with outstanding debt claims. In addition, the Indenture does not prohibit the Issuer from incurring additional debt claims in the future. Consequently, the enforcement of the share pledge over the Issuer's shares may result in the release of the debt obligations of the Issuer. Such release is permitted by the Intercreditor Agreement and could result in a taxable capital gain. This taxable capital gain is likely to reduce the proceeds of any recovery from the enforcement of such share pledge. Therefore, the value of the pledge over the shares of the Issuer is limited. Moreover, the pledge over the issued capital stock of the Issuer will cover only the shares owned by Almaviva Technologies S.r.l. which constitute (i) 95.1% of the share capital of the Issuer on the Issue Date or (ii) in the event of subsequent sales of the Issuer's shares by Almaviva Technologies S.r.l. or an issuance of new shares by the Issuer to a third party which is not Almaviva Technologies S.r.l. or an Affiliate of Almaviva Technologies S.r.l., not less than 80.0% of the share capital of the Issuer. As a result, an enforcement over the shares of the Issuer will not provide full control over the Issuer and remain subject to any minority protection rights in the organizational documents of the Issuer and under law, and the minority holder or holders of the Issuer's shares may have interests or rights which conflict with those of the holders of the Notes. This could result in longer recovery time and a lower recovery rate.

The enforcement of the pledge over the shares of the Company will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation.

There is some uncertainty around whether the Italian Golden Power Legislation applies to transactions involving debt securities. We have previously complied with the Italian Golden Power Legislation in the context of certain equity transactions that we have undertaken, such as the initial public offering of Almawave S.p.A., and received clearance from the Italian Golden Power Authority on those occasions. On October 19, 2021, the Italian Golden Power Authority provided the Golden Power Clearance in respect of the Almaviva Pledge in response to our application filed on October 9, 2021 pursuant to the Italian Golden Power Legislation. Therefore, the Notes will be secured by the Almaviva Pledge on the Issue Date. Any future enforcement of such pledge may also require clearance under the Italian Golden Power Legislation. Moreover, the Italian Golden Power Legislation will continue to be applicable to the Group. Therefore, if any of the companies forming part of the Group is involved in any transaction, act or resolution falling within the scope of the Italian Golden Power Legislation, the Italian Golden Power Authority may veto or impose conditions in order to consent to the implementation of such transaction, act or resolution, which may, in each case, be material. Accordingly, we may not be permitted to undertake such transaction, act or resolution in a timely fashion, without remedies or undertakings, or at all.

There are circumstances other than repayment or discharge of the Notes under which the Guarantees and the Collateral, including the Almaviva Pledge, will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Guarantees will be released and under various other circumstances, the Issuer and the Guarantors will be entitled to instruct the Security Agent to release the security interests in respect of the Collateral securing the Notes and the Guarantees. For further information, please see "*Description of the Notes*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement.*" In case of subsequent sales of the Issuer's shares by Almaviva Technologies S.r.l. or an issuance of new shares by the Issuer to a third party which is not Almaviva Technologies S.r.l. or an Affiliate of Almaviva Technologies S.r.l., the Issuer will be entitled to instruct the Security Agent to release the pledge on the share capital of the Issuer, provided that such pledge will at no time be less than 80.0% of the share capital of the Issuer.

Furthermore, we will be permitted to require the release and/or re-taking of any lien on any Collateral to the extent otherwise permitted by the terms of the Indenture, the Security Documents, the Intercreditor Agreement or any additional intercreditor agreement. In Italy, such a release and retaking of collateral will give rise to the start of a new hardening periods in respect of the Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity or enforceability of the grant of the Collateral. Any such challenge, if successful, could potentially limit your recovery in respects of the Collateral and thus reduce your recovery under the Notes.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral, and the granting of the security interests in the Collateral may be subject to hardening periods for such security interests in accordance with the law.

We will be obligated, pursuant to the Security Documents, to take certain perfection steps as promptly as practicable in respect of the Collateral and as promptly as practicable following receipt of a request from the Security Agent in respect of such Collateral subject to the Security Documents. Under Italian law, a security interest in certain tangible and intangible assets can only be properly perfected and thus retain its priority if certain actions are undertaken by the secured party and/or the grantor of the security interest. The security interest in the Collateral may not be perfected with respect to the Notes and the Guarantees if we or the Security Agent are not able to or do not take the actions necessary to perfect any such security interest. Such failure may result in the invalidity of the relevant security interest securing the Notes and the Guarantees or adversely affect the priority of such security interest in favor of the Notes and the Guarantees against third parties, including a trustee in bankruptcy and other creditors who claim security interest in the same Collateral. Neither the Trustee nor the Security Agent will have an obligation to monitor the acquisition of additional property or rights that constitute Collateral or take any action in relation to the perfection of any such Collateral.

Additionally, the Indenture and the Security Documents entered into in connection with the Notes will not require us to take actions that might improve the perfection or priority of the liens of the Security Agent in the Collateral. To the extent that the security interest created by the Security Documents with respect to any Collateral are not perfected, the Security Agent's rights will be equal to the rights of general unsecured creditors in the event of a liquidation, foreclosure, bankruptcy, reorganization or similar proceeding.

The granting of security interests in connection with the issuance of the Notes and the entry into the Revolving Credit Facility may be subject to hardening periods for such security interests. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated, depending on the applicable laws. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void, it may be deemed ineffective towards the bankruptcy estate and/or it may not be possible to enforce it. In addition, the granting of a shared security interest to secure future indebtedness may restart or reopen hardening periods and the aforementioned limitations may apply.

For further information, please see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

The interests of our principal shareholder may be inconsistent with the interests of the holders of the Notes.

Our largest shareholder is Almaviva Technologies S.r.l., which owns 95.11% of the Company's share capital as of the date of this Offering Memorandum. See "*Principal Shareholder.*" The interests of our principal shareholder could conflict with the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholder could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment, could enhance its equity investments, although such transactions might involve risks to the holders of the Notes. Finally, our principal shareholder may have strategic objectives or business interests that could conflict with our own strategies or interests. If the interests of our principal shareholder conflict with our interests or the interests of the holders of the Notes, or if our principal shareholder engages in activities or pursues strategic objectives that conflict with our interests or the interest of the holders of the Notes, we and you could be disadvantaged.

Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.

Each Guarantee will provide the holders of the Notes with a direct claim against the relevant Guarantor. The obligations of the Guarantors, the enforcement of each of their Guarantees and the obligations of the grantors of security and the ability of the Security Agent to enforce the Collateral will be limited to the maximum amount that can be guaranteed by such Guarantor or provided by the grantor of security under the applicable laws of Italy, including a limitation to the extent that the pledge of security is not in the relevant Guarantor's or pledgor's corporate interests. As a result of the applicable limitations under Italian law with respect to financial assistance and corporate benefit, each Guarantee and security interest granted in favor of the Notes may be limited. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*" Accordingly, enforcement of any such Guarantee or Collateral against the relevant Guarantor or pledgor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Guarantees or pledge of security designed to ensure compliance with statutory requirements applicable to the relevant Guarantors or pledgors. These laws and defenses include those that relate to fraudulent conveyances or transfers, insolvency, voidable preferences, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization, capital maintenance or similar laws and regulation or defenses affecting the rights of creditors generally. As a result, the liability of a Guarantor under its Guarantee or of a pledgor of the Collateral could be materially reduced or eliminated, depending on the amounts of its other obligations and the law applicable to it.

In addition to the above, under Article 1938 of the Italian Civil Code, if a corporate guarantee is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In light of the above, pursuant to Article 1938 of the Italian Civil Code, the maximum amount that each of the Guarantors may be required to pay in respect of its obligations as Guarantor under the Indenture and the Revolving Credit Facility shall not exceed an amount equal to 120% of the aggregate principal amount of the Notes and the total commitments under the Revolving Credit Facility. Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of that Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the relevant Guarantor or, in certain jurisdictions, when the granting of the relevant Guarantee has the effect of giving a creditor a preference or the creditor was aware that the relevant Guarantor was insolvent when the relevant Guarantee was given;
- the relevant Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee or the relevant Guarantor was: (i) insolvent or rendered insolvent because of the

relevant Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantee was held to exceed the corporate objects of the relevant Guarantor or not to be in the best interests or for the corporate benefit of the relevant Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law.

It is possible that a Guarantor or a pledgor of security, or a creditor of a Guarantor or pledgor of security, or the bankruptcy trustee in the case of a bankruptcy of a Guarantor or a pledgor of security, may contest the validity and enforceability of the Guarantor's Guarantee or pledgor's pledge of security on any of the aforementioned grounds and that the applicable court may determine that the Guarantee or pledge should be limited or voided. To the extent such limitations on the Guarantee or security obligation apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor or pledgor, including trade payables of such Guarantor or pledgor to the extent of such limitations. Future pledges or guarantees may be subject to similar limitations.

Additionally, the grant of security interest in the Collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may otherwise be set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors, even if such claims are secured claims. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

Under Article 129 of the Brazilian Bankruptcy Act, the following transactions may be deemed ineffective with respect to the bankrupt estate, when made prior to bankruptcy liquidation during the suspect period (legal term), whether or not the party was aware of the debtor's condition of economic and financial crisis and whether or not the debtor intended to defraud creditors: (i) payment of debts not due during the suspect period—which shall date back up to 90 days from the bankruptcy filing, the bankruptcy request or the first protest for default—by any means of extinguishment of the credit right; (ii) payment made within the legal term of debts made due and enforceable, in any way not provided for under the respective agreement, (iii) constitution of an in rem security (*garantia real*), including lien, within the legal term, in the case of a debt contracted previously to the bankruptcy; (iv) gratuitous acts performed during the two-year period before the bankruptcy decree; (v) waiver of inheritance or legacy during the two-year period before the bankruptcy decree; (vi) sale or transfer of an establishment without the express consent of or payment to all creditors existing at the time, sufficient assets not having remained to the debtor to settle his liabilities, unless, within 30 days, there is no opposition by creditors after being duly notified, either judicially or by deeds and documents registry officer; and/or (vii) registration of in rem rights and of property transfer *inter vivos*, gratuitous or free of charge, or an annotation of real property made after the bankruptcy decree, unless there is a previous annotation.

The validity and enforceability of any Guarantee granted by the Guarantors of our obligations under the Notes depends upon the best interests of such Guarantor and whether the Guarantor receives fair and adequate consideration for the granting of any Guarantee. In the event a Guarantor has its bankruptcy liquidation decreed under Brazilian Insolvency Law, the relevant security will be deemed null and void if granted within the so called suspect period in relation to an already existent debt, under the argument that the transaction could have harmed other creditors, pursuant to Article 129, III, of the Brazilian Insolvency Law and the Guarantee may be deemed to have been fraudulent and declared void, under the argument that the Guarantor has not received fair consideration in exchange for such Guarantee, pursuant to Article 129, IV, of the Brazilian Insolvency Law.

Under Brazilian law, a Brazilian Guarantor's obligations under the Guarantee are subordinated to certain statutory preferences. In the event of a Brazilian Guarantor's bankruptcy liquidation, according to the Brazilian bankruptcy law, such statutory preferences, such as certain claims for salaries and wages to a certain limit, will have preference over any other claims, including claims by any investor in respect of the Notes. In such a scenario, enforcement of the Guarantee under the Notes may be jeopardized, and holders of the Notes may lose some or all of their investment.

See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

The ability of the Security Agent to enforce certain Collateral may be restricted by Italian law.

The ability of the Security Agent to enforce on the Collateral may be limited by mandatory provisions of Italian law and may be subject to certain statutory limitations and defenses or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements.

The security interests that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. The Indenture will provide (along with the Intercreditor Agreement) that to the extent permitted by the applicable laws, only the Security Agent has the right to enforce the Security Documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the relevant Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral and in accordance with the Intercreditor Agreement. See "*Description of the Notes—Security*."

The security interest in the Collateral will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a representative (*rappresentante)* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Security Documents nor specifically identified therein or in the relevant share certificates and corporate documents or public registries. Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors.

See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

Risks relating to intercompany loans under Italian law.

Italian corporate law (Articles 2497-quinquies and 2467 of the Italian Civil Code) provides for rules to protect creditors against "*undercapitalized companies*" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company, (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata,* will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("*undercapitalization*"). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders' loans "*made in any form*" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that Article 2467 of the Italian Civil Code also applies to companies incorporated as joint-stock companies ("*società per azioni*"), hence potentially to the borrowers under the intercompany loans that are joint-stock companies ("*società per azioni*").

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship (or any Guarantor's relationship) with Italian subsidiaries under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer (and/or the relevant Guarantor) may not be able to recover any amounts under any intercompany loan granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes (and/or the relevant Guarantor's obligations under the Indenture).

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interest granted by such Italian subsidiaries may be impaired or restricted.

However, due to the COVID-19 emergency, the Italian Government issued the so-called "*Decreto liquidità*" (i.e., Law Decree 8 April 2020, no. 23, published in the Gazzetta Ufficiale on April 8, 2020 and converted in law by the Italian Parliament through Law June 5, 2020, no. 40, published in the Gazzetta Ufficiale on June 6, 2020, the "**Liquidity Decree**") according to which the provisions summarized above are temporarily frozen and therefore loans granted by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company, (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata* during the period between April 9, 2020 and December 31, 2020 are exempted from the application of the so-called "equitable subordination" rule.

We cannot assure you which standard a court would apply in determining whether a Guarantor was insolvent at a relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor was insolvent at a relevant time, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or
- it cannot pay its debts as they become due.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee of a Guarantor may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee that has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

For a more detailed description of the standards that a court would apply in determining whether an Italian Guarantor was insolvent at a relevant time, please see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

We may not be able to obtain the funds necessary to finance an offer to repurchase the Notes upon the occurrence of a Change of Control (as defined in the Indenture) as required by the Indenture.

Upon the occurrence of a Change of Control, the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of repurchase. If a Change of Control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price for all tendered Notes or that the restrictions in our Revolving Credit Facility Agreement or other then existing contractual obligations of us or the Issuer would allow the Issuer to make such required repurchases. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the Change of Control itself does not. The Issuer's ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If a Change of Control occurs at a time when the Issuer is prohibited from repurchasing Notes under the Revolving Credit Facility Agreement or other debt instruments, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If we do not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a Change of Control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase Notes would constitute a default under the Indenture, which could, in turn, constitute a default under other agreements governing our debt. For further information, please see "*Description of the Notes—Change of Control.*"

The change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganizations, restructurings, mergers, recapitalizations or other similar transactions involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. In addition, events which constitute a Change of Control under the Indenture may not require the Issuer to offer to repurchase the Notes if our consolidated leverage ratio is below a threshold specified in the Indenture. See "*Description of the Notes—Change of Control*." Except as described under "*Description of the Notes—Change of Control*," the Indenture does not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries taken as whole to any person other than one or more "Permitted Holders" as defined in the Indenture. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Your right to receive payments under the Notes may be structurally subordinated to claims of certain of the Issuer's and its subsidiaries' existing and future creditors.

No later than 60 days after the Issue Date, all of our material subsidiaries incorporated in Italy or Brazil, other than Almawave S.p.A., will guarantee the Notes. The Notes will be structurally subordinated to the obligations of any of our current and future non-Guarantor subsidiaries, including Almawave S.p.A. As of June 30, 2021, our non-Guarantor subsidiaries would have had €5.2 million in outstanding financial debt, none of which was secured. For the twelve months ended June 30, 2021, our non-Guarantor subsidiaries generated 14.3% of our revenue after intragroup eliminations and 11.2% of our EBITDA and, as of June 30, 2021, represented 19.4% of our consolidated total assets.

Generally, claims of creditors of the Issuer's subsidiaries that are not Guarantors, including trade creditors and claims of preference shareholders (if any) of each such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over claims of creditors of its parent entity, including claims by holders of the Notes under the Guarantees. In the event of an insolvency, liquidation or other reorganization of any of the Issuer's subsidiaries that are not Guarantors, holders of their debt and their trade creditors will typically be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer and its holding company subsidiaries as equity holders.

The Notes will permit us to pledge certain non-Collateral assets in favor of other creditors and the Notes offered hereby will be effectively subordinated to such creditors to the extent of the value of such assets.

While the Indenture will provide for a negative pledge, it will allow the Issuer and our restricted subsidiaries, subject to specified limitations, to incur secured indebtedness that will be effectively senior to the Notes to the extent of the value of the assets that secure that indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets securing any secured indebtedness will only be available to discharge other indebtedness, including the Notes, once such secured claims have been paid in full. As a result, holders of Notes may receive less, ratably, than holders of our other future indebtedness secured over assets other than the Collateral.

Any pledge of Collateral might be avoidable in bankruptcy.

Any pledge of Collateral in favor of the Security Agent, including pursuant to Security Documents delivered after the date of the Indenture, might be avoidable in certain jurisdictions by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, as prescribed by the applicable laws, including, among others, if (i) the pledgor is unable to pay its debts due at the time of the pledge, (ii) the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given, and (iii) a bankruptcy proceeding in respect of the pledgor is commenced within the period prescribed in applicable law following the pledge.

The Issuer is organized under the laws of Italy and the Guarantors are organized under the laws of Brazil. Consequently, in the event of an insolvency of the Issuer or any Guarantor, insolvency proceedings may be initiated in such entities' jurisdiction of organization and the laws of such jurisdiction would generally govern most aspects of such proceedings. For descriptions of the insolvency laws of Italy and Brazil and their risks, please see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

It may be difficult to realize the value of the Collateral securing the Notes and the Guarantees.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens, security interests, loss of legal perfection and other imperfections permitted under the Indenture, the Revolving Credit Facility and Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The Initial Purchasers have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens, security interests, loss of legal perfection and other imperfections.

The existence of any such exceptions, defects, encumbrances, liens, security interests, loss of legal perfection and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens, or re-characterization under the laws of certain jurisdictions (including the laws of Italy).

The security interests of the Security Agent may be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, the Security Agent may need to obtain the consent of a third party, including that of competent regulatory authorities or courts, to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Furthermore, the enforcement of a security interest by the Security Agent may require the completion of judicial proceedings in the jurisdiction that is released for such security interest. There is no assurance that the Security Agent will successfully complete such judicial proceedings in a timely manner or that other practical problems relating to the foreclosure of Collateral will be overcome by the Security Agent at all or without a material delay. Accordingly, the Security Agent may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.

Due consideration should be given by investors to the circumstance that enforcement procedures and timing for obtaining judicial decisions in Italy may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.

The Indenture will contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meetings of Holders*", the majority required to pass an extraordinary resolution at any meeting of holders of Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%), depending on the nature of the resolution, to bind all holders of the Notes, including holders of Notes who did not attend and vote at the relevant meeting, and holders of Notes who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or to change the majority required to pass a resolution, and to change the amendment provisions. These and other changes may adversely impact rights of holders of Notes and may have a material adverse effect on the market value of the Notes.

Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold may be reduced from 75% to 50%. Furthermore, the interaction between (i) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (ii) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies is also untested in the Italian courts.

Enforcing your rights as a holder of the Notes may prove difficult.

The Issuer is organized under the laws of Italy. The Guarantors are organized under the laws of Brazil and the Security Documents will be governed by the laws of Italy and Brazil. The Intercreditor Agreement will be governed by the laws of England and Wales. The Notes, the Guarantees and the Indenture will be governed by the laws of the State of New York.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Italy, Brazil, England and Wales, the United States or several of these jurisdictions. Any multi-jurisdictional proceeding is likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes and the Guarantees will be subject to such bankruptcy, insolvency and administrative laws, and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of Italy and Brazil may be materially different from, or be in conflict with, those of the United States and other jurisdictions with which you may be familiar, including in the areas of the rights of creditors, the priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes in the relevant jurisdictions or limit any amounts that you may receive.

The laws of Italy limit the ability of the Guarantors to guarantee debt of other companies. As a result, a court in this jurisdiction may deem the Guarantees to be invalid or reduce the amount of guaranteed obligations available to satisfy claims under the Notes.

Under Brazilian law, the Guarantees are subordinated to certain statutory preferences. In the event of bankruptcy, according to the Brazilian bankruptcy law, such statutory preferences, such as certain claims for salaries and wages to a certain limit, social security and other taxes, court fees and expenses, will have preference over any other claims, including claims in respect of the Guarantees. For further information, please see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

The foreign exchange policy of Brazil may affect the ability to make money remittances outside Brazil in respect of the Guarantees.

Under existing regulations, Brazilian companies are not required to obtain authorization from the Central Bank in order to make payments in U.S. dollars outside Brazil under guarantees, such as to the holders of the Notes. We cannot assure you that these regulations will continue to be in force at the time when it is required to perform payment obligations under the Guarantees.

If these regulations or their interpretation are modified and an authorization from the Central Bank is required, a Guarantor would be required to seek an authorization from the Central Bank to transfer the amounts under the Guarantees out of Brazil or, alternatively, make such payments with funds held outside Brazil. We cannot assure you that such an authorization will be obtained or that such funds will be available. Changes in Brazilian tax laws may have an adverse impact on the taxes applicable to our business.

The Issuer is incorporated under the laws of Italy, and the Guarantors are incorporated under the laws of Brazil. Substantially all of the Company's assets are located in Italy and all of the Guarantors' assets are located in Brazil. As a result, it may not be possible for investors to effect service of process within the United States upon us or a Guarantor, or its or our directors, executive officers and advisors, or to enforce against us, a Guarantor or its or our directors, executive officers and advisors, in U.S. or Brazilian courts, any judgments predicated upon the civil liability provisions of applicable securities laws. In addition, it may not be possible to bring an original action in Brazil against us for liabilities under securities laws of the United States or other jurisdictions or to enforce the Guarantee of a Guarantor if the Indenture or the Notes were to be declared void by a court applying the laws of the State of New York.

The obligations under the Guarantee of the Guarantors are subordinated to certain statutory liabilities in Brazil.

Under Brazilian law, our obligations under the Notes, the Guarantee and the Indenture are subordinated to certain statutory preferences. In the event of a Guarantor's bankruptcy liquidation, according to the Brazilian bankruptcy law, such statutory preferences, such as certain claims for salaries and wages to a certain limit, will have preference over any other claims, including claims by any investor in respect of the Notes.

The insolvency laws of Italy and Brazil may not be as favorable to you as those of another jurisdiction with which you may be familiar.

The Issuer is incorporated under the laws of Italy. Therefore, any insolvency proceedings by or against the Issuer would likely be based on Italian insolvency laws. The Guarantors incorporated in Brazil. Therefore, any insolvency proceedings by or against the Guarantors would likely be based on Brazilian insolvency laws.

See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*" for a description of the insolvency laws in Italy and Brazil, which could limit the enforceability of the Guarantees and the security interests.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, or any other of the Group's subsidiaries experienced financial difficulty (save for the Issuer and the Guarantor incorporated in Italy which are likely to have their "*centers of main interests*" under the laws of Italy and, therefore, in accordance with Council Regulation (EU) 2015/848 on insolvency proceedings (recast), as amended), and the main insolvency proceedings are opened in the jurisdiction in which the debtor has its "*center of main interests,*" insolvency proceedings with respect to these companies may proceed under, and be governed by, Italian insolvency law. It is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees and security provided by entities organized in jurisdictions not discussed in this Offering Memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the Guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees or the security in these jurisdictions and limit any amounts that you may receive.

The insolvency laws of Italy may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar. In particular, the Indenture could be limited in scope and effect by Italian courts to the extent its covenants and provisions, which are untested under Italian case law, could be considered to conflict with mandatory provisions of Italian law. As a consequence, enforcement of rights under the Notes, the Guarantees and the Collateral in an insolvency situation may be delayed and be complex and costly for creditors. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

The Brazilian bankruptcy laws are significantly different from, and may be less favorable to creditors than, those of the United States. In addition, any judgment obtained against us in Brazilian courts in respect of any payment obligations under the Notes or the Guarantee would be expressed in the real equivalent of the U.S.

Dollar or Euro amount of such sum at the exchange rate in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered, or (3) on the date on which collection or enforcement proceedings are started against us. In the event of our bankruptcy liquidation, all of the debt obligations that are denominated in foreign currency, including the Guarantee, will be converted into *reais* at the prevailing exchange rate on the date of decree of our bankruptcy liquidation by the court. We cannot assure that this exchange rate and the outcome of any bankruptcy liquidation proceedings will afford you full compensation for the amount of the Notes. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

As the Issuer and the Guarantors are entities incorporated under the laws of Italy and Brazil and substantially all of their assets are located outside the United States, you may be unable to recover in civil proceedings for U.S. securities laws violations, and enforcement of civil liabilities and U.S. judgments in such jurisdictions may be difficult.

The Issuer is organized under the laws of Italy and the Guarantors are organized under the laws of Brazil. Substantially all of the assets and all of the operations of the Issuer and the Guarantors are located, and all of their revenues are derived, outside the United States. In addition, all of the directors and executive officers of the Issuer and the Guarantors are non-residents of the United States, and all or a substantial portion of the assets of such persons are or may be located outside the United States. As a result, investors may be unable to effect service of process within the United States upon such persons, or to enforce against them judgments obtained in the U.S. courts, including judgments predicated upon the civil liability provisions of the United States federal or state securities laws.

A judgment rendered by a U.S. court obtained against the Issuer or a Guarantor will (due to the current absence of an applicable treaty for the mutual recognition and enforcement of judgments in civil and commercial matters) not automatically be recognized and enforced by the courts of Italy or Brazil. In order to enforce any such U.S. judgment in Italy or Brazil, proceedings must first be initiated before a court of competent jurisdiction in Italy or Brazil. In such an action, however, the Italian or Brazilian court would not generally reinvestigate the merits of the original matter decided by the U.S. court and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an Italian or Brazilian court in such an action is conditional upon a number of factors. For further information, please see "*Service of Process and Enforcement of Civil Liabilities.*"

There is uncertainty as to whether the courts of Italy or Brazil would (i) recognize and enforce judgments of U.S. courts obtained against the Issuer, the Guarantors, the directors, controlling persons and management who are not residents of the United States, including those judgments predicated upon the civil liability provisions of the United States federal or state securities laws or (ii) accept jurisdiction and impose civil liability in original actions brought in Italy or Brazil and predicated solely upon the United States federal or state securities laws. There is also doubt that a court in Italy would have the requisite power or authority to grant remedies sought in an original action brought in Italy or Brazil on the basis of U.S. federal securities laws violations. See "*Service of Process and Enforcement of Civil Liabilities.*"

If proceedings were brought in Brazil seeking to enforce our and the Guarantors' obligations under the Notes, neither we nor the Guarantors would be required to discharge our or its obligations in a currency other than *reais*. Any judgment obtained against us or the Guarantors in Brazilian courts in respect of any payment obligations under the Notes will be expressed in *reais* equivalent to the U.S. dollar amount of such payment at the exchange rate published by the Central Bank on (1) the date of actual payment, (2) the date on which such judgment is rendered or (3) the actual due date of the obligations, in which case the amount would be subject to a monetary adjustment as determined by the relevant court. There can be no assurance that such rate of exchange will afford you full compensation of the amount invested in the Notes plus accrued interest. For further information, see "*Service of Process and Enforcement of Civil Liabilities*."

You may face foreign currency exchange risks or adverse tax consequences by investing in the Notes.

The Notes will be denominated and payable in euro. If you measure your investment returns by reference to the U.S. dollar or other non-euro currencies, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the U.S. dollar or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the euro against the U.S. dollar or other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. Investments in the Notes by U.S. investors may also have important tax consequences as a result of foreign currency exchange gains or losses, if any. For further information, please see "*Certain Tax Considerations—Certain United States Federal Income Taxation.*"

Despite the measures taken by countries in the Eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone member states. These and other concerns could lead to the reintroduction of individual currencies in one or more member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes, the Guarantees and the Collateral.

Under Italian law, in the event that the Issuer (or any future Italian guarantor of the Notes) enters into insolvency proceedings, the security interests granted to secure the Notes and the Guarantees could be subject to potential challenges by an insolvency administrator or by other creditors under the rules of avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the **"suspect period"**). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one-quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or security taken after the creation of the secured obligations, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action, (ii) security granted in order to secure a debt due and payable, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action during the suspect period of six months prior to the declaration of the insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, whereby the bankruptcy receiver must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any clawback action. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests.*"

Under Article 64 of the Italian Bankruptcy Law, all transactions without consideration are ineffective *vis-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-à-vis* creditors, if made by the bankrupt entity in the two-year period prior to insolvency. In addition, the EU Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

If challenged successfully, the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, the holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related security documents.

Under Article 129 of the Brazilian Bankruptcy Act, the following transactions may be deemed ineffective with respect to the bankrupt estate, when made prior to bankruptcy liquidation during the suspect period (legal term), whether or not the party was aware of the debtor's condition of economic and financial crisis and whether or not the debtor intended to defraud creditors: (I) payment of debts not due during the suspect period—which shall date back up to 90 days from the bankruptcy filing, the bankruptcy request or the first protest for default—by any means of extinguishment of the credit right; II—payment made within the legal term of debts made due and enforceable, in any way not provided for under the respective agreement, (III) constitution of an in rem security (*garantia real*), including lien, within the legal term, in the case of a debt contracted previously to the bankruptcy; (IV) gratuitous acts performed during the 2 year-period before the bankruptcy decree; (V) waiver of inheritance or legacy during the 2 year-period before the bankruptcy decree; (VI) sale or transfer of an establishment without the express consent of or payment to all creditors existing at the time, sufficient assets not having remained to the debtor to settle his liabilities, unless, within

30 days, there is no opposition by creditors after being duly notified, either judicially or by deeds and documents registry officer; and/or (VII) registration of in rem rights and of property transfer inter vivos, gratuitous or free of charge, or an annotation of real property made after the bankruptcy decree, unless there is a previous annotation.

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive any two of the following: (i) a rating of "Baa3" or better by Moody's, (ii) a rating of "BBB-" or better from S&P and (iii) a rating of "BBB-" or better from Fitch and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which the Notes cease to have such ratings, certain covenants will be suspended and cease to be applicable to the Notes. For further information, please see "*Description of the Notes—Certain Covenants—Suspension of Covenants and Release of Security Interests on Achievement of Investment Grade Status.*" If these covenants were to be suspended and cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Changes in tax laws or regulations or in positions by the relevant tax authority regarding the application, administration or interpretation of tax laws or regulations, particularly if applied retrospectively, could have negative effects on our current business model and have a material adverse effect on our operating results, business and financial condition.

Tax laws are complex and subject to subjective evaluations and interpretative decisions and often require us make subjective interpretive decisions and calculations as to whether and eventually to what extent we owe amounts to the relevant tax authorities. We often rely in that respect on generally available interpretations of applicable tax laws and regulations. We will be periodically subject to tax audits aimed at assessing our compliance with direct and indirect taxes. We are also subject to intercompany pricing laws and regulations, including those relating to the flow of funds among our subsidiaries pursuant to, for example, loan agreements. Adverse developments in laws or regulations, or any change in position by the tax authorities regarding the application, administration or interpretation of laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, tax authorities may not agree with our interpretations of, or with the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and any extraordinary transactions, including the tax treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. In case of objections by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of higher taxes, interest, penalties or sanctions and have a material adverse effect on our operating results, business and financial condition or on our ability to service or otherwise make payments on the Notes and our other indebtedness. We may also inadvertently or for reasons beyond our control fail to comply with certain tax laws or regulations in connection with a particular transaction, including any of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. This may have a negative tax impact and may also result in the application of higher taxes, interest, penalties or sanctions. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax adjustment in connection with our business would not have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

It should be also noted that, 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.

Any future changes in Italian tax laws might either impact on the maximum amount of the tax credit recognizable to an entity, as compared to the tax legislation currently in force, or even eliminate this kind of benefit. In addition to that, uncertainties exist as to whether the Group companies will continue to fulfill the requirements to receive tax credit in the future.

We may not be able to list the Notes or maintain the listing of the Notes, and the listing, once obtained, may not satisfy the listing requirement of Decree No. 239.

Application will be made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. There can be no assurances that the Notes will be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market, that such permission to deal in the Notes will be granted or that such listing will be maintained. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Luxembourg Stock Exchange, failure to be approved for listing or the delisting of the Notes, as applicable, may have a material effect on a holder's ability to resell the Notes in the secondary market and may give rise to withholding tax concerns.

The Italian Tax Authorities have issued an interpretive circular relating to, among other things, the listing requirement of Decree No. 239 in order for the Notes to be eligible to benefit from the exemption from withholding tax. According to a stringent interpretation of this circular, the Notes may not be eligible to benefit from such provisions if the listing of the Notes is not effective as of the Issue Date. In the event that the Notes are not listed as of the Issue Date or that such listing requirement is not satisfied, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax (*imposta sostitutiva*) currently at a rate of 26%, and we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. We cannot assure you that the listing can be achieved by the Issue Date. The imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our financial condition and results of operations.

No assurance can be given that the procedural requirements provided by Decree No. 239 will be met by the relevant foreign intermediaries.

The regime provided by Decree No. 239 and in particular the exemption from withholding tax in principle granted to holders of the Notes—who are the beneficial owners of the Notes (or, if the holders are institutional investors not subject to tax, even if they are not the beneficial owners of the Notes) and are resident in countries included in the White List—applies if certain procedural requirements are met. No assurance can be given that all non-Italian resident investors will be eligible for the withholding tax exemption if the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities in accordance with the procedural requirements. Should the procedural requirements not be met, Italian withholding tax may apply on the payments made on the Notes to foreign investors resident in countries included in the White List. In such event, the Issuer will not be required to pay any additional amounts with respect to such withholding tax, unless such procedural requirements have not been complied with due solely to the actions or omissions of the Issuer or its agents.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax for which holders may not receive additional amounts.

The Issuer is organized under the laws of the Republic of Italy and is Italian resident for tax purposes and, therefore, payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations.

All payments in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In such event, subject to a number of exceptions, we will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

The Issuer will not be liable to pay any additional amounts in relation to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Decree No. 239 and any related implementing regulations, and pursuant to Decree No. 461 and any related implementing regulations, except, in the case of Decree No. 239 or Decree No. 461, where the procedures required under Decree No. 239 or Decree No. 461 in order to benefit from an exemption have not been complied with due solely to the actions and omission of the Issuer or its agents. In such circumstances, where no additional amount are due, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*," and "*Certain Tax Considerations—Certain Italian Tax Considerations*."

Although we believe that, under current law, imposta sostitutiva will not be imposed under Decree No. 239 or Decree No. 461 where the Notes are listed on a regulated market or multilateral trading facility upon issuance and a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained in the White List and such holder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of the Notes will bear the risk of any change in Decree No. 239 or Decree No. 461 after the date hereof, including any change in the White List. See "*Description of the Notes—Withholding Taxes.*"

The adoption by the Council of the European Union of an EU list of non-cooperative jurisdictions for tax purposes and the use of this list in the jurisdictions where we operate may impact our financial results.

The Council of the European Union adopted on December 5, 2017 its conclusions on the EU list of non-cooperative jurisdictions for tax purposes (the "**Council Conclusions**") which is composed of two sub-lists (respectively, the "**Black List**" and the "Grey List" together referred to as the "**EU List**"). The EU List was established following a screening and a dialogue conducted by a code of conduct working group appointed by the Council during 2017 with a large number of third-country jurisdictions to improve tax good governance globally, and to ensure that the EU's international partners respect the same standards as Member States (as defined herein) do. The Black List, which is updated at least twice a year and was initially composed of 17 jurisdictions, is currently composed of 12 jurisdictions (American Samoa, Anguilla, Dominica, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, US Virgin Islands, Vanuatu and Seychelles). Furthermore, the Council published a Grey List of screened jurisdictions that committed to introduce changes in their tax legislation in order to comply with the European Union screening criteria. Though there is no applicable sanction yet, Member States are encouraged by the Council Conclusions to agree on coordinated sanctions to apply at national level against these listed jurisdictions, such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. If such sanctions are similarly implemented against any of the countries in which we operate or intend to expand, this could adversely affect our business, results of operations and financial condition.

An active trading market may not develop for the Notes, in which case your ability to sell the Notes will be limited.

The Notes are new securities for which there currently is no market. Although we have submitted an application to list the Notes on the Official List of the Luxembourg Stock Exchange, an active market may not develop, in which case the market price and liquidity of the Notes may be adversely affected.

In addition, the liquidity of the trading market and the market price quoted for the Notes may be adversely affected by prevailing interest rates, changes in the overall market for these types of Notes, or changes in our financial performance or prospects or in the prospects of companies in our industry generally. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that have caused substantial price volatility. There can be no assurance that if a market for the Notes were to develop, such a market would not be subject to similar disruptions.

The Initial Purchasers of the Notes advised the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obliged to do so, and may discontinue any market-making activities at any time without notice. In addition, market-making activity will be subject to limits imposed by applicable laws and regulations. As a result, we cannot assure you that an active trading market will develop for the Notes.

The Notes are subject to restrictions on transfer, which may adversely affect the value of the Notes.

The Notes and Guarantees are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable U.S. state securities laws. The Notes and Guarantees have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Notes and the Indenture will contain provisions that restrict the Notes and Guarantees from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes and Guarantees, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes and Guarantees that it shall not transfer the Notes and Guarantees, as applicable, in an aggregate principal amount of less than EUR 100,000. Furthermore, the Issuer has not registered the Notes and Guarantees under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes and Guarantees comply with applicable law. For further information, please see "*Notice to U.S. Investors.*"

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of the global notes representing the Notes.

After payment to the Paying Agent, which will make payments to Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, you must rely on the procedures of the participant through which you own your interest, in each case, to exercise any rights and obligations of a holder under the Indenture. For further information, please see "*Book Entry; Delivery and Form.*"

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be reliant on the common depositary to act on your instructions and/or you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear, Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear or Clearstream. We cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the Notes. For further information, please see "*Book Entry; Delivery and Form.*"

USE OF PROCEEDS

We estimate that the gross proceeds from the Offering will be €350.0 million. The gross proceeds from the Offering will be used to (i) fund the Existing Notes Redemption, (ii) repay amounts outstanding and cancel commitments under the Existing Revolving Credit Facility and (iii) pay related fees and expenses. The Issuer currently expects to use the balance of the proceeds from the Offering for general corporate purposes, including to finance potential future bolt-on acquisitions.

The Existing Notes Redemption is conditional on the completion of the Offering.

For descriptions of our current and anticipated indebtedness and certain financing arrangements, see "*Capitalization*," "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."

The following table illustrates the estimated sources and uses of the proceeds from the Offering. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses, the actual date on which the Existing Notes Redemption occurs and outstanding amounts upon repayment.

Sources of Funds	Amount (€ million)	Uses of Funds	Amount (€ million)
Notes offered hereby(1)	350.0	Existing Notes Redemption(2)	250.0
		Repay the Existing RCF(3)	30.0
		Cash to balance sheet(4)	62.0
		Transaction fees and expenses(5)	8.0
Total Sources	**350.0**	**Total Uses**	**350.0**

(1) Assumes the Notes are issued at par.

(2) Represents €250.0 million outstanding aggregate principal amount of the Existing Notes which will be redeemed at par in full on the Issue Date, excluding accrued and unpaid interest due on the Existing Notes from October 15, 2021 to the date of redemption. The Existing Notes Redemption is conditional on completion of the Offering.

(3) Represents the principal amount outstanding under the Existing Revolving Credit Facility Agreement which is drawn as of the date of this Offering Memorandum, excluding accrued and unpaid interest.

(4) Represents cash to be used for general corporate purposes, including to finance potential future bolt-on acquisitions. See "*Summary—The Refinancing*."

(5) Represents an estimate of fees and expenses associated with the Refinancing, including commitment, placement, financial advisory and other transaction costs and professional fees.

CAPITALIZATION

The following table sets forth the cash and cash equivalents and capitalization (i) of the Issuer on a historical basis, as of June 30, 2021 and (ii) of the Issuer as adjusted to give effect to the consummation of the Refinancing, including the application of the proceeds of the Offering, as if it had occurred on June 30, 2021.

You should read this table in conjunction with "*Presentation of Financial and Other Information*," "*Summary—The Refinancing*," "*Use of Proceeds*," "*Selected Historical Consolidated Financial and Other Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," "*Description of the Notes*" and our Consolidated Financial Statements included elsewhere in this Offering Memorandum.

	As of June 30, 2021	
	Historical	**As adjusted for the Refinancing**
(€ million)		
Cash and cash equivalents(1)	**83.0**	**145.0**
Existing Revolving Credit Facility(2)	30.0	—
Existing Notes(3)	250.0	—
Revolving Credit Facility(4)	—	—
Notes offered hereby(5)	—	350.0
Total senior secured debt	**280.0**	**350.0**
Other financial liabilities(6)	72.5	72.5
Total gross debt	**352.5**	**422.5**
Shareholders' equity	83.4	83.4
Total capitalization(7)	**435.9**	**505.9**

(1) Historical cash and cash equivalents reflects the cash and cash equivalents of the Issuer as of June 30, 2021 as adjusted for the payment of a €10.0 million dividend to Almaviva Technologies S.r.l. that we expect to make prior to the Issue Date. As adjusted cash and cash equivalents reflects the cash and cash equivalents of the Issuer as of June 30, 2021 as adjusted for the €77.0 million of cash from the proceeds of the Offering funded to the Issuer's balance sheet for general corporate purposes (including to fund potential future bolt-on acquisitions). We have not adjusted As Adjusted Cash and Cash Equivalents for the payment made on October 15, 2021, a regularly scheduled interest payment date, of €9.1 million of interest that had accrued on the Existing Notes from April 16, 2021 to October 15, 2021.

(2) Represents the principal amount outstanding under the Existing Revolving Credit Facility Agreement which is drawn as of the date of this Offering Memorandum, excluding accrued and unpaid interest.

(3) Represents the aggregate principal amount of the Existing Notes, excluding accrued and unpaid interest.

(4) The Revolving Credit Facility Agreement provides for borrowings of up to €70.0 million under the Revolving Credit Facility. The Revolving Credit Facility is not expected to be drawn as of the Issue Date.

(5) Represents the aggregate principal amount of the Notes offered hereby.

(6) Includes lease liabilities and other financial liabilities, net of the residual effect of the amortized cost on the Existing Notes.

(7) Represents the sum of total gross debt and shareholders' equity, as adjusted to give effect to the Refinancing.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables presents our selected historical financial information and should be read in conjunction with our Consolidated Financial Statements and the sections entitled "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information provided below was primarily derived from the Consolidated Financial Statements. These financial statements were prepared in accordance with IFRS. Our consolidated financial statements as of and for the years ended December 31, 2020, 2019 and 2018 were audited by EY S.p.A. which issued an unqualified audit opinion thereon. The information below is not necessarily indicative of the results of future operations.

Consolidated Income Statement

	Year ended December 31,			Six months ended June 30,	
	2018	**2019**	**2020**	**2020**	**2021**
		(audited)		**(unaudited)**	
			(EUR in millions)		
Revenues from contracts with customers	799.7	866.7	871.3	431.8	451.4
Other income	23.0	20.1	19.4	8.1	9.7
Total of revenues and other income	**822.7**	**886.8**	**890.7**	**439.9**	**461.1**
Cost of raw materials and services	(279.3)	(301.7)	(317.1)	(156.6)	(169.6)
Personnel expenses	(457.5)	(474.0)	(443.5)	(222.3)	(214.3)
Depreciation and amortization	(26.9)	(41.5)	(39.2)	(19.7)	(17.7)
Losses from sale of non-current assets	(0.1)	0	0.7	0	0.1
Other expenses	(7.8)	(9.3)	(13.9)	(4.4)	(5.4)
Operating profit/(loss)	**51.1**	**60.3**	**77.7**	**36.9**	**54.2**
Financial income	0.6	0.6	1.0	0.4	0.2
Financial expenses	(29.9)	(34.8)	(33.0)	(15.6)	(15.4)
Exchange gains/(losses)	(0.3)	(3.8)	(0.6)	(0.9)	(0.1)
Profit/(loss) from investments accounted for using equity method	0	0	0	0	(0.9)
Profit/(Loss) before taxes	**21.5**	**22.3**	**45.1**	**20.8**	**38.0**
Income taxes	(3.5)	(8.6)	(9.0)	(0.9)	(4.0)
Profit/(Loss) from continuing operations	**18.0**	**13.7**	**36.1**	**19.9**	**34.0**
Profit/(Loss) for the period	**18.0**	**13.7**	**36.1**	**19.9**	**34.0**
Of which:					
Profit/(loss) pertaining to the group	16.7	12.1	35.1	19.1	33.2
Profit/(loss) pertaining to non-controlling interests	**1.3**	**1.6**	**1.0**	**0.8**	**0.8**

Summarized Reclassified Consolidated Statement of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2018	**2019**	**2020**	**2020**	**2021**
				(unaudited)	
	(EUR in millions)				
Profit/(Loss) for the year/period	18.0	13.7	36.1	19.9	34.0
Income Tax Adjustment[(1)]	(0.7)	2.5	0.4	(1.1)	0
Net Financial Income/(Expenses) Adjustment[(2)]	4.3	8.5	10.0	5.4	3.3
Depreciation, amortization and write-downs	26.9	41.5	39.2	19.7	17.7
Adjustments for other non-monetary items[(3)]	0.4	3.8	(0.1)	0.9	0.9
Change in Working Capital[(4)]	(27.8)	(13.3)	(13.1)	2.8	(61.2)
Cash-flow generated from/(absorbed by) operating activities (A)	**21.1**	**56.7**	**72.5**	**47.6**	**(5.3)**
Capital Expenditures[(5)]	(23.7)	(28.1)	(31.3)	(11.1)	(14.0)
Other Investing Cash Flow Items[(6)]	(2.9)	(0.7)	(6.5)	(10.2)	0
Cash-flow generated from/(absorbed by) investing activities (B)	**(26.6)**	**(28.8)**	**(37.8)**	**(21.3)**	**(14.0)**
Cash-flow generated from/(absorbed by) financing activities (C)	**13.9**	**(9.6)**	**(15.5)**	**(10.8)**	**5.9**
Cash flow of the year/period (A+B+C)	**8.4**	**18.3**	**19.2**	**15.5**	**(13.4)**
Effect of foreign exchange rates on cash and cash equivalents	(6.3)	(0.5)	(10.1)	(13.1)	2.9
Cash and cash equivalents at beginning of the year/period	69.5	71.6	89.4	89.4	98.5
Cash and cash equivalents at end of the year/period	**71.6**	**89.4**	**98.5**	**91.8**	**88.0**

(1) Represents the aggregate of income taxes paid and income taxes as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(2) Represents the aggregate of financial income, financial expenses, interest received and interest paid as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(3) Represents the aggregate of losses from the sale of non-current assets, exchange (gains)/losses and write-downs/(revaluations) of non-current financial assets and equity investments as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(4) Represents the aggregate of change in trade receivables, change in inventories, change in contract assets, change in trade payables, change in other assets, change in other liabilities, change in liabilities for employee benefits and provisions and change in deferred tax assets (liabilities) as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(5) Represents the aggregate of investments in property, plant and equipment and investments in intangible assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(6) Represents the aggregate of acquisition of subsidiaries net of cash and cash equivalents, acquisitions of investments accounted for using the equity method, proceeds from divestments of property, plant and equipment, intangible assets and investments accounted for using the equity method, change in non-current financial assets and change in current financial assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

Consolidated Statement of Financial Position

	As of December 31,			As of June 30,
	2018	2019	2020	2021
		(audited)		(unaudited)
		(EUR in millions)		
ASSETS				
Non-current assets				
Intangible assets	57.3	63.5	65.4	66.9
Goodwill	38.8	39.5	39.5	39.5
Property, Plant and equipment	51.1	101.4	81.9	88.2
Investments accounted for using the equity method	1.1	1.1	1.1	0.2
Non-current financial assets	1.6	4.9	1.2	1.2
Deferred tax assets	15.3	12.8	14.8	23.7
Other non-current assets	2.5	1.8	1.5	1.6
Total non-current assets	**167.7**	**225.0**	**205.4**	**221.3**
Current assets				
Inventories and amount due from customers	52.0	6.0	8.1	8.9
Contract assets	0	47.2	37.3	41.2
Trade receivables	303.7	352.8	351.0	382.8
Current financial assets	4.1	3.4	4.2	3.6
Other current assets	98.9	119.6	133.1	162.0
Cash and cash equivalents	71.6	89.4	98.5	88.0
Total current assets	**530.3**	**618.4**	**632.2**	**686.5**
Non-current assets held for sale	2.5	2.5	2.5	2.5
Total assets	**700.5**	**845.9**	**840.1**	**910.3**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share Capital	154.9	154.9	154.9	154.9
Share premium reserve	17.8	17.8	17.8	17.8
Other reserves	(185.5)	(170.3)	(187.6)	(138.0)
Profit/(loss) for the period	16.7	12.1	35.1	33.2
Total group shareholders' equity	3.9	14.5	20.2	67.9
Non-controlling interests	4.7	6.5	5.2	15.5
Total Shareholders' Equity	**8.6**	**21.0**	**25.4**	**83.4**
Non-current liabilities for employee benefits	48.5	51.3	48.6	47.1
Non-current provisions	5.0	7.0	5.8	6.1
Non-current financial liabilities	274.9	322.5	317.2	317.9
Deferred tax liabilities	1.5	1.4	0	0
Other non-current liabilities	0.8	1.0	0.8	0.7
Total non-current liabilities	**330.7**	**383.2**	**372.4**	**371.8**
Current provisions	5.6	8.5	11.2	7.7
Trade payables	222.2	262.4	270.8	275.6
Current financial liabilities	14.3	34.3	22.9	19.6
Current tax liabilities	36.1	37.7	27.7	30.7
Other current liabilities	83.0	98.8	109.7	121.5
Total current liabilities	**361.2**	**441.7**	**442.3**	**455.1**
Total liabilities	**691.9**	**824.9**	**814.7**	**826.9**
Total equity and liabilities	**700.5**	**845.9**	**840.1**	**910.3**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion in conjunction with the sections entitled "Presentation of Financial and Other Information," "Summary Historical and Certain Other Financial Data," and "Selected Historical Consolidated Financial and Other Data" as well as with the Financial Statements included in this Offering Memorandum. Our consolidated financial statements as of and for the years ended December 31, 2020, 2019 and 2018 on which the following discussion is based have been prepared in accordance with IFRS. Our unaudited interim condensed consolidated financial information for the six months ended June 30, 2021 and 2020 has been prepared in accordance with IAS 34. The following discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, please refer to "Forward-Looking Statements" and "Risk Factors."

Overview

We are a leading provider of mission-critical IT services in Italy and a leading provider of customer relationship management ("**CRM**") outsourcing services in Italy and Brazil. Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies business.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration, banking and insurance, and industry and utilities sectors:

- ***Transportation and Logistics.*** We develop and manage integrated passenger mobility systems and services for public authorities and private enterprises operating in the transportation and logistics sector. We leverage the new opportunities offered by digital technologies to provide IT solutions and applications for some of the industry's most critical business processes, including command and control functions, passenger travel information (both aboard trains and in train stations), and traffic management. We have over 1,000 professionals who specialize in transportation technologies and have developed a proprietary technology platform, MoovA, which provides end-to-end solutions for transportation and logistics business processes. We are a leader in the Italian market for several modes of transportation, including rail, road and sea, and are an important player in the international market. We have deep and longstanding relationships with some of the most significant operators within the industry, including Ferrovie dello Stato Italiane Group, Italy's national rail network, for whom we have been developing and managing mission-critical software systems and integrated ICT infrastructure management systems for over 25 years.
- ***Public Administration.*** We work with a broad range of government entities to assure the delivery of some of their most important public services. For example, we have developed and currently manage end-to-end systems for the payment of social security benefits to millions of Italian pensioners, the national financial statements for the ministry of economy and finance, the local government information system (including the Smart city, Smart tourism and e-Government systems) and the online enrollment systems for the Italian education system. We also manage information systems for Italy's organ transplant program and other core applications for the Ministry of Health, electronic passports, identification and residency permit systems for the Italian Homeland Security Department, and the command and control systems for Italian law enforcement agencies and the armed forces. We have developed customer engagement solutions for public administration citizen services using emerging technologies (such as public cloud software-as-a-service (Saas), artificial intelligence and machine learning algorithms). We also have strong relationships with most of the government agencies and institutions of the European Union.
- ***Banking and Insurance.*** We offer financial services business process management systems, payment solutions, services for loan and financial management, and products and services for compliance and fraud management, enabling our banking and insurance customers to increase cost efficiency, grow their customer base and effectively manage risk. Our recent corporate acquisitions in the IT financial services market have allowed us to develop a specialized offering for customers in the wealth management sector, including stock brokerage, asset management and private banking firms, while increasing our product efficiency and enhancing our knowledge in the field of financial technology and expertise in design consultancy.
- ***Industry and Utilities.*** We offer connected car technology with our vehicle-to-everything (V2X) platform as well as car configurator technology, on board unit (OBU) solutions for traffic control, and real time

fleets monitoring. We provide customers in the industrial and manufacturing sectors technologies for augmented, mixed reality solutions and predictive maintenance algorithms for engines and assembly lines. We also provide solutions for energy and utilities distribution management systems and energy saving solutions for plants and buildings in the infrastructure asset management market.

Our IT systems, solutions and services draw on our deep understanding of the vertical markets in which they are delivered, leveraging decades of focus on these markets, as well as our expertise in the latest technology trends, such as cloud computing, internet of things, augmented and virtual reality, digital twin, mobile and mobility, artificial intelligence and data analytics, blockchain and cyber security, in addition to enterprise resource planning and corporate solutions. We are also developing IT solutions for the emerging digital healthcare market, such as location intelligence to assist with health and safety protection and predictive analysis for disease diagnosis. In 2018, we opened a competence center in Naples which now has around 400 employees with physics, math and engineering specialisms who provide IT software development services for all sectors. For the twelve months ended June 30, 2021, the IT Services Division accounted 67.7% of our revenues after intragroup eliminations and has historically outperformed compared to Italian GDP, showing spreads of 14.4%, 17.7% and 20.4% for 2018, 2019 and 2020, respectively. Our IT Services business was ranked fourth in Italy in 2020 measured by revenues (source: KPMG).

CRM

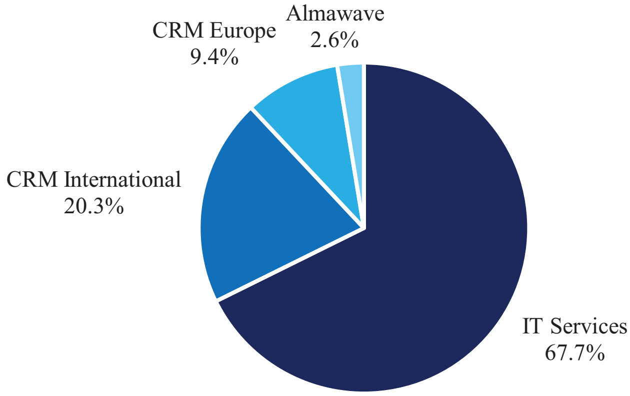
Our CRM Division offers a wide variety of CRM services and solutions to assist our customers in growing their businesses and enabling them to focus on their core competencies. Our CRM Division is organized into two subdivisions, CRM Europe and CRM International, reflecting our geographic focus on Italy and Latin America (Brazil and Colombia) and our core language competencies in Italian, English, French, Portuguese and Spanish. Our CRM Europe business was the third largest provider of CRM services in the Italian market in 2020, and our CRM International business has grown quickly to establish itself as the second largest provider of CRM services in Brazil (source: KPMG). Our CRM Division accounted for 29.7% of our revenues for the twelve months ended June 30, 2021, after intragroup eliminations. Our CRM Europe subdivision accounted for 9.4% of our revenues for the twelve months ended June 30, 2021 after intragroup eliminations. Our CRM International subdivision accounted for 20.3% of our revenues for the twelve months ended June 30, 2021 after intragroup eliminations.

Almawave

Our Almawave Division develops cutting-edge software applications and services in the areas of artificial intelligence, natural language understanding, customer interaction, big data and speech and text recognition in order to enable our customers to better target the consumers of their products and services. We started Almawave in 2008 to establish a platform for the development of proprietary technologies to support our IT Services and CRM businesses. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide, but are also offered as standalone services to other customers. Almawave has also developed a proprietary platform with more than ten modules in over 30 languages. For the twelve months ended June 30, 2021, our Almawave Division accounted for 2.6% of our revenues, after intragroup eliminations. In March 2021, Almawave completed its initial public offering and thereafter listed on the AIM segment of the Milan Stock Exchange, where approximately 26.1% of its shares are trading.

The following diagram shows a breakdown of our revenues for the twelve months ended June 30, 2021 by division and subdivision:

Revenues by Division and Subdivision
Twelve months ended June 30, 2021



Our technology specialists serve our IT Services Division customers from seven centers of competence in Italy and a location in Belgium, the United States and Saudi Arabia. We serve our CRM Division customers from more than 25,000 workstations in Italy, Romania, Brazil, Colombia and Tunisia. Our Almawave products are delivered from four locations in Italy and two in Brazil, with dedicated centers of competence in Trento and Rome, Italy. As of June 30, 2021, we had more than 42,000 FTE employees.

We generated revenues of EUR 890.9 million in the twelve-month period ended June 30, 2021 and our Adjusted EBITDA was EUR 137.3 million for the same period.

Key Factors Affecting Results of Operations

During the periods under review, our results of operations have been affected by, and we expect them to continue to be affected by, a number of external and internal factors, which are discussed below.

Key Customer Relationships

We derive a large proportion of our revenues from a limited number of large private and public sector customers with whom we have developed important, long-term, strategic relationships. Both our IT services and CRM customers have engaged us to manage some of the most important aspects of their operations, including entire systems and networks, which are integral to the smooth functioning of their businesses and, in some cases, of national critical importance. For example, we believe that our IT services are vital to the daily operation of the Italian transportation network. We believe that many of our customers may be reluctant to change service suppliers for these critical tasks, and we consider our record of customer retention to be very strong. In 2020, our largest customer, with whom we have a relationship of more than 25 years, accounted for 20% of our revenues, whereas our five largest customers, with whom we have relationships averaging more than 21 years, and our ten largest customers, with whom we have relationships averaging more than 18 years, together represented 36% and 47%, respectively, of our revenues in the same period. Our success in retaining such customers depends on our ability to understand our customers' needs and deliver solutions and services that are tailored to meet their needs. We believe a key advantage we possess for successfully maintaining and renewing our contracts with such key customers is our intimate knowledge of, and familiarity with, our customers' industries and business processes.

Given the significant proportion of our revenues contributed by our largest customers, however, the loss of one or more of them, or a significant reduction in volume of business with such existing customers, would have a significant adverse impact on our results of operations. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—We derive a large proportion of our revenues from a small number of large customers and the framework agreement with our largest customer expires on December 31, 2021 and such customer is currently evaluating whether to award us certain significant tenders; the loss of certain customers or a decrease in business volume from such customers will have a significant negative impact on our business.*"

Ability to continue to win attractive public tenders and to execute them profitably

A substantial portion of our revenues, particularly within our IT Services Division, has been and will continue to be generated by sales to our longstanding public sector customers in Italy. In 2020, for example, public administration customers, including those in the transportation and logistics sectors, accounted for 65% of our IT Services revenues. In addition, substantially all of the services we provide to these customers were originally awarded through public tender. Given the significance of public sector customers and public tenders to our IT Services Division's results, the level of public spending on technological infrastructure and other technology-related investments is important to our business. According to the Italian government's official figures, government spending on Information and Communication Technology related expenses was EUR 6.0 billion and EUR 6.2 billion in 2019 and 2020 respectively, compared to EUR 5.6 billion on the average between 2016 and 2018. Any increase or decrease in such public spending could, however, have a corresponding effect on our financial position and results of operations.

In 2017, we, together with PwC and the technology consultancy Indra Sistemas S.A. as co providers, were awarded two of four framework agreements with Consip, Italy's national public procurement body, to implement Italy's Public Connectivity System. Developed by AgID, the Agency for a Digital Italy, the Public Connectivity System is a large-scale digital transformation project with the objective of facilitating the interoperability of the IT systems of Italy's central, local and regional public administrations to improve citizens' access to information and integrated services. Lot 3 has a maximum value of EUR 400 million over five years and is focused on interoperability among administrations, private companies and third-party providers. Lot 4 has a maximum value of EUR 450 million over five years and contemplates the development of web portals and online services, including access from mobile devices, to offer citizens digital services. At the beginning of 2021, both framework agreements were extended to have a maximum value of EUR 1,275 million. As lead contractor under a joint venture agreement with PwC and Indra, we are contractually entitled to 77.6% of Lot 3 revenues and 72.8% of Lot 4 revenues.

Our continued success in winning public tenders in this area depends among other things on the availability and quality of the contracts put out to tender by the government, which in turn is driven by Italian and EU government budgets and policies, as well as our ability to anticipate and effectively respond to changes in the technology services market and develop new or enhanced technologies or processes that are competitive in the market. The market for IT services and new technologies markets are characterized by rapid technological change, evolving industry standards, changing customer preferences and new product and service introductions. In addition, our success will depend on our ability to estimate resources and costs in the context of a competitive tender process in order to arrive at a price quote that is competitive but high enough to be profitable if we win the bid. Further, our success will depend on our ability to adapt to the stricter regulatory requirements required for participating in governmental contracts. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—We face risks related to the services we provide to government and other public entities*" and "*Risk Factors—Risks Relating to our Business, Industry and Operations—A significant proportion of our revenues come from commercial and government contracts awarded through competitive bidding processes, which require substantial time and resource investments.*"

Macroeconomic and political developments in Italy and Brazil

Our results of operations are significantly affected by the general economic conditions and political developments in Italy, and our other core market, Brazil. In 2018, 2019 and 2020, and the six-month period ended June 30, 2021, we generated 71%, 73%, 76% and 79% of our total revenues, respectively, in Italy whereas revenues generated in Brazil represented 27%, 25%, 22% and 18% of our total revenues in the corresponding periods. Our results of operations are correlated to general economic conditions and political stability or instability in the markets in which we operate because they affect both private and public sector spending on, and investment in, IT and business process outsourcing services, including CRM.

Our business in Italy has been adversely affected by the Italian slowly-growing economy. Since 2017, Italy has experienced slow economic growth and, following the outbreak of the COVID-19 pandemic, the Italian economy contracted sharply during the first half of 2020, recording a contraction in GDP of 5.4% in the first quarter of 2020, followed by a 12.8% decrease in the second quarter of 2020, in each case as compared to the previous quarter. Notwithstanding a rebound in the third quarter of the year with the GDP growing by 16.1% as compared to the previous quarter, the fourth quarter showed a 1.9% decrease compared to the previous quarter, with the government debt to GDP ratio being 155.8% as of December 31, 2020, an increase of 21.2 percentage points compared to the previous year (source: ISTAT). Overall, GDP grew by 0.9% in 2018 and 0.3% in 2019, and declined by 8.9% in 2020. Italy's GDP is forecast to grow 5.0% in 2021 and 4.2% in 2022 compared to growth of 4.8% and 4.5%, respectively, for the broader Eurozone over the same periods (Source: OECD). In addition, confidence in the Italian economy has historically been undermined by political instability. These negotiations were concluded with the formation of a coalition government, composed of the anti-establishment League and Five Star Movement parties, which then collapsed in August 2019. On January 26, 2021, Prime Minister Giuseppe Conte resigned, leaving Italy in an uncertain political situation with COVID-19 infections still very high. One week later, Mario Draghi, the former head of the European Central Bank, accepted the mandate from President Sergio Mattarella to form a new unity government that would guide the country out of the pandemic and through economic recovery and, on February 13, 2021, Mr. Draghi became Prime Minister. The new Italian government received votes of confidence in both the Chamber of Deputies and the Senate on February 17, 2021 and February 18, 2021. Future events are difficult to predict and there can be no assurance that Mr. Draghi's leadership will last or that there may not be further political instability, with possible material adverse effects on the Italian market and our business.

Since 2015, Brazil has faced a severe recession, with GDP declining by 3.5% in 2015 and 3.3% in 2016, growing 1.3% in 2017, 1.8% in 2018 and 1.9% in 2020, before declining again by 4.1% in 2020 (Source: OECD). The Brazilian economy has experienced significantly lower rates of industrial production, investment, and private consumption, and significantly higher rates of unemployment, inflation and budget deficits as a result. In addition, the Brazilian real declined sharply in value against the euro between 2015 and the middle of 2020, before stabilizing during the third quarter of 2020. In response to these and similar trends, Brazil's sovereign credit rating was downgraded to below investment grade by Standard & Poor's and Moody's in 2015, and by Fitch in 2016, and has remained below investment grade ever since. Political instability continues to affect the performance of the Brazilian economy, including in connection with the government's response to the COVID-19 pandemic.

We expect general economic conditions and political developments in Italy and Brazil to continue to have a substantial effect on our results in the future. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—We are highly dependent on customers located in Italy and Brazil and any weakening of economic conditions in these markets may have a negative impact on our business.*"

Impact of our Cost Optimization Program of the CRM Europe Subdivision

In recent years, we have experienced strong competitive pressure in our CRM Europe subdivision, impacting demand for our services, our market share and our financial results, arising from a trend by some of our competitors to offshore CRM outsourcing services to low-cost locations outside of the European Union, in particular Albania. We chose not to follow this trend for many reasons, including the fact that non EU-countries like Albania are not covered by the EU's data protection laws. In response to these challenging market conditions, which had a detrimental effect on our profitability, we undertook a wide-ranging cost optimization program in 2016 to reduce the cost base of our European CRM operations and enhance the efficiency of our operating structure. Key elements of this program included the closing of our contact center in Rome in December 2016 and a related headcount reduction of approximately 2,000 employees, including a reduction of headcount at our Palermo site which we effected by successfully arranging the transfer of 300 employees to one of our competitors. At the time they occurred, these reductions represented approximately 25% of our CRM Europe personnel and approximately 4% of our employees at the Group level. In 2017, we also entered into salary reductions and wage freeze agreements with the trade unions of our Palermo and Naples contact centers and established a new performance control system to increase workers' productivity. In order to further optimize the cost mix of our CRM Europe operations, we shifted a portion of our CRM operations serving the Italian market to two new contact centers in Romania, an EU member state, a near-sourcing arrangement that we expect to continue to grow through additional site openings in Romania over the course of 2017. In addition, we continue to focus on decreasing general and administrative costs.

Our workforce has been consistently reduced in line with a "rightsizing" of our business operations and increasing focus on only profitable clients and contracts. Our headcount within Almaviva Contact has reduced from 7,906 headcounts as of December 31, 2015, to 5,681 as of December 31, 2018, 4,763 as of December 31, 2019 and 3,690 as of December 31, 2020.

As of June 30, 2021, our headcount was approximately 3,637.

Anti-Offshoring Regulation in the CRM Sector in Italy

Within our CRM Europe subdivision, we primarily offer contact center services to customers located in Italy and the success of our business depends on continued demand for such services. Our revenues in this area have been adversely affected in by an accelerating trend by certain of our competitors to outsource CRM services to low-cost offshore locations outside of the European Union, in particular Albania. Our competitors who engage in such outsourcing have lower costs than we do, as a result of which some of them have been able to undercut us on pricing and gain market share at our expense, thereby adversely impacting our results. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—Our business is dependent on continued demand for onshore contact center services in Italy and will be adversely affected should the trend toward offshore outsourcing of such services continue*."

Currency Fluctuations

Our reporting currency is the euro. However, the financial condition and results of operations of our CRM International subdivision are denominated in Brazilian Real and translated into euros for reporting purposes. Consequently, any significant period-over-period variations in the Brazilian Real against the Euro may have an impact on our reported results, including our revenues, operating profit and equity. The Brazilian real/euro exchange rate has fluctuated significantly since 2014, ranging from BRL 4.444 per euro at the end of 2018 to BRL 4.516 at the end of 2019 and BRL 6.374 at the end of 2020, and continues to be volatile. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—We are exposed to currency exchange risk in the conduct of our business.*"

Changes to accounting standards and use of estimates and assumptions related to complex accounting matters

Our financial statements are prepared and presented in accordance with IFRS. Certain IFRS standards have been recently revised by the IASB. Notably, the effectiveness of IFRS 16 (from January 1, 2019) had an impact on our reported assets, liabilities and income statement as we recognized new assets and liabilities for our operating leases. We have not restated the financial information as of December 31, 2018 and for the year then ended to give effect to the impact of IFRS 16. As a result of this change in accounting policies, our results and financial position as of and for that year may not be directly comparable with other periods.

Furthermore, in the process of applying the Group's accounting policies, management uses estimates and assumptions related to complex accounting matters that are relevant to our business, including, but not limited to, impairment of assets, leases terms, provision for expected credit losses of trade receivables and contract assets, provisions for risks, pension plans, determination of the fair value of financial instruments and recoverability of deferred tax assets.

Description of Key Line Items from the Consolidated Income Statement

Revenues from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration which we expect to be entitled in exchange for those goods or services. We have generally concluded that it is the principal in our revenue arrangements. We consider whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (for example, warranties or customer loyalty points). In determining the transaction price for the sale of equipment, we consider the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). The presentation of revenues and the consequent contractual activities is done on a contract-by-contract basis and not by single obligation to do so.

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

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

Other income

Other income is primarily derived from recovery of costs for personnel on secondments to customers, which reflect the cost paid by our customers to us for such secondments, and recovery of costs for services incurred by us on behalf of our business partners for the portion attributable to them. Other income also includes operating grants from the government and the reversal of over-accruals of trade payables or provisions, which refer to situations where the costs actually incurred by us are different from their initial estimate at the time of the accrual.

Cost of raw materials and services

The cost of raw materials and services includes the cost of raw materials and the cost of services, including those relating to maintenance, consultancy and professional services, and distribution and warehousing. It also includes canteen expenses and meal vouchers for employees as well as legal and notary expenses, commissions and expenses for bank services, costs for corporate security services at our properties, and certain administrative costs incurred on behalf of group companies such as insurance policies and travel and transfer expenses.

Personnel expenses

Our personnel expenses consist mainly of salaries, social security contributions and employee benefit expenses net of a portion of personnel expenses capitalized for assets created internally. Personnel expenses consistently represent our most significant expense and have the most pronounced impact on our margins.

Depreciation and amortization

Depreciation and amortization include amortization of industrial patent and intellectual property rights as well as concession, license and trademarks and other intangibles and depreciation of buildings, industrial and commercial equipment, plant and machinery and other assets.

Losses from sale of non-current assets

Losses from the sale of non-current assets relate to sales of assets at a lower price than their book value.

Other expenses

Other expenses mainly include provisions for risks and other charges. Provisions for risks mainly consists of penalties provided for in connection with customer contracts, and similar provisions, while other charges are mainly related to one-off costs that affect our operations from year to year.

Financial income

Finance income consists principally of interest on cash surpluses, income from long-term monetary investments and gains on adjustment for fair value of financial instruments.

Financial expenses

Financial expenses costs consist principally of interest and other expenses paid on short- and long-term loans and borrowings, as well as interest and expenses on leases, current account overdrafts and losses on adjustment for fair value of financial instruments.

Exchange gains/(losses)

Exchange gains/(losses) consists of gains and losses originating from currency exchange differences related to assets and liabilities denominated in foreign currencies.

Profit/(loss) from investments accounted for using the equity method

Profit/(losses) from investments accounted for using the equity method relates to income or loss from investments in entities which are not consolidated into our results, such as joint ventures.

Profit/(loss) before taxes

Profit/(loss) for the period consists of total profit/(loss) for the period from continuing and discontinued operations prior to income tax.

Income taxes

Income taxes consists of the corporate income tax to be paid on our corporate profit and of the effects associated with deferred taxes.

Results of Operations

The following table sets forth our historical revenues and expense items for each of the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
		(audited)		(unaudited)	
			(EUR in millions)		
Revenues from contracts with customers	799.7	866.7	871.3	431.8	451.4
Other income	23.0	20.1	19.4	8.1	9.7
Total of revenues and other income	**822.7**	**886.8**	**890.7**	**439.9**	**461.1**
Cost of raw materials and services	(279.3)	(301.7)	(317.1)	(156.6)	(169.6)
Personnel expenses	(457.5)	(474.0)	(443.5)	(222.3)	(214.3)
Depreciation and amortization	(26.9)	(41.5)	(39.2)	(19.7)	(17.7)
Losses from sale of non-current assets	(0.1)	(0)	0.7	0	0.1
Other expenses	(7.8)	(9.3)	(13.9)	(4.4)	(5.4)
Operating profit/(loss)	**51.1**	**60.3**	**77.7**	**36.9**	**54.2**
Financial income	0.6	0.6	1.0	0.4	0.2
Financial expenses	(29.9)	(34.8)	(33.0)	(15.6)	(15.4)
Exchange gains/(losses)	(0.3)	(3.8)	(0.6)	(0.9)	(0.1)
Profit/(loss) from investments accounted for using equity method	0	0	0	0	(0.9)
Profit/(Loss) before taxes	**21.5**	**22.3**	**45.1**	**20.8**	**38.0**
Income taxes	(3.5)	(8.6)	(9.0)	(0.9)	(4.0)
Profit/(Loss) from continuing operations	**18.0**	**13.7**	**36.1**	**19.9**	**34.0**
Profit/(Loss) for the period	**18.0**	**13.7**	**36.1**	**19.9**	**34.0**
Of which:					
Profit/(loss) pertaining to the group	16.7	12.1	35.1	19.1	33.2
Profit/(loss) pertaining to non-controlling interests	1.3	1.6	1.0	0.8	0.8
EBITDA	**78.1**	**101.8**	**116.2**	**56.5**	**71.8**
EBITDA margin	**9.8%**	**11.7%**	**13.3%**	**13.1%**	**15.9%**
Adjusted EBITDA	**78.1**	**101.8**	**122.1**	**56.5**	**71.8**
Adjusted EBITDA margin	**9.8%**	**11.7%**	**14.0%**	**13.1%**	**15.9%**

Comparison of the Six Months Ended June 30, 2020 and 2021

Revenues

Our revenues increased by EUR 19.6 million, or 4.5%, from EUR 431.8 million in the six months ended June 30, 2020 to EUR 451.4 million in the six months ended June 30, 2021. This increase was primarily due to an increase in revenues from IT Services and Almawave—New Technology segments.

The following table sets forth the revenues for our reportable segments for each of the periods indicated, with inter-segment revenues eliminated.

	Six months ended June 30,	
	2020	2021
	(EUR in millions)	
IT Services	262.0	306.2
CRM Europe	45.4	41.4
CRM International	114.6	91.5
Almawave−New Technology	9.8	12.3
Revenues from contracts with customers	**431.8**	**451.4**

IT Services

Revenues of our IT Services segment increased by EUR 44.2 million, or 16.9%, from EUR 262 million in the six months ended June 30, 2020 to EUR 306.2 million in the six months ended June 30, 2021. This increase was primarily due to an increase in demand for services from customers in the Transport, Welfare, International—UE Activities, Health, Treasury and Public Finance, Banking and Insurance business sectors. This growth was partially offset by a fall in revenues attributable to certain other sectors such as Ministries, Agriculture-Environment and others.

CRM Europe

Revenues of our CRM Europe segment decreased by EUR 4.0 million, or 8.9%, from EUR 45.4 million in the six months ended June 30, 2020 to EUR 41.4 million in the six months ended June 30, 2021. This decrease was primarily due to a decrease in demand for services from customers in the Telco, Transport and Utilities sectors and was partially offset by an increase in demand from customers in the Government and Other sectors.

CRM International

On a constant currency basis, revenues of our CRM International segment decreased by EUR 23.1 million, or 20.0%, from EUR 114.6 million in the six months ended June 30, 2020 to EUR 91.5 million in the six months ended June 30, 2021. This decrease was primarily due a decrease in demand for services from customers in the Telco, Media and Finance sectors and was partially offset by an increase in demand from customers in other areas.

Almawave—New Technology

Revenues of our Almawave—New Technology segment increased by EUR 2.5 million, or 25.5%, from EUR 9.8 million in the six months ended June 30, 2020 to EUR 12.3 million in the six months ended June 30, 2021. This increase was primarily due to the sale of software technologies to customers in Government, Transport and Other sectors, which was partially offset by a reduction in revenues from customers in Telco, Media, Finance and Other sectors.

Other income

Other income increased by EUR 1.6 million, or 20.1%, from EUR 8.1 million in the six months ended June 30, 2020 to EUR 9.7 million in the six months ended June 30, 2021. This increase is mainly attributable to IT Services and is primarily due to the reversal of other ordinary provisions for guarantees as well as the growth in other income for adjustments to revenues and costs accrued in in previous years.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 13.0 million, or 8.3%, from EUR 156.5 million in the six months ended June 30, 2020 to EUR 169.6 million in the six months ended June 30, 2021. This increase was primarily due to an increase in activity levels in our IT Services segment, with a corresponding increase in the costs for services of EUR 22.3 million from EUR 117.6 million in the six months ended June 30, 2020 to EUR 139.9 million in the six months ended June 30, 2021, a decrease in revenues in our CRM Europe segment, with a corresponding decrease in the costs for services of EUR 2.5 million from EUR 10.7 million in the six months ended June 30, 2020 to EUR 8.4 million in the six months ended June 30, 2021, a decrease in revenues in our CRM International segment, with a corresponding decrease in the costs for services of EUR 9.7 million from EUR 32.1 million in the six months ended June 30, 2020 to EUR 22.4 million in the six months ended June 30, 2021, and an increase in revenues in our Almawave—New Technology segment, with a corresponding increase in the costs for services of EUR 1.2 million from EUR 5.4 million in the six months ended June 30, 2020 to EUR 6.6 million in the six months ended June 30, 2021.

As a percentage of revenue, costs of raw materials and services constituted 36% of revenues in the six months ended June 30, 2020 and 38% of revenues in the six months ended June 30, 2021.

Personnel expenses

Personnel expenses decreased by EUR 8.0 million, or 3.5%, from EUR 222.3 million in the six months ended June 30, 2020 to EUR 214.3 million in the six months ended June 30, 2021. This decrease was primarily due to a decrease of personnel expenses in our CRM International and CRM Europe segments. In particular, the number of employees of the CRM Europe sector reduced as a consequence of the activation of the so called "social clause" which resulted from the termination of the related contracts with customers.

Depreciation and amortization

Depreciation and amortization decreased by EUR 2.0 million, or 10.1%, from EUR 19.7 million in the six months ended June 30, 2020 to EUR 17.7 million in the six months ended June 30, 2021. This decrease results from the termination of some lease contracts and affected all the reportable segments of the Group except for Almawave—New Technology.

Other expenses

Other expenses increased by EUR 1.0 million, or 23.0%, from EUR 4.4 million in the six months ended June 30, 2020 to EUR 5.4 million in the six months ended June 30, 2021. This increase was primarily due to higher provisions for risks and to the growth in other operating costs, almost exclusively referred to adjustments to revenues and costs accrued in previous years.

Operating profit

Operating profit increased by EUR 17.3 million, or 46.8%, from EUR 36.9 million in the six months ended June 30, 2020 to EUR 54.2 million in the six months ended June 30, 2021.

Financial income

Financial income decreased by EUR 0.2 million, or 50.0%, from EUR 0.4 million in the six months ended June 30, 2020 to EUR 0.2 million in the six months ended June 30, 2021. This decrease was primarily due to a decrease of financial income related to our IT Services segment.

Financial expenses

Financial expenses decreased by EUR 0.2 million, or 1%, from EUR 15.6 million in the six months ended June 30, 2020 to EUR 15.4 million in the six months ended June 30, 2021.

Exchange gains/(losses)

Exchange losses decreased by EUR 0.7 million from EUR 0.8 million in the six months ended June 30, 2020 to EUR 0.1 million in the six months ended June 30, 2021. The difference was primarily due to the effects of exchange rates.

Income taxes

Income taxes increased by EUR 3.1 million from EUR 0.9 million in the six months ended June 30, 2020 to EUR 4.0 million in the six months ended June 30, 2021. This increase was attributable to higher current taxes of the Italian companies resulting from the increase in the companies' profits during the period. Such increase in current taxes was positively offset by a growth in deferred taxes assets as a consequence of the tax realignment of the goodwill in the parent company AlmavivA SpA, pursuant to Article 110 (*General revaluation of business assets and shareholdings 2020*) of Law Decree no. 104 (*Urgent measures to support and relaunch the economy*).

Profit/(loss) for the year

Profit increased by EUR 14.1 million from EUR 19.9 million in the six months ended June 30, 2020 to EUR 34.0 million in the six months ended June 30, 2021 due to the factors described above.

EBITDA and EBITDA margin

EBITDA increased by EUR 15.2 million from EUR 56.6 million in the six months ended June 30, 2020 to EUR 71.8 million in the six months ended June 30, 2021. This increase was primarily due to: (i) a growth in our IT Services segment mainly related to higher revenues for the production of software and ICT solutions and services, and in our Almawave—New Technology segment resulting from additional revenues associated to the development of SPC contracts and Iride platform; and (ii) savings on external costs related to logistics within the CRM Europe, which fully offset the reduction of revenues recorded in the segment itself, thus leading to a positive EBITDA for CRM Europe in the half-year ended June 30, 2021. EBITDA margin increased from 13.1% in the six months ended June 30, 2020 to 15.9% in the six months ended June 30, 2021.

Comparison of the Financial Years Ended December 31, 2019 and 2020

Revenues

Our revenues increased by EUR 4.5 million, or 0.5%, from EUR 866.7 million in the year ended December 31, 2019 to EUR 871.2 million in the year ended December 31, 2020. This increase was primarily due to an increase in revenues in our IT Services segment.

The following table sets forth the revenues for our reportable segments for each of the years indicated, with inter-segment revenues eliminated.

	Year ended December 31,	
	2019	2020
	(EUR in thousands)	
IT Services	500.9	558.8
CRM Europe	118.6	87.4
CRM International	232.1	204.2
Almawave−New Technology	15.1	20.9
Revenues from contracts with customers	**866.7**	**871.3**

IT Services

Revenues of our IT Services segment increased by EUR 57.9 million, or 11.6%, from EUR 500.9 million in the financial year ended December 31, 2019 to EUR 558.8 million in the financial year ended December 31, 2020. This increase was primarily due to the increase in demand for services from customers in the Health, Treasury and Public Finance, Utilities, Homeland Security, Interior, Justice, Agriculture, Welfare, International Banking and other business sectors. This growth was partially offset by a fall in revenues in certain sectors such as Transport and Local Government.

CRM Europe

Revenues of our CRM Europe segment decreased by EUR 31.2 million, or 26.3%, from EUR 118.6 million in the financial year ended December 31, 2019 to EUR 87.4 million in the financial year ended December 31, 2020. This decrease was primarily due to a decrease in demand for services from customers in all business sectors, particularly the Telco, Government and Utilities sectors and, to a lesser extent, Transport and other sectors.

CRM International

On a constant currency basis, revenues of our CRM International segment decreased by EUR 27.9 million, or 12.0%, from EUR 232.1 million in the financial year ended December 31, 2019 to EUR 204.2 million in the financial year ended December 31, 2020. This decrease was primarily due to a decrease in demand for services from the Telco, Media, Government and other sectors and was partially offset by an increase in demand for services from customers in the Finance sector.

Almawave—New Technology

Revenues of our Almawave—New Technology segment increased by EUR 5.8 million, or 38.4%, from EUR 15.1 million in the financial year ended December 31, 2019 to EUR 20.9 million in the financial year ended December 31, 2020. The increase was primarily due to the sale of software technologies to customers in the Government, Finance and Transport sectors and was partially offset by a slight fall in revenues from customers in Telco, Media, Utilities and Other sectors.

Other income

Other income decreased by EUR 0.7 million, or 3.5%, from EUR 20.1 million in the financial year ended December 31, 2019 to EUR 19.4 million in the financial year ended December 31, 2020. This decrease was primarily due to a reduction of other income in our IT Services and Almawave—New Technology segments as result of lower tax credit for research and development recorded in AlmavivA S.p.A. and Almawave S.p.A. in the year ended December 31, 2020.

Cost of raw materials and services

Cost of raw materials and services increased by EUR 15.4 million, or 5.1%, from EUR 301.7 million in the financial year ended December 31, 2019 to EUR 317.1 million in the financial year ended December 31, 2020. This increase was primarily due to an increase in revenues in our IT Services segment, with a corresponding increase in the costs for services of EUR 23.1 million from EUR 226,7 million in the financial year ended December 31, 2019 to EUR 249,8 million in the financial year ended December 31, 2020 and an increase in revenues in our Almawave—New Technology segment, with a corresponding increase in the costs for services of EUR 3.5 million from EUR 8,6 million in the financial year ended December 31, 2019 to EUR 12,0 million in the financial year ended December 31, 2020, which was partially offset by a decrease in revenues in our CRM Europe segment, with a corresponding decrease in the costs for services of EUR 5.0 million from EUR 24,4 million in the financial year ended December 31, 2019 to EUR 19,4 million in the financial year ended December 31, 2020 and a decrease in revenues in our CRM International segment, with a corresponding decrease in the costs for services of EUR 7.4 million from EUR 61,5 million in the financial year ended December 31, 2019 to EUR 54,3 million in the financial year ended December 31, 2020.

Personnel expenses

Personnel expenses decreased by EUR 30.5 million, or 6.4%, from EUR 474 million in the financial year ended December 31, 2019 to EUR 443.5 million in the financial year ended December 31, 2020. This decrease was mainly attributable to CRM Europe and CRM International segments.

Depreciation and amortization

Depreciation and amortization decreased by EUR 2.3 million, or 5.5%, from EUR 41.5 million in the financial year ended December 31, 2019 to EUR 39.2 million in the financial year ended December 31, 2020. This decrease was primarily due to lower depreciation charges of tangible assets of CRM Europe and CRM International.

Other expenses

Other expenses increased by EUR 4.6 million, or 49.4%, from EUR 9.3 million in the financial year ended December 31, 2019 to EUR 13.9 million in the financial year ended December 31, 2020. This increase was primarily due to additional provisions for risks and charges accrued by our CRM International segment as well as higher other non-recurring operating costs recorded in connection with the settlement of items recognized in prior years.

Operating profit

Operating profit increased by EUR 17.4 million, or 28.8%, from EUR 60.3 million in the financial year ended December 31, 2019 to EUR 77.7 million in the financial year ended December 31, 2020. This increase was due to the growth in revenues of our IT Services segment and the decrease of cost of raw materials and services and personnel expenses recorded by our CRM International segment.

Financial income

Financial income increased by EUR 0.4 million, from EUR 0.6 million in the financial year ended December 31, 2019 to EUR 1.0 million in the financial year ended December 31, 2020. This increase was primarily due to an increase of financial income related to our IT Services segment.

Financial expenses

Financial expenses decreased by EUR 1.8 million, or 5%, from EUR 34.8 million in the financial year ended December 31, 2019 to EUR 33.0 million in the financial year ended December 31, 2020. The reduction is mainly attributable to the termination of some lease contracts.

Exchange gains/(losses)

Exchange losses decreased by EUR 3.1 million, from EUR 3.7 million in the financial year ended December 31, 2019 to EUR 0.6 million in the financial year ended December 31, 2020. The difference was primarily due to the effects of exchange rates.

Income taxes

Income taxes increased by EUR 0.3 million, or 3.8%, from EUR 8.6 million in the financial year ended December 31, 2019 to EUR 8.9 million in the financial year ended December 31, 2020. This increase in income taxes is the net result of a growth in current taxes of Italian companies, driven by a boost in the companies' net profits for the year, partly set-off by an increase in deferred taxes assets of the entities operating in our CRM International segment.

Profit/(loss) for the year

Profit for the year increased by EUR 22.4 million, from EUR 13.7 million in the financial year ended December 31, 2019 to EUR 36.1 million in the financial year ended December 31, 2020 as a result of the factors described above.

EBITDA and EBITDA margin

EBITDA increased by EUR 14.4 million from EUR 101.8 million in the financial year ended December 31, 2019 to EUR 116.2 million in the financial year ended December 31, 2020. This increase was primarily due to a growth in revenues of our IT Services and Almawave—New Technology segments following a higher demand for digital services from central and local Public Administration customers and private customers. CRM International and CRM Europe segments contributed to the improvement in EBITDA with a reduction in costs of raw materials and services and personnel expenses which partially offset the reduction in revenues recorded in the year. EBITDA margin increased from 11.7% in the financial year ended December 31, 2019 to 13.3% in the financial year ended December 31, 2020.

Comparison of the Financial Years Ended December 31, 2019 and 2018

Revenues

Revenues increased by EUR 67 million, or 8.3%, from EUR 799.7 million in the financial year ended December 31, 2018 to EUR 866.7 million in the financial year ended December 31, 2019. This increase was primarily due to an increase in revenues in our IT Services segment.

The following table sets forth the revenues for our reportable segments for each of the years indicated, with inter-segment revenues eliminated.

	Year ended December 31,	
	2018	**2019**
	(EUR in thousands)	
IT Services	423.6	500.9
CRM Europe	140.6	118.6
CRM International	225.8	232.1
Almawave−New Technology	9.7	15.1
Revenues from contracts with customers	**799.7**	**866.7**

IT Services

Revenues of our IT Services segment increased by EUR 77.3 million, or 18.2%, from EUR 423.6 million in the financial year ended December 31, 2018 to EUR 500.9 million in the financial year ended December 31, 2019. This increase was primarily due to the increase in demand for services from customers in the Transport, Homeland Security, Banking and Insurance, Welfare, and Agriculture-Environment business areas and, to a lesser extent, in other areas, and was partially offset by a reduction in revenues from customers in the Local Government and Utilities sectors.

CRM Europe

Revenues of our CRM Europe segment decreased by EUR 22.0 million, or 15.6%, from EUR 140.6 million in the financial year ended December 31, 2018 to EUR 118.6 million in the financial year ended December 31, 2019. This decrease was primarily due to a decrease in demand for services from customers in all business sectors, particularly the Telco, Media, Transport and Utilities sectors and was partially offset by an increase in demand for services from customers in the Government sector.

CRM International

Revenues of our CRM International segment decreased by EUR 6.3 million, or 2.8%, from EUR 225.8 million in the financial year ended December 31, 2018 to EUR 232.1 million in the financial year ended December 31, 2019. This decrease was primarily due to a decrease in demand for services from customers in the Telco, Transport and Utilities sector.

Almawave—New Technology

Revenues of our Almawave—New Technology segment increased by EUR 5.4 million, or 55.7%, from EUR 9.7 million in the financial year ended December 31, 2018 to EUR 15.1 million in the financial year ended December 31, 2019. This increase was primarily due to the sale of software technologies to customers in the Finance, Government and other areas, partially offset by a decrease in demand for services from customers in the Telco/Media, Utilities and Transport sectors.

Other income

Other income decreased by EUR 2.9 million, or 12.6%, from EUR 23.2 million in the financial year ended December 31, 2018 to EUR 20.1 million in the financial year ended December 31, 2019. This decrease was primarily due to lower reversal of provisions for risks released by our IT Services segment compared to the preceding year and lower operating grants recorded in IT Services and Almawave—New Technology due to a reduction in the tax credit for research and development recorded by AlmavivA S.p.A. and Almawave S.p.A. in the financial year ended December 31, 2019 compared to the year before..

Cost of raw materials and services

Cost of raw materials and services increased by EUR 22.4 million, or 8.0%, from EUR 279.3 million in the financial year ended December 31, 2018 to EUR 301.7 million in the financial year ended December 31, 2019.

This increase was primarily due to an increase in revenues in our IT Services segment, with a corresponding increase in the costs for services of EUR 34.5 million from EUR 192.2 million in the financial year ended December 31, 2018 to EUR 226.7 million in the financial year ended December 31, 2019, a decrease in revenues in our CRM Europe segment, with a corresponding decrease in the costs for services of EUR 10.7 million from EUR 35.1 million in the financial year ended December 31, 2018 to EUR 24.4 million in the financial year ended December 31, 2019, an increase in revenues in our Almawave—New Technology segment, with a corresponding increase in the costs for services of EUR 3.2 million from EUR 5.4 million in the financial year ended December 31, 2018 to EUR 8.6 million in the financial year ended December 31, 2019, and a decrease in revenues in our CRM International segment, with a corresponding decrease in the costs for services of EUR 6.6 million from EUR 68.3 million in the financial year ended December 31, 2018 to EUR 61.7 million in the financial year ended December 31, 2019. As a percentage of revenue, costs of raw materials and services constituted 34.9% of revenues in the financial year ended December 31, 2018 and 34.8% of revenues in the financial year ended December 31, 2019.

Personnel expenses

Personnel expenses increased by EUR 16.5 million, or 3.6%, from EUR 457.4 million in the financial year ended December 31, 2018 to EUR 474 million in the financial year ended December 31, 2019. This increase involved all segments of AlmavivA Group except for CRM Europe.

Depreciation and amortization

Depreciation and amortization increased by EUR 14.6 million from EUR 26.9 million in the financial year ended December 31, 2018 to EUR 41.5 million in the financial year ended December 31, 2019. This increase was primarily due to higher depreciations in our IT Services, CRM Europe and CRM International segments as a result of the first adoption of IFRS 16.

Other expenses

Other expenses increased by EUR 1.5 million, or 19.2%, from EUR 7.8 million in the financial year ended December 31, 2018 to EUR 9.3 million in the financial year ended December 31, 2019. This increase was primarily due to higher provisions for commercial risks related to IT Services segment.

Operating profit/(losses)

Operating profit increased by EUR 9.2 million, or 15.3%, from EUR 51.1 million in the financial year ended December 31, 2018 to EUR 60.3 million in the financial year ended December 31, 2019. This increase was primarily due to higher operating profits in our IT Services, CRM Europe and CRM International segments as a result of a growth in revenues in the year, partially offset by an increase in the operating loss recorded by our CRM Europe segment compared to the preceding year.

Financial income

Financial income was stable and amounted to EUR 0.6 million in the financial year ended December 31, 2018 and EUR 0.6 million in the financial year ended December 31, 2019.

Financial expenses

Financial expenses increased by EUR 4.9 million, or 16.4%, from EUR 29.9 million in the financial year ended December 31, 2018 to EUR 34.8 million in the financial year ended December 31, 2019. This effect is mainly related to the adoption of IFRS 16.

Exchange gains/(losses)

Exchange losses increased by EUR 3.4 million, from EUR 0.3 million in the financial year ended December 31, 2018 to EUR 3.7 million in the financial year ended December 31, 2019. The difference was primarily due to the effects of exchange rates.

Income taxes

Income taxes increased by EUR 5.1 million from EUR 3.5 million in the financial year ended December 31, 2018 to EUR 8.6 million in the financial year ended December 31, 2019. This increase was primarily due to higher current and deferred taxes relating to foreign companies. During the year, income taxes associated to the parent company AlmavivA SpA increased in line with the growth of the respective pre-tax result, but such increase was offset by higher gains resulting from the application of the consolidated taxation.

Profit/(loss) for the year

Profits for the year decreased by EUR 4.3 million, or 31.4%, from EUR 18 million in the financial year ended December 31, 2018 to EUR 13.7 million in the financial year ended December 31, 2019 as a result of the factors described above.

EBITDA and EBITDA margin

EBITDA increased by EUR 23.7 million from EUR 78.1 million in the financial year ended December 31, 2018 to EUR 101.8 million in the financial year ended December 31, 2019. This increase was primarily due to a growth in revenues of our IT Services, CRM International and Almawave—New Technology segments. EBITDA margin increased from 9.8% in the financial year ended December 31, 2018 to 11.7% in the financial year ended December 31, 2019.

Liquidity and Capital Resources

Our liquidity requirements consist mainly of cash for operating costs, interest costs on indebtedness, funding of working capital and capital expenditures. Our principal sources of liquidity are our net cash generated from operating activities and funds available under our Revolving Credit Facility. For a description of the terms of the Revolving Credit Facility, see "*Description of Certain Financing Arrangements*". In addition, we plan to fund liquidity needs for certain projects through other financings in compliance with our indebtedness covenants. See "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—Our ability to generate cash depends on many factors beyond our control and we may not be able to generate sufficient cash to service our debt*."

Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in the section titled "*Risk Factors*".

Our cash and cash equivalents amounted to EUR 88 million as of June 30, 2021 compared to EUR 98.5 million as of December 31, 2020. Following the Refinancing, we expect to have €350.0 million in aggregate principal amount of Notes outstanding, €70.0 million available under the Revolving Credit Facility and €145.0 in cash and cash equivalents. See "*Capitalization*."

We believe that our operating cash flows, together with the available liquidity under the Revolving Credit Facility will be sufficient to maintain our ongoing operations, anticipated capital expenditures and debt service requirements for the next 12 months.

Cash Flows

The following table sets forth certain consolidated cash flow information for the financial years ended December 31, 2018, 2019 and 2020 and for the six months ended June 30, 2020 and 2021:

Summarized Reclassified Consolidated Statement of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2018	**2019**	**2020**	**2020**	**2021**
				(unaudited)	
	(EUR in millions)				
Profit/(Loss) for the year/period	18.0	13.7	36.1	19.9	34.0
Income Tax Adjustment[(1)]	(0.7)	2.5	0.4	(1.1)	0
Net Financial Income/(Expenses) Adjustment[(2)]	4.3	8.5	10.0	5.4	3.3
Depreciation, amortization and write-downs	26.9	41.5	39.2	19.7	17.7
Adjustments for other non-monetary items[(3)]	0.4	3.8	(0.1)	0.9	0.9
Change in Working Capital[(4)]	(27.8)	(13.3)	(13.1)	2.8	(61.2)
Cash-flow generated from/(absorbed by) operating activities (A)	**21.1**	**56.7**	**72.5**	**47.6**	**(5.3)**
Capital Expenditures[(5)]	(23.7)	(28.1)	(31.3)	(11.1)	(14.0)
Other Investing Cash Flow Items[(6)]	(2.9)	(0.7)	(6.5)	(10.2)	0
Cash flow generated from/(absorbed by) investing activities (B)	**(26.6)**	**(28.8)**	**(37.8)**	**(21.3)**	**(14.0)**
Cash flow generated from/(absorbed by) financing activities (C)	**13.9**	**(9.6)**	**(15.5)**	**(10.8)**	**5.9**
Cash flow of the year/period (A+B+C)	**8.4**	**18.3**	**19.2**	**15.5**	**(13.4)**
Effect of foreign exchange rates on cash and cash equivalents	(6.3)	(0.5)	(10.1)	(13.1)	2.9
Cash and cash equivalents at beginning of the year/period	69.5	71.6	89.4	89.4	98.5
Cash and cash equivalents at end of the year/period	**71.6**	**89.4**	**98.5**	**91.8**	**88.0**

(1) Represents the aggregate of income taxes paid and income taxes as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(2) Represents the aggregate of financial income, financial expenses, interest received and interest paid as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(3) Represents the aggregate of losses from the sale of non-current assets, exchange (gains)/losses and write downs/(revaluations) of non-current financial assets and equity investments as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(4) Represents the aggregate of change in trade receivables, change in inventories, change in contract assets, change in trade payables, change in other assets, change in other liabilities, change in liabilities for employee benefits and provisions and change in deferred tax assets (liabilities) as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(5) Represents the aggregate of investments in property, plant and equipment and investments in intangible assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

(6) Represents the aggregate of acquisition of subsidiaries net of cash and cash equivalents, acquisitions of investments accounted for using the equity method, proceeds from divestments of property, plant and equipment, intangible assets and investments accounted for using the equity method, change in non-current financial assets and change in current financial assets as shown in the consolidated statement of cash flows or in the unaudited interim condensed consolidated statement of cash flows in our Consolidated Financial Statements.

Operating Activities

Cash flow from operating activities decreased by EUR 52.9 million, from a EUR 47.6 million cash inflow in the six months ended June 30, 2020 to a EUR 5.3 million cash outflow in the six months ended June 30, 2021. This decrease is the result of the net effect of: (i) an increase of cash flow generated from operating activities before changes in working capital equal to EUR 11.1 million, as resulting from the change between a cash inflow of EUR 44.8 million in the six months ended June 30, 2020 and a cash inflow of EUR 55.9 million in the six months ended June 30, 2021; and (ii) an outflow of EUR 64.0 million from working capital, as resulting from the change between a cash inflow of EUR 2.8 million in the six months ended June 30, 2020 and a cash outflow of EUR 61.2 million in the six months ended June 30, 2021.

The improvement in cash flow generated from operating activities before changes in working capital has been mainly led by the increase of EUR 14.1 million of profit for the period, partially offset by a decrease of EUR 3.0 million of non-monetary adjustments (such as depreciation/amortization of the period, income taxes, financial income and expenses and other items). On the other hand, the abovementioned effect on working capital is mainly attributable to: (i) a decrease by EUR 19.0 million of the effect related to trade payables, which passed from a cash inflow of EUR 22.9 million in the six months ended June 30, 2020 to a EUR 3.9 million cash inflow in the six months ended June 30, 2021; and (ii) a decrease by EUR 37.3 million of the effect related to trade receivables, which moved from a cash inflow of EUR 8.7 million in the six months ended June 30, 2020 to a EUR 28.6 million cash outflow in the six months ended June 30, 2021.

Cash flow from operating activities increased by EUR 15.8 million in 2020, from a EUR 56.7 million cash inflow in the financial year ended December 31, 2019 to a EUR 72.5 million cash inflow in the financial year ended December 31, 2020. This increase was primarily due to an improvement of cash flow generated from operating activities before changes in working capital equal to EUR 15.6 million, from a cash inflow of EUR 70.0 million in the financial year ended December 31, 2019 to a cash inflow of EUR 85.6 million financial year ended December 31, 2020. Such increase was primarily led by the increase of EUR 22.4 million of profit for the year and partially offset by a decrease of EUR 6.8 million of non-monetary adjustments of the income statement. The impact of cash flow deriving from change in net working capital was substantially neutral and equal to EUR 0.2 million, from a EUR 13.3 million cash outflow in the financial year ended December 31, 2019 to a EUR 13.1 million cash outflow in the financial year ended December 31, 2020.

Cash flow from operating activities improved by EUR 35.6 million in 2019, from a EUR 21.1 million cash inflow in the financial year ended December 31, 2018 to a EUR 56.7 million cash inflow in the financial year ended December 31, 2019. This was primarily due to: (i) an increase of cash flow generated from operating activities before changes in working capital equal to EUR 21.1 million, from a cash inflow of EUR 48.9 million in the financial year ended December 31, 2018 to a cash inflow of EUR 70.0 million financial year ended December 31, 2019; and (ii) an improvement in cash generated by the working capital by EUR 14.5 million. The abovementioned growth of cash flow generated from operating activities before changes in working capital resulted from a reduction in profit for the period by EUR 4.3 million, fully offset by a significant increase of EUR 25.4 million in non-monetary adjustments, driven by higher depreciation/amortization for EUR 14.6 million, higher income taxes adjustment for EUR 3.2 million, higher financial income and expenses adjustment for EUR 4.2 million and a growth in other non-monetary items by EUR 3.4 million. Furthermore, the effect of changes in net working capital showed a positive impact on cash flow generated, mainly attributable to changes in trade payables, from a cash inflow of EUR 15.3 million in the financial year ended December 31, 2018 to cash inflow of EUR 41.7 million in the financial year ended December 31, 2019 driven by an improved cash management with suppliers, and a change of EUR 28.0 million in liabilities for employee benefits and other liabilities. Such effects were partly offset by a decrease of cash effect deriving from change in trade receivables of EUR 42.1 million, from a cash outflow of EUR 9.0 million in the financial year ended December 31, 2018 to a cash outflow of EUR 51.1 million financial year ended December 31, 2019.

Investing Activities

Cash flow used in investing activities decreased by EUR 7.3 million, from a EUR 21.3 million cash outflow in the six months ended June 30, 2020 to a EUR 14.0 million cash outflow in the six months ended June 30, 2021. This decrease was primarily due to the net effect of the acquisition of a subsidiary occurred in the six months ended June 30, 2020 and equal to EUR 10.2 million, and higher investments in property, plant and equipment by EUR 2.7 million in the six months ended June 30, 2021.

Cash flow used in investing activities increased by EUR 9.0 million in 2020, from a EUR 28.8 million cash outflow in the financial year ended December 31, 2019 to a EUR 37.8 million cash outflow in the financial year ended December 31, 2020. This increase of cash outflow was due to higher acquisition of subsidiaries occurred in the financial year ended December 31, 2020 compared to the financial year ended December 31, 2019 for EUR 9.5 million and to a higher cash outflow related to capital expenditures by EUR 3.2 million in financial year ended December 31, 2020 compared to the financial year ended December 31, 2019, partly offset by the change in non-current financial assets, which generated a EUR 3.7 million positive cash effect in 2020, compared to nil in 2019.

Cash flow used in investing activities increased by EUR 2.2 million in 2019, from a EUR 26.6 million cash outflow in the financial year ended December 31, 2018 to a EUR 28.8 million cash outflow in the financial year ended December 31, 2019. This increase of cash outflow was primarily due a growth of EUR 4.4 million in investments in intangible assets and in property, plant and equipment partially offset by a decrease in cash outflow deriving from acquisition of subsidiaries, from a cash outflow of EUR 2.8 million in financial year ended December 31, 2018 to cash outflow of EUR 0.7 million in financial year ended December 31, 2019.

Financing Activities

Cash outflow from financing activities increased by EUR 16.7 million, from a EUR 10.8 million cash outflow in the six months ended June 30, 2020 to a EUR 5.9 million cash inflow in the six months ended June 30, 2020. This increase was primarily due to a cash inflow of EUR 30.0 million deriving from proceeds related to the initial public offering of Almawave, partially offset by a payment of dividends for EUR 10.1 million in the six months ended June 30, 2021 and by an increase in cash outflow of EUR 4.0 million related to higher repayments of lease liabilities from a EUR 3.9 million cash outflow in the six months ended June 30, 2020 to a EUR 7.9 million cash outflow in the six months ended June 30, 2021.

Cash outflow from financing activities increased by EUR 5.9 million in 2020, from a EUR 9.6 million cash outflow in the financial year ended December 31, 2019 to a EUR 15.5 million cash outflow in the financial year ended December 31, 2020. This increase was primarily due to change of EUR 5.0 million in current financial assets and liabilities.

Cash outflow from financing activities decreased by EUR 23.5 million in 2019, from a EUR 13.9 million cash inflow in the financial year ended December 31, 2018 to a EUR 9.6 million cash outflow in the financial year ended December 31, 2019. The decrease was primarily due to a change of EUR 20.7 million in repayments of non-current financial liabilities, which passed from a EUR 1.0 million cash outflow in the financial year ended December 31, 2018 to a EUR 21.7 million cash outflow in the financial year ended December 31, 2019. This effect was partially offset by a reduction of EUR 12.7 million in payment of dividends from a EUR 13.3 million cash outflow in the financial year ended December 31, 2018 to a EUR 0.6 million cash outflow in the financial year ended December 31, 2019. It should be noted that the cash outflows from financing activities in the financial years ended December 31, 2019 and December 31, 2018 are not immediately comparable due to first adoption of IFRS 16 starting from January 1, 2019. For the financial year ended December 31, 2019, the impact in terms of financing cash outflow related to leases was EUR 15.0 million (equal to EUR 0 million for financial year ended December 31, 2018).

Capital Expenditures

We have made significant investments in the past several years, accounted for as investments in property, plant and equipment and investments in intangible assets, primarily pursuant to payments for our capital expenditures replacement and maintenance of our servers, software licenses, expansion of our office space and work stations and other similar property, plant and equipment investments. The following tables report a summary of our historical capital expenditure for the financial years ended December 31, 2018, 2019 and 2020 and for the six months ended June 30, 2020 and 2021 broken down by category of expenditures and by operating segment, respectively.

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
			(unaudited)		
			(EUR in millions)		
Total Capital Expenditures	**23.7**	**28.1**	**31.3**	**11.1**	**14.0**
−in property, plant and equipment	7.7	8.9	12.5	2.8	5.5
−in intangible assets (including goodwill)	16.0	19.2	1.8	8.3	5.5

	Year ended December 31,			Six months ended June 30,	
	2018	2019	2020	2020	2021
			(unaudited)		
			(EUR in millions)		
Total Capital Expenditures	**23.7**	**28.1**	**31.3**	**11.1**	**14.0**
IT Services	14.2	19.1	16.1	6.4	7.1
CRM Europe	1.6	0.6	2.0	0.4	0.9
CRM International	4.4	3.9	8.7	2.2	3.6
Almawave−New Technology	3.5	4.5	4.5	2.1	2.4

Capital expenditure amounted to EUR 14.0 million in the six months ended June 30, 2021 (six months ended June 30, 2020: EUR 11.1 million) and related mainly to investments by our IT Services and Almawave—New Technology segments in software and new projects.

Capital expenditure amounted to EUR 31.3 million in the financial year ended December 31, 2020 (2019: EUR 28.1 million) and related mainly to investments by IT Services and Almawave—New Technology segments in software and new projects as well as acquisition of new hardware in CRM International existing sites.

Capital expenditure amounted to EUR 28.1 million in the financial year ended December 31, 2019 (2018: EUR 23.7 million) and related mainly to investments by our IT Services and Almawave—New Technology segments in software and new projects.

Capital expenditure amounted to EUR 23.7 million in the financial year ended December 31, 2018 and related mainly to investments by our IT Services and Almawave—New Technology segments in software and new projects and improvements of hardware in CRM International existing sites.

As of June 30, 2021, we had committed capital expenditures of approximately EUR 3.2 million for the period until December 2021.

Contractual Commitments

The table below shows our main contractual commitments as of June 30, 2021, on an as adjusted basis after giving effect to the Refinancing, with an indication of the maturity. The values indicated include only the medium to long-term financial liabilities, excluding the related current portions, which are classified as current financial liabilities.

	Less than 1 year	1-5 years	More than 5 years	Total
		(unaudited) (EUR in millions)		
Notes offered hereby	—	—	350.0	350.0
Banks	5.6	6.7	—	12.4
Amounts due to other lenders	0.6	15.2	—	15.8
Financial liabilities associated with leasing	9.5	36.2	—	45.7
Total	**15.7**	**58.1**	**350.0**	**423.8**

Employee Pensions

As of December 31, 2020 and June 30, 2021, our liabilities for employee benefits amounted to €48.5 million and €47.1 million, respectively.

See note 21 to our Consolidated Financial Statements for further details.

Guarantees, Bid and Performance Bonds

In order to be able to participate in competitive tenders, enter into contracts with certain customers, particularly public administrations, or receive advances on the payments under contracts with them, we are required to provide customers with bank guarantees and/or insurance bonds (including commitments relating to our participation in public tenders (so called "bid bonds"), advance payment, performance or guarantee bonds). Such guarantees amounted to €11.0 million and €18.6 million as of December 31, 2020 and June 30, 2021, respectively. We also provided performance bonds and bid bonds in the amount of €222.5 million and €296.5 million as of December 31, 2020 and June 30, 2021, respectively. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—We may be unable to obtain the bid bonds, performance bonds, securities or guarantees we need to compete in certain public tenders or to enter into certain contracts with our private customers, and due to our failure to perform our obligations, counterparties may enforce performance bonds we have posted.*"

Off-Balance Sheet Arrangements

As of June 30, 2021, we did not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Contingent Liabilities and Commitments

We are involved, from time to time, in lawsuits, claims, investigations and proceedings, arising in the ordinary course of business. Except for potential liabilities for which we have accrued sufficient provisions, as at the date of this Offering Memorandum, there are no such matters pending that our management expects to be material in relation to our business, consolidated financial position, results of operations or cash flows.

Our determination of the treatment of contingent liabilities in the financial statements is based on a view of the expected outcome of the applicable contingency. We consult legal counsel on matters related to litigation.

We also consult with experts both within and outside our Company with respect to other matters that arise in the ordinary course of business. Examples of such matters that are based on assumptions, judgements and estimates are the amount to be paid to settle certain other liabilities. A liability is accrued if the likelihood of an adverse outcome is probable, or if both its occurrence and the amount it will cost are estimable.

We have an undertaking to acquire the portion of shares in Almaviva do Brasil Telemarketing e Informática S.A. held by SIMEST S.p.A. for EUR 11.0 million by June 30, 2023. See note 23 to our interim consolidated financial statements for the six months ended June 30, 2021.

Quantitative and Qualitative Disclosures about Market Risk

See Note 41 to our Audited Consolidated Financial Statements as of and for the year ended December 31, 2020 included elsewhere in this Offering Memorandum for additional information on our exposure to credit risk, liquidity risk and exchange rate risk.

Credit risk

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 the Company 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 our operations in different regions and countries (predominantly in Italy and Brazil) with diversified customers and counterparties from a geographical and sector point of view (such as industrial, energy, telephone firms, public administrations and commercial companies) and in terms of dimensions (large corporate, small and medium enterprises, residential customers).

Liquidity risk

Liquidity risk represents the risk of the available financial resources being insufficient to cover the obligations falling due. We evaluated this risk as remote for the Company and for the Group. During the assessment, the entity considered its own capability to generate cash flows from operating activities and from sources of financing that, after renewed financial structure, allow to get a significant saving on cost of borrowing. Liquidity risk has not suffered significant impacts from the COVID-19 pandemic.

Exchange rate risk

Exposure to the risk of changing exchange rates 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 currencies other than the euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with non-euro functional currencies is not usually subject to hedging, barring another specific assessment.

Critical Accounting Judgments and Estimates

Critical accounting policies are those that often require the application of difficult, subjective or complex judgments as a need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from current judgments.

The preparation of our 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 judgment 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 note 2.2 of our Consolidated Financial Statements;

- the evaluation of the useful lives of Intangible assets and property, plant and equipment, as further described in note 3.1 of our Consolidated Financial Statements;
- 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 our 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 of our Consolidated Financial Statements;
- the Group has identified the AlmavivA CGU to which the goodwill called AlmavivA Finance is specifically associated; the AlmavivA Contact CGU to which the following goodwill refer: Atesia, Alicos, AlmavivA Contact and InAction; the Sadel CGU to which the goodwill called Wave refers; the Almawave CGU to which the goodwill referred to as Gempliss refers; the Pervoice CGU to which the goodwill referred to as PerVoice refers. On the part relating to the International CRM sector, the AlmavivA do Brasil CGU was identified to which the homonymous goodwill refers; and
- the recognition of public grants and other activities.

Estimates are mainly related to critical valuation processes and key assumptions used by the Group for IFRS purposes, which could have a material impact on the data presented in the Consolidated Financial Statements or which entail the risk that there may be material differences compared with the future carrying amounts of assets and liabilities.

We review estimates and assumptions on a regular basis and the impact of any change in the estimates is reflected in the result for the period during which the change was made.

For further information about our critical accounting judgments and estimates, see note 4 to the Consolidated Financial Statements.

New Adopted Accounting Standards, Interpretations and Amendments

See note 3.2 of our Consolidated Financial Statements.

INDUSTRY AND MARKET OVERVIEW

Certain of the information set forth in this section has been derived from external sources, including information from reputable international firms, including KPMG, Anitec-Assinform and other public sources. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but some of the information may have been derived from estimates or subjective judgments or may have been subject to limited audit or validation and there is no guarantee, representation or warranty (either express or implied) of the accuracy or completeness of such data or changes to such data following publication thereof. Third party sources explicitly disclaim any liability for any loss or damage, howsoever caused, arising from any errors, omissions or reliance on any information or views contained in their reports. While we believe these market data and other information are accurate and correct, we have not independently verified them. Furthermore, such estimates or judgments, particularly as they relate to expectations about our market and industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" and "Forward-Looking Statements". These projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements."

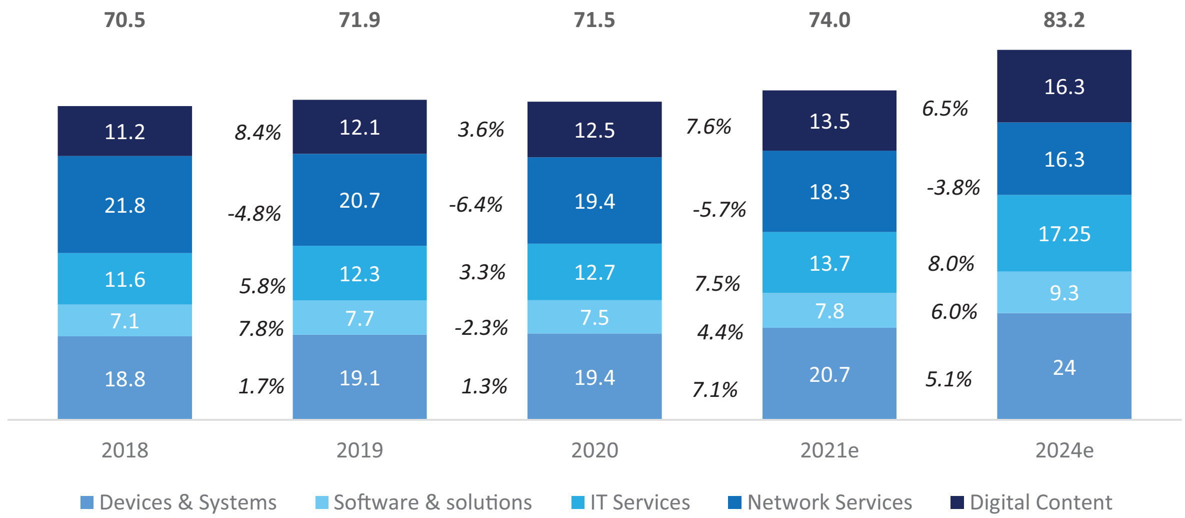
Overview

We are a leading provider of IT Services in Italy, and a leading provider of Customer Relationship Management (CRM) business process outsourcing (BPO) services in Italy and Brazil. Our offerings also include artificial intelligence (AI) and natural language processing (NLP) consulting services. IT services providers assist with the digital transformation of enterprises, which has been further accelerated as a result of the COVID-19 pandemic.

The Italian IT services market can be divided into five sub-segments: (i) devices and systems, (ii) software and ICT solutions, (iii) IT services, (iv) network services and (v) digital content. Our IT Services and Almawave divisions mainly operate in the IT services sub-segment of the IT services market, and the IT services market is therefore the reference market for the core activities in our IT Services and Almawave divisions.

The following diagram shows the breakdown of the Italian IT services market by sub-segment, based on value for the periods indicated.

Italian ICT Market 2018-2024e (€bn)

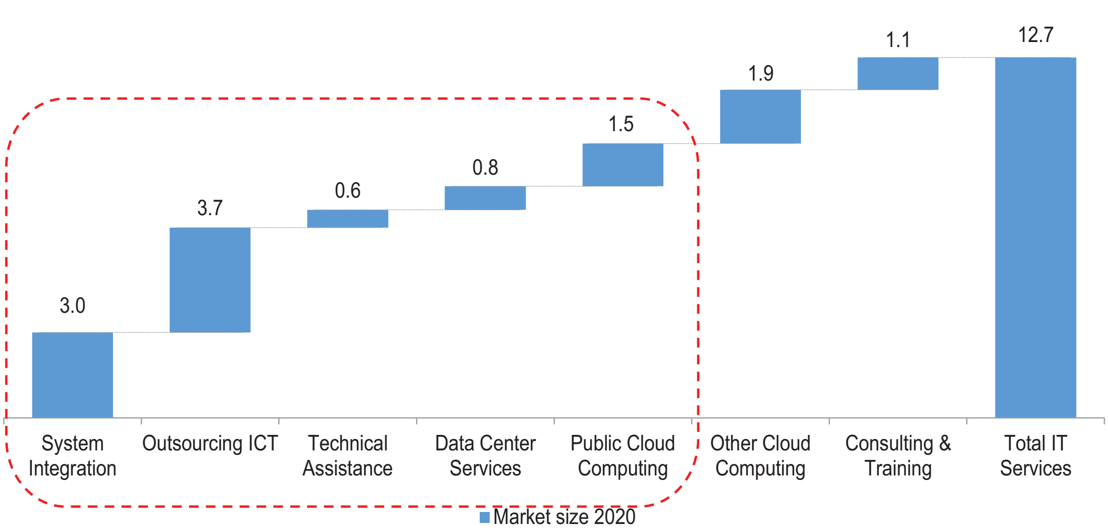


Source: Anitec-Assinform 2021

Key technologies such as cloud computing and data analytics have accelerated in recent years and are helping to transform businesses across verticals. We provide our customers with access to technological advancements in digital capabilities, which is key to ensuring our customers meet their strategic priority of keeping pace with innovative and disruptive companies around the world.

According to Anitec-Assinform, our addressable IT services market in Italy was valued at approximately €12.7 billion in 2020. Growth in the Italian IT services market slowed in 2020 as a result of the COVID-19 pandemic and is expected to rebound by 7.5% in 2021, while continuing to grow at a CAGR of 8.0% between 2021 and 2024.

Italian IT Services Market 2020 (€bn)—AlmavivA reference market marked in red



Source: KPMG Analysis based on publicly available reports

Information and communication (ICT) spending in Italy is expected to accelerate due to the National Recovery and Resilience Plan (*Piano Nazionale di Ripresa e Resilienza*) (the "**PNRR**"), Italy's fund to recover from the COVID-19 pandemic, which provides for €49.2 billion of economic investment aimed at promoting the country's digital transformation, supporting innovation in the production system, and investing in tourism and culture, two key sectors for Italy. As businesses across Italy have increasingly adopted digital technologies that require complex IT systems to manage and on-board these various technologies, IT services providers have become critical to many businesses particularly since many do not have the resources in-house to implement such changes.

Market positioning

According to KPMG, we were ranked fourth in Italy in 2019 in terms of revenue among IT services providers, with an estimated 6% of the €12.7bn of revenues for IT services.

(1) Mostly focused on consulting and training (not AlmavivA core business).

Source: KPMG analysis on publicly available data

Key Trends in the Italian IT Market

We believe that the Italian IT market is highly attractive with strong secular tailwinds and country-specific dynamics that provide us with significant growth opportunities:

Solid growth of Italian IT services market

As the IT services market recovers from the slowdown caused by the COVID-19 pandemic, digital transformation technologies like Cloud Computing, Big Data, wearables, Internet of Things, Electronic Billing/Invoicing, Cybersecurity are becoming increasingly important

The COVID-19 pandemic has brought unexpected disruption accelerating companies' digitalization

The COVID-19 pandemic accelerated digitalization of the economy, and digital technologies were crucial in guaranteeing the continuity of business and enabling widespread use of remote working and collaboration. Especially during the government-imposed lockdowns, companies invested in Virtual Private Networks and collaborative platforms to enable continuity in work even from remote locations.

In addition, the lockdowns accelerated the adoption of online commerce as well as digital payments across Italy. The public administration also started offering services digitally, and Italian corporates, particularly those in verticals affected most by the lockdowns, have invested in new processes and technologies.

Digitalization is further driven by government initiatives such as the "Piano Nazionale Innovazione" 2025 / Italian Recovery Fund

In July 2021, the Italian Government adopted the PNRR in line with the EU Country Specific Recommendations, and based on the draft approved by the Italian Parliament and endorsed by the EU Council, on a proposal from the EU Commission. The PNRR defines actions and interventions to mitigate the economic and social impact of the COVID-19 pandemic, reinforcing Italy's core structural system while addressing the current environmental, technological and social challenges.

The PNRR is expected to allocate resources totaling approximately €222.1 billion between 2021 and 2026 for a reform agenda and investment program encompassing six policy areas or "missions" in Italy. The PNRR is expected to generate additional need for digital and technology capabilities, accelerating growth prospects of the industry and the ecologic transition.

The €49.9 billion made available under the PNRR for the allocation of resources for digitalization, innovation, competitiveness and culture, represents the second largest item of expenditure of the PNRR, accounting for more than 20% of the funding available.

Within the funds allocated to the digitalization, innovation, competitiveness and culture mission:

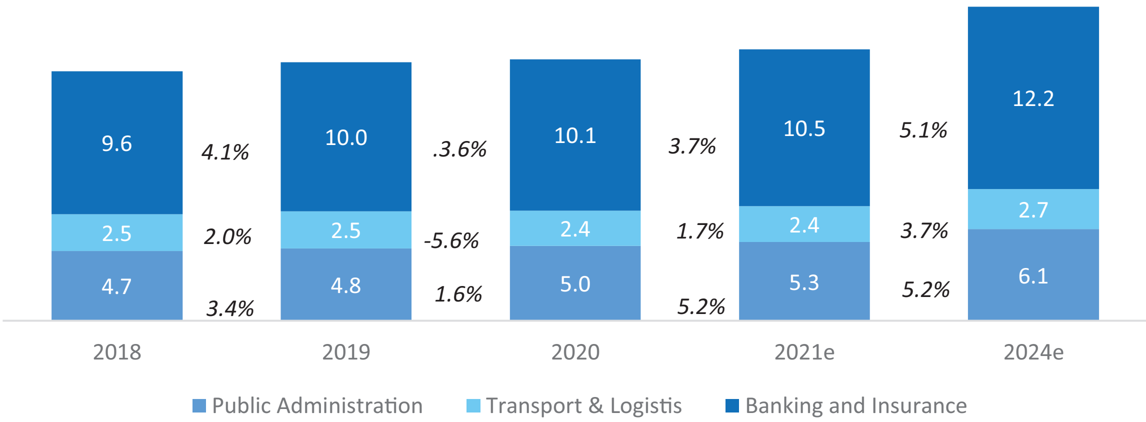
- Approximately €30.0 billion is allocated for the digitalization, innovation and competitiveness component of the productive system, with the aim of encouraging the digital transition of businesses, especially small-and-medium-sized enterprises ("**SMEs**"). Initiatives include the strengthening of the Transizione 4.0 program with multi-year measures to promote investments in capital goods and the updating of machinery (businesses can claim a tax benefit), completion of broadband projects, construction of ultra-fast fiber optic networks, 5G and investments in satellite monitoring. A strong focus is also on the internationalization of the Italian economy and promoting innovation in fields such as the publishing industry.
- Approximately €11.0 billion is for the digitalization, innovation and security component of the public administration. Specifically, the goal is to establish a national cloud and the interoperability of public administration databases. A "PA Strategic Innovation Program" based on organizational innovation is expected to be developed as well, to enhance and strengthen human capital and administrative procedures, and to disseminate platforms to achieve a more reliable, user-friendly and interconnected public administration infrastructure.
- Approximately €8.0 billion is for tourism and culture, two of the sectors most affected by the pandemic. The aim is to increase the level of attractiveness of the country's tourism and cultural system through the modernization of tangible and intangible infrastructure.

The PNRR also provides for €20.2 billion dedicated to the public healthcare sector, with a focus on the modernization of technology in the National Healthcare Service (*Servizio Sanitario Nazionale—SSN*), on the strengthening of the Health Electronic Record (*Fascicolo Sanitario Elettronico*), on the development of telemedicine and on the strengthening of the territorial network.

Focus on Select Verticals within IT Services markets in Italy

More than 90% of our revenues for the year ended December 31, 2020 were generated by the public administration, transport and logistics and financial services verticals.

Italian ICT Market in Select Verticals 2018-2024e (€bn)



Source: Anitec-Assinform 2021

According to KPMG, the IT market in public administration generated revenues of approximately €5.01 billion in 2020, and demonstrated strong growth compared to previous years as a result of the measures implemented in response to the COVID-19 pandemic. Public administrations are embracing digital transformation, having previously reduced their spending in this area due to spending constraints. Certain key areas for growth in the public administration vertical include central public administration and healthcare which have the greatest impact on the general increase in overall spending. It is estimated that there will be sustained growth of 17.8% between 2020 and 2024 for the cloud computing market in Italy. Of the tenders awarded to suppliers in 2019, it is estimated that more than 50% of the value was awarded to the top six companies. Almaviva, with 7% of the share, was in fourth position with tenders valued at €211 million, after IBM, Engineering and Oracle.

KPMG analysis shows that the expected growth in public administration spending on IT is 5%, with a consequent expansion of the market expected in the coming years. The expected trend is approximately 7% per annum, assuming full use of the PNRR funds.

According to Anitec-Assinform, the banking and insurance market was estimated to be €10.1 billion in 2020, and is expected to grow at 5.1% between 2021 and 2024. According to KPMG, the top five Italian banks comprise over 65% of the total cost of ownership (TCO) of the banking segment in aggregate. IT spending has gradually increased since 2014. By 2019, spending had increased by 17% compared to 2015 and 1.7% compared to 2018, bringing the total TCO to €4.478bn. The forecasts for 2020 expect this trend to continue with IT spending projected to increase by 1.7%. One of the primary reasons for the increase in TCO is the start of new projects and the increase in operations and the desire to increase or maintain constant investments in the various channels. KPMG analysis estimates that 75% of banks indicate increasing investments in mobile, reflecting the strategic importance of the channel for the provision of value-added services for their customers.

The travel and transportation vertical has been one of the sectors most affected by the COVID-19 pandemic. The restrictions on mobility and production activities led to significant reductions in transport activities and restrictions on services within a matter of a few days. Revenues from the market were affected, with staff subjected to social safety nets and transferred to smart-working mode. The processes of digitalization and automation, already underway in many transport companies, accelerated rapidly during the pandemic. For the travel and transportation sector, digital spending recorded a decrease of 5.7% in 2019 but is expected to have grown by 1.7% in 2021 with the help of national and European interventions. The PNRR provides for an allocation of €25.4 billion for the sector (of which €6.68 billion is for the restructuring program and €11.2bn is for existing projects), to which are added, as part of the Next Generation EU initiative, an additional €6.06 billion of complementary funds.

CRM BPO market—Key Trends

Worldwide, there has been a realization of the importance of customer experience outsourcing, as the COVID-19 pandemic forced companies to move online, thereby increasing the requirement for omnichannel contact center and customer experience management. 2021 has seen the initial public offerings of four CRM BPO companies—TaskUs, Telus International, Majorel and TDCX.

Key market trends affecting the sector worldwide include an increase in the number of people working from home, which is also resulting in increased potential for outsourcing/nearshoring as well as a need for enhancing security to enable remote working, increase in technology investments and customer experience innovation, and an increase in digital marketing requirements.

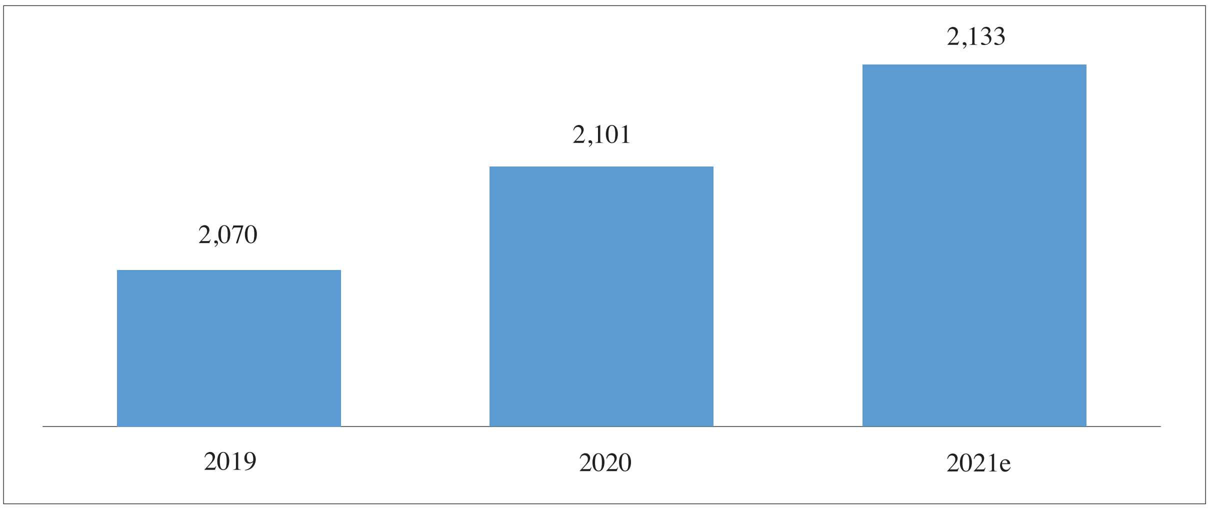
Key Trends across verticals for CRM

Segment		Trend	Description
Telecommunications		▼	• Contraction in volumes and cash generation due to the increasing investments required by the digital transition; • Consolidation of the main players resulting in greater barriers to entry for new players and progressive erosion of operating margins due to price wars between players.
Energy		=	• Fragmented industry with a large number of small players subject to local regulations; • Lack of urgent need for outsourcing, especially for contact center services, given the cost-plus pricing policy adopted
Media		=	• The industry recorded a contraction due to the Covid effect of the consequent collapse of the advertising market. Nonetheless, historical evidence shows a constant resilience of the advertising market following macroeconomic shocks
Transport		=	• The creation of a new IT system to manage the Italian logistics network that connects ports, interports, rail freight centers and private logistics hubs could lead to a rationalization of the system and greater efficiency.
Healthcare		▲	• Segment that has begun to modernize to simplify the processes managed by digitization, virtualizing and progressively reducing physical fronting.
BFSI	Payments	▲	• Increasingly widespread use of e-money, despite the gap with other European countries, this trend is encouraging the development of new IT solutions (i.e. contactless "tap & go" cards, mobile POS devices and e-commerce).
	Credit/Loans	▲	• Sector in expansion due to the significant growth of non-performing loans in Italy. • Providing payment reminder and out-of-court credit recovery services could represent a growth driver for CRM with development of call centers specialized in credit recovery.
	Investments	▲	• Progressive growth in investments is expected in the coming years due to the physiological recovery of GDP, also stimulated by the extraordinary measures linked to Covid-19.

Source: KPMG analysis

Our CRM Europe division serves the Italian CRM market from our offices in Italy and Romania. Italy, Romania and Albania are the only three countries where we believe there is a sufficiently large population of proficient Italian speakers where CRM services providers can base their operations to address the Italian market. The following diagram shows the historical and expected market size of the Italian CRM market for the periods indicated, based on value.

Italian CRM BPO market (€m)

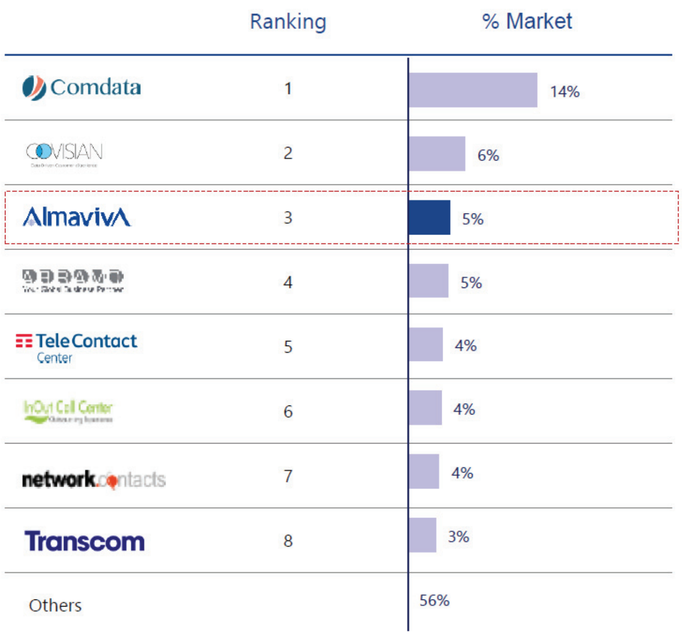


Source: KPMG analysis from public sources

The CRM BPO market in Italy is estimated to have generated €2.1 billion in revenues in 2020, and is expected to grow at a rate of 1.5% in 2021. This annual rate of growth is expected to continue until 2024.

The Italian CRM market is highly fragmented, with the leading provider representing approximately 14% of the total revenue generated by the sector, and the top eight providers represent approximately 44% of the total revenues.

Italy CRM BPO market share by revenue (2020)

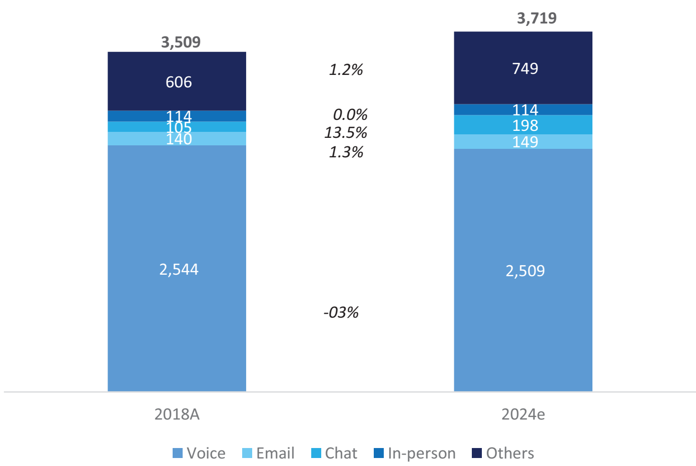


Source: KPMG analysis based on public information

Our other key market, included within the revenues generated by our CRM International segment, is Brazil. The Brazilian market is expected to be worth approximately USD 3.7 billion in revenue in 2024, growing at a CAGR of 1% between 2018 and 2024. The Brazilian market is dominated by Atento, and we were the second leading provider in 2020, with an estimated 10% share of the total revenue generated by the sector.

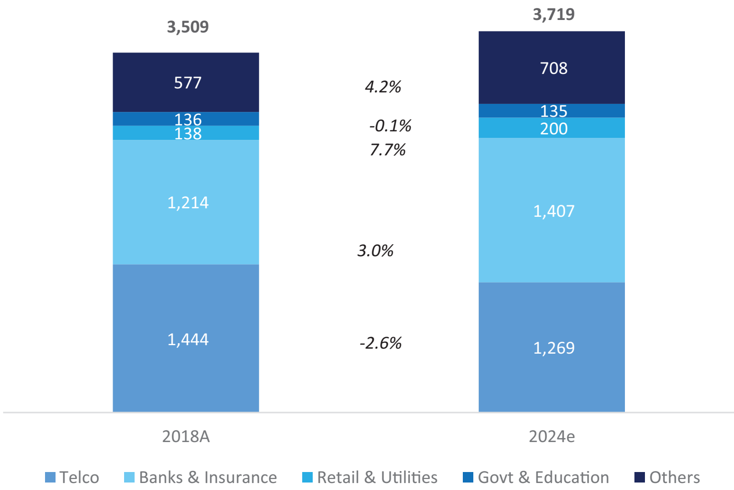
The CRM market in Central and South America recorded revenues of USD 10.5 billion in 2019, with growth of 0.5% compared to 2018. In 2020, the market suffered a general decline, mainly due to the effects of the COVID-19 pandemic and the continuation of automation processes in the Telecom world. In the next few years, the historical growth trend is expected to resume as local markets begin to recover (as well as the near and offshoring activity for Spanish-speaking countries in the region) and driven by the ability of CRM vendors to play an increasingly greater role in the path of digital transformation of customers.

Brazil CRM Outsourcing Market by Vertical: 2018-2024e ($m)



Source: Frost & Sullivan

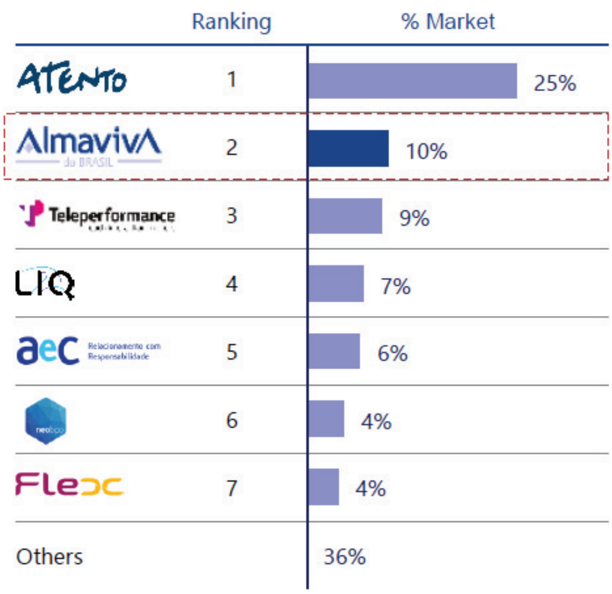
Brazil CRM Outsourcing Market by Channel: 2018-2024e ($m)



Source: Frost & Sullivan

The Brazilian market was highly concentrated in 2020, and the top seven CRM service providers represented 64% of the entire revenues for the sector. We have progressively increased our market share over the years, and have established ourselves as the second leading provider in terms of revenue in 2020 with a market share of 10%. The key trends affecting the Brazilian CRM market are customer needs (and an increasing focus on problem solving), digital transition (with the emergence of IT channels) and a gradual convergence of result-oriented remuneration methods in customer contracts.

Brazil CRM BPO market share by revenue (2020)



Source: KPMG analysis

BUSINESS

Overview

We are a leading provider of mission-critical IT services in Italy and a leading provider of customer relationship management ("**CRM**") outsourcing services in Italy and Brazil. Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies business.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration, banking and insurance, and industry and utilities sectors:

- ***Transportation and Logistics.*** We develop and manage integrated passenger mobility systems and services for public authorities and private enterprises operating in the transportation and logistics sector. We leverage the new opportunities offered by digital technologies to provide IT solutions and applications for some of the industry's most critical business processes, including command and control functions, passenger travel information (both aboard trains and in train stations), and traffic management. We have over 1,000 professionals who specialize in transportation technologies and have developed a proprietary technology platform, MoovA, which provides end-to-end solutions for transportation and logistics business processes. We are a leader in the Italian market for several modes of transportation, including rail, road and sea, and are an important player in the international market. We have deep and longstanding relationships with some of the most significant operators within the industry, including Ferrovie dello Stato Italiane Group, Italy's national rail network, for whom we have been developing and managing mission-critical software systems and integrated ICT infrastructure management systems for over 25 years.
- ***Public Administration.*** We work with a broad range of government entities to assure the delivery of some of their most important public services. For example, we have developed and currently manage end-to-end systems for the payment of social security benefits to millions of Italian pensioners, the national financial statements for the ministry of economy and finance, the local government information system (including the Smart city, Smart tourism and e-Government systems) and the online enrollment systems for the Italian education system. We also manage information systems for Italy's organ transplant program and other core applications for the Ministry of Health, electronic passports, identification and residency permit systems for the Italian Homeland Security Department, and the command and control systems for Italian law enforcement agencies and the armed forces. We have developed customer engagement solutions for public administration citizen services using emerging technologies (such as public cloud software-as-a-service (Saas), artificial intelligence and machine learning algorithms). We also have strong relationships with most of the government agencies and institutions of the European Union.
- ***Banking and Insurance.*** We offer financial services business process management systems, payment solutions, services for loan and financial management, and products and services for compliance and fraud management, enabling our banking and insurance customers to increase cost efficiency, grow their customer base and effectively manage risk. Our recent corporate acquisitions in the IT financial services market have allowed us to develop a specialized offering for customers in the wealth management sector, including stock brokerage, asset management and private banking firms, while increasing our product efficiency and enhancing our knowledge in the field of financial technology and expertise in design consultancy.
- ***Industry and Utilities.*** We offer connected car technology with our vehicle-to-everything (V2X) platform as well as car configurator technology, on board unit (OBU) solutions for traffic control, and real time fleets monitoring. We provide customers in the industrial and manufacturing sectors technologies for augmented, mixed reality solutions and predictive maintenance algorithms for engines and assembly lines. We also provide solutions for energy and utilities distribution management systems and energy saving solutions for plants and buildings in the infrastructure asset management market.

Our IT systems, solutions and services draw on our deep understanding of the vertical markets in which they are delivered, leveraging decades of focus on these markets, as well as our expertise in the latest technology trends, such as cloud computing, internet of things, augmented and virtual reality, digital twin, mobile and mobility, artificial intelligence and data analytics, blockchain and cyber security, in addition to enterprise resource planning and corporate solutions. We are also developing IT solutions for the emerging digital healthcare market, such as location intelligence to assist with health and safety protection and predictive analysis for disease diagnosis. In 2018, we opened a competence center in Naples which now has around 400 employees with physics, math and engineering specialisms who provide IT software development services for all sectors. For the twelve months ended June 30, 2021, the IT Services Division accounted 67.7% of our revenues after intragroup eliminations and has historically outperformed compared to Italian GDP, showing spreads of 14.4%, 17.7% and 20.4% for 2018, 2019 and 2020, respectively. Our IT Services business was ranked fourth in Italy in 2020 measured by revenues (source: KPMG).

CRM

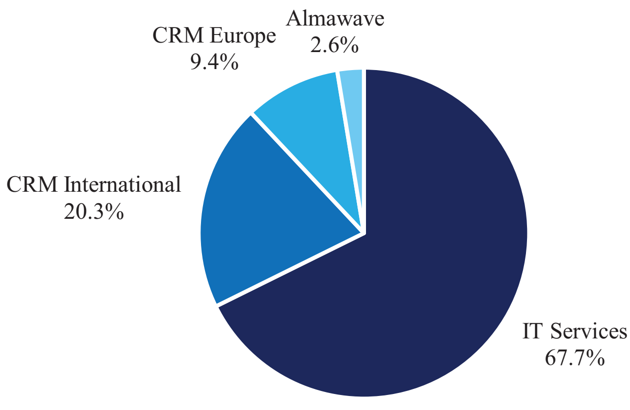
Our CRM Division offers a wide variety of CRM services and solutions to assist our customers in growing their businesses and enabling them to focus on their core competencies. Our CRM Division is organized into two subdivisions, CRM Europe and CRM International, reflecting our geographic focus on Italy and Latin America (Brazil and Colombia) and our core language competencies in Italian, English, French, Portuguese and Spanish. Our CRM Europe business was the third largest provider of CRM services in the Italian market in 2020, and our CRM International business has grown quickly to establish itself as the second largest provider of CRM services in Brazil (source: KPMG). Our CRM Division accounted for 29.7% of our revenues for the twelve months ended June 30, 2021, after intragroup eliminations. Our CRM Europe subdivision accounted for 9.4% of our revenues for the twelve months ended June 30, 2021 after intragroup eliminations. Our CRM International subdivision accounted for 20.3% of our revenues for the twelve months ended June 30, 2021 after intragroup eliminations.

Almawave

Our Almawave Division develops cutting-edge software applications and services in the areas of artificial intelligence, natural language understanding, customer interaction, big data and speech and text recognition in order to enable our customers to better target the consumers of their products and services. We started Almawave in 2008 to establish a platform for the development of proprietary technologies to support our IT Services and CRM businesses. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide, but are also offered as standalone services to other customers. Almawave has also developed a proprietary platform with more than ten modules in over 30 languages. For the twelve months ended June 30, 2021, our Almawave Division accounted for 2.6% of our revenues, after intragroup eliminations. In March 2021, Almawave completed its initial public offering and thereafter listed on the AIM segment of the Milan Stock Exchange, where approximately 26.1% of its shares are trading.

The following diagram shows a breakdown of our revenues for the twelve months ended June 30, 2021 by division and subdivision:

Revenues by Division and Subdivision
Twelve months ended June 30, 2021



Our technology specialists serve our IT Services Division customers from seven centers of competence in Italy and a location in Belgium, the United States and Saudi Arabia. We serve our CRM Division customers from more than 25,000 workstations in Italy, Romania, Brazil, Colombia and Tunisia. Our Almawave products are delivered from four locations in Italy and two in Brazil, with dedicated centers of competence in Trento and Rome, Italy. As of June 30, 2021, we had more than 42,000 FTE employees.

We generated revenues of EUR 890.9 million in the twelve-month period ended June 30, 2021 and our Adjusted EBITDA was EUR 137.3 million for the same period.

Our Strengths

We believe that our competitive strengths are as follows:

Leading market position, best-in-class product and service portfolio with a full suite of digital services (including advanced proprietary solutions)

Our IT Services Division and our CRM Europe and CRM International subdivisions each have leading positions in their respective markets. We developed these leading positions over a number of years by working closely with our customers to manage the critical assets they rely on to deliver essential services to their own customers. We believe our leading positions are a result of our outstanding technical expertise and deep knowledge of our customers' vertical markets and core business processes.

We have a particularly strong market position as a provider of IT systems and solutions to the Italian government and the public sector in general (including at both the national and regional level), and we are one of the few Italian IT companies focused on developing and managing systems and solutions for national critical assets, such as the Italian railway network, the Italian pension system for public administration, the Italian education system, the Italian health system and local tourism agencies. Based on our relationships with these organizations, we believe we are the leading provider of IT solutions for the Italian transportation sectors and public administration more broadly.

Our CRM Europe business is the third largest provider of CRM services in the Italian market, with a 5% total market share (source: KPMG). Our CRM International business has grown quickly to position itself as the second largest provider of CRM services in Brazil, with a 10% market share, behind the largest provider in the market (Atento, with a market share of approximately 25% (source: KPMG)). We have achieved this result despite having only entered the market in 2006, with a single contract, and despite not having Brazilian or Latin American roots.

We offer an attractive and integrated range of systems, solutions and services to our customers, including core business systems (such as passenger management systems for our transportation customers), as well as our expertise in cloud computing, internet-of-things, mobile and mobility, big data analytics, cyber security and other ICT services and solutions. For example, we created our proprietary Giotto platform, which provides a full toolset for developing latest-generation, integrated, secure and highly scalable IoT applications, and which we recently supplemented with new features to support smart city, smart region and landscape, smart road and connected vehicles, smart tourism, digital health and telemedicine, energy and infrastructure asset management. We have also developed solutions for the regulatory technology (regtech) and legal technology markets as well as MoovA, our proprietary technology platform for the transportation division which provides end-to-end solutions for transportation and logistics business processes. Our Almawave Division plays a crucial role in supporting the product and service development of our CRM and IT Services Divisions to a wide range of clients, and enhancing their portfolio through innovative software development (such as our Iride platform). Together, our three divisions form a unique platform that offers our customers cutting-edge digital solutions that enhance their service offerings, are critical to their businesses and, we believe, make us an indispensable partner.

Our IT products and services power a wide and diverse range of critical IT solutions for the public administration, transportation and banking and insurance sectors, including, among many others:

- a suite of integrated planning and management solutions for the Italian railway network, including smart station features, such as infomobility, video surveillance, bridge and asset monitoring, multi-channel and integrated e-ticketing systems and sales, and fleet localization and monitoring, which enable interoperability and intermodality throughout the network;
- end-to-end systems for social security and pension payments, database management and personal data security for millions of pensioners in the Italian pension system; and
- financial services business process management systems, such as core banking services, secure payment solutions and services for loan and financial management, as well as fintech solutions and application platforms which increase our portfolio through the offer of digital services to Italian and international financial intermediaries.

In our CRM Division, we have implemented a suite of services and solutions based on an extended view of customer experience management. These services and solutions integrate CRM business process outsourcing, innovative CRM solutions and advanced analytics with our significant knowledge of the evolving needs of the industries we serve and the trends leading the CRM market. Our CRM Division's services are generally powered by our own technology developed by our Almawave Division. This includes our Iride Customer Centric Suite, which gathers on one platform capabilities for semantics, statistics, intelligent business process management and automatic speech recognition to enable the implementation of an interactive model that is designed to be more engaging for users. Enabled by this technology, our CRM services include inbound and outbound services delivered across multiple channels, including digital (SMS, e-mail, chats, social media and apps, among others) and voice, consulting and process re-engineering, back office and document management, market analysis and adaptive front-end technologies. We believe our compelling portfolio of CRM products and services provides a differentiated offering compared to traditional business process outsourcing operators who lack the technology focus that we have.

Market with strong fundamentals, today more than ever, driven by the EU Recovery Fund ("PNRR") and other Digital Enablers

We operate in markets that are supported by favorable long-term trends and a stable outlook.

The market for digital services in Italy, where our IT Services business operates, was estimated to be worth approximately EUR 71.5 billion in 2020 and is expected to grow at a CAGR between 3.8% (base case) and 7.1% (PNRR deployment case) between 2020 and 2024 (source: Assinform July 2021). The Italian markets for ICT services (€12.7 billion in 2020), which is the reference market for the core activities in our IT Services Division, is expected to grow at a CAGR of 2.4% over this period. We operate in segments which address 97% of the entire market. The Italian market for Digital Enablers is expected to grow much faster with an 11.7% CAGR, and we have exposure to a number of the sectors within this market, such as AI. The AI/Cognitive services reference market for Almawave, and expected to grow at 24.0% over the same period (source: Assinform July 2021). This projected growth is driven by a strong digitalization trend across the Italian public and private sectors, enhanced by the PNRR, and the growing adoption of new technologies, such as cloud, AI and big data, and a shift in outsourcing behavior towards more externally managed services. The PNRR has allocated approximately €222 billion of funds to fuel economic recovery, of which 22% (€50 billion) has been allocated to investments in digitalization by 2026, and with €10 billion allocated for the digitalization of Public Administration where we are deeply active. We expect that our key IT services and solutions, supported by our Almawave Division, will continue to benefit from these accelerating growth trends in the market as digitalization in Italy progresses.

We expect our CRM Europe business to benefit from the expected forecasted stable growth in the Italian call center market of approximately 1.5% CAGR from 2019 to 2024 (source: KPMG) driven by demand for technology solutions where we excel, such as automated customer care and non-voice contact tools, as well as big data analytics and cloud-based solutions. This market is still very fragmented, with only 50% of the market controlled by the largest players. As such, we expect to benefit from further market share consolidation.

We expect our CRM International subdivision based in Brazil to benefit from the limited forecasted growth in the Brazilian call center market of approximately 1% CAGR from 2017 to 2024 (source: Frost & Sullivan), due to a combination of an increased trend towards outsourcing of these services away from Brazil's current, relatively unpenetrated level, and a growing middle class in Brazil. The Brazilian CRM market is particularly attractive due to the limited risk of offshoring or near-shoring competition resulting from Brazil's unique position as the only Portuguese-speaking country in Latin America.

Highly diversified and international customer base across sectors, as well as long-standing relationships with Italian public and private companies

We benefit from a highly diversified customer base, across industries, customer type (private and public) and geographies. For 2020, we generated revenues in our Telco and Media (21%), Transport (26%), Government (30%), Financial Services (16%) and Industry and Utilities (7%) sectors. Over the same period, 55% of our revenues were derived from the private sector and 45% of our revenues were derived from the public sector. In terms of geographical diversification, 74% of our revenues were generated in Italy, with Brazil accounting for 22% and other countries accounting for the remaining 4%. We increasingly focus on implementing our diversification strategy, which we have been achieving by growing across segments and by pursuing new clients.

We have long-standing relationships with many of our most important customers, with those representing more than 72% of our total revenue for the twelve months ended June 30, 2021 having been customers for more than a decade. In our IT Services Division and CRM Europe subdivision, customers representing more than 78% and 90% of our revenues, respectively, have been customers for more than a decade. In our IT Services Division, based on Company estimates, clients representing approximately 83% of our IT services revenues in 2020 have renewed at least two contracts with us, and in some cases as many as five or six contracts over the same period. Moreover, our clients include some of the most prominent and largest public and private sector entities in their respective sectors and markets. Our telecommunications and media customers include enterprises such as Vodafone, Telecom and Claro. Our transportation customers include Ferrovie dello Stato Italiane and Hitachi Rail S.p.A. Our public administration customers include the agriculture and environment, treasury and public finance, welfare and utilities and local government sectors. We also have long-standing relationships in the banking and insurance sector, where our customers include PostePay S.p.A. and Poste Italiane.

We believe our record of developing strong, durable relationships with our blue chip client base is the result of our intimate knowledge of and familiarity with those customers' business processes, as well as the fact that so many of our customers in both IT services and CRM trust us to manage core aspects of their operations, including entire networks and systems, that are integral to the smooth functioning of their businesses and, in some cases, national critical assets. For example, we believe that our IT services are vital to the daily operation of the Italian transportation system and to the millions of passengers who rely on it every day. Many customers are reluctant to undertake the risk of replacing us with a new provider which may not perform to the same standard, endangering these crucial business or public service functions.

We regard our technological capabilities as fundamental to our continued successful track record of winning new customers in the markets in which we operate. For some tenders in Italy, we are one of the few (and on occasion the only) service providers with the technological capability to completely fulfil the project requirements set out in the bid.

We are the main partner to the Italian Government in the roll-out of "digitalization 4.0". In 2020, we won approximately 80% by value of the public administration tenders in which we competed with respect to information systems, development and management of central and local critical applications, and management of infrastructure services. Approximately €2.3 billion tenders in aggregate from the public administration have already been issued or are expected in 2021 with an expected increase in investments in public administration deriving from recourse to the EU Recovery Fund (PNRR) and the commencement of specific contracts for large framework agreements (particularly for cloud-oriented application services).

Resilient IT division with a solid base of recurring revenues, expected to accelerate its growth thanks to stronger than ever backlog and digitalization wave

Our IT Services Division is characterized by limited revenue volatility due to, among other things, the critical role its products and services have come to play in the operations of many of its customers, in some cases over many years. Many of our IT Service Division's customers are responsible for providing essential public services, and the difficulty for our customers of finding substitute services on the market has provided our IT Services business with a stable stream of recurring revenues. The business demonstrated a strong resiliency to the effects of the COVID-19 pandemic, driven by digitalization trends across both the public and private sectors, and primarily due to the strength of its recurring business model and established client relationships.

Our IT Services Division's total revenues for 2018, 2019, 2020 and the twelve months ended June 30, 2021 were €427.0 million, €503.9 million, €562.0 million and €606.2 million, respectively. We estimate that approximately 48% of our 2020 IT Services revenue, comprising revenues derived from application management (33%) and infrastructure management (15%) services, represented services that we provided pursuant to ongoing long-term contracts.

Furthermore, our future performance visibility is supported by our backlog, which has reached its highest level since the company was established, amounting to €1.4 billion as of June 30, 2021, representing approximately 2.3 times the IT Services Division revenues for the twelve months ended June 30, 2021. See "*Forward-Looking Statements.*"

Strong financial profile, with high revenue visibility and excellent profitability, driving high cash generation—proven track record of delivering results

As a consequence of our long-standing customer relationships and the important role we play in our customers' businesses, our historical revenues have been relatively stable for a number of years. Our revenues for 2018, 2019 and 2020 and for the twelve months ended June 30, 2021 were €799.7 million, €866.7 million, €871.3 million and €891.0 million, respectively. We have consistently outperformed the overall Italian economy, with a 5.0%, 8.1% and 9.4% overperformance to Italian GDP in 2018, 2019 and 2020, respectively, driven largely by the resilience of our customer relationships, the mission critical nature and overall strength of the IT services market, and the trend towards digitalization. Moreover, when comparing the overperformance of our IT Services to Italian GDP, the results are even stronger, showing spreads of 14.4%, 17.7% and 20.4% for 2018, 2019 and 2020, respectively.

We are also a profitable and cash generative business. Our Adjusted EBITDA margin has improved from 9.8% in 2018 to 15.4% for the twelve months ended June 30, 2021 driven by the cost optimization initiatives carried out in 2019, 2020 and 2021 and the refocusing of our business on more profitable clients and cash conversion (defined as operating free cash flow relative to Adjusted EBITDA) of 34.1%, 59.3%, 58.8% and 14.6% (40.4% excluding €35.4 million of one-off working capital due to VAT credits) in 2018, 2019 and 2020 and for the twelve months ended June 30, 2021, respectively.

Experienced and talented management team with significant industry expertise and widely recognized in the industry

We believe that a significant driver of our success is our strong leadership and management team, which has achieved both organic growth and the acquisition of strategically valuable companies in Italy and internationally to build our product and customer portfolios, establish our innovative software development capability, and achieve our leading positions in the IT services and CRM markets in which we operate. Our management has experience navigating through multiple economic cycles, and expertise across commercial, technical, financial and other functional management areas of our business. Our team is led by our Chairman Alberto Tripi, who founded the Company in 1983 after a long career in senior management at IBM in Europe, and Marco Tripi, our Chief Executive Officer, who joined our company in 1999 and became our CEO in 2001. Our management team is highly experienced and is committed to growing our business.

Our Strategies

Our core strategic goal is to leverage our leading market position and compelling portfolio of products and services to expand to new clients and sectors in our existing markets and to selectively expand into new geographic markets where we anticipate strong demand for our digital solutions, including through selective bolt-on acquisitions. The specific elements of our strategy include the following:

Maintain Leading Market Position by Driving Innovation Across all Divisions

We believe that our leading market position, strong customer relationships and the growth in market demand for digital services provide us with a unique opportunity to increase our market share and grow our revenue by driving innovation across our businesses.

IT Services Division

Our IT services business intends to leverage the wide range of technological capabilities we possess and our deep understanding of the industries in which our customers operate, resulting from our long-standing customer relationships, to expand those relationships and drive our revenue growth. We are focused on creating vertical market platforms and products, through our knowledge and experience regarding our customers' business processes, that address our customers' business needs. We intend to exploit our expertise and proprietary solutions to expand our market share in the Italian private sector, engaging with those companies with a high capacity for IT spend.

In the near to medium term, we intend to utilize this strategy to expand our position in the transportation and logistics sector. Our transportation and logistics offering reflects the evolution of the key solutions we have developed customized on a case-by-case basis for our transportation customers, and which have become critically important to the functioning of the Italian transportation system, including infomobility, multi-channel and integrated e-ticketing systems, fleet localization and monitoring, passenger information systems, network management and many others, into a platform with standardized technologies and business processes which can be marketed as an Almaviva product to a wider range of customers in the transportation and logistics sector. MoovA, for example, is our platform for integrated, modular and seamless mobility, which connects different transportation modes in a single and advanced technological framework for fast, interconnected and flexible mobility. Our goal is to further "industrialize" our transportation and logistics portfolio to gain further market share in Italy and expand internationally. We believe we are well-positioned to use our state-of-the-art proprietary platform technologies encompassing end-to-end transportation and logistics business processes, to grow our transportation and logistics revenues both in Italy and the other markets in which we operate.

We plan to drive innovation in the financial services industry through the continuous development of our proprietary suite of products and solutions designed specifically for banks, insurance companies and other financial institutions, relying on our existing expertise and client relationships in core banking, payment, fintech, credit, wealth management services and general ERP solutions. We believe these innovations will position us to increase our market share significantly among the leading Italian financial and corporate institutions.

We have also expanded our already leading position as a service provider to the Italian government, including in the areas of defense and homeland security, administration and finance, healthcare, agriculture and welfare, to continue to be one of the main partners of choice for the government in supporting its "Digitalization 4.0" initiative to become the go-to provider of digital services across the Italian public sector. For example, we have recently launched a proposal for a public-private partnership for the Cloud Nazionale Initiative for the management of national information assets and transition to the cloud. With €50 billion of funds allocated by the PNRR towards investments in digitalization by 2026, of which €10 billion has been set aside for the digitalization of Public Administration, there are clear opportunities for us to grow our business and increase our market share.

Our future strategy is focused on moving from system integrator to provider of platforms and assets, driving increased profitability by leveraging on scalability of proprietary solutions and increasing licensing fees as a percentage of our revenues. We plan to approach this by exploiting our state-of-the art proprietary platform technologies, in order to become a leading technology provider.

CRM Division

We believe our CRM business has a significant opportunity to continue to grow revenues by integrating CRM business process outsourcing and innovative CRM solutions such as multi-channel interaction and big data analytics and by leveraging further innovations in our proprietary technologies, such as our Iride Customer Centric Suite developed by Almawave. We believe that Almawave's technology, which enables our CRM business to provide customers with CRM real-time analysis and interpretation-based services, has the potential to enhance the operational efficiency of our CRM Business Process Outsourcing service delivery by, for example, enabling our call center employees to handle higher call volumes and deliver higher levels of customer service, and by generating significant training cost reductions, driving revenue growth and improving margins. We believe these innovations position us well to increase our penetration with our existing customer base in Europe and Brazil by demonstrating the value to them in outsourcing more of their CRM functions to us.

After a successful turnaround in recent years, CRM Europe is on a clear path to profitability and achieving profitability remains one of our key strategic priorities. Since 2015, CRM Europe's workforce has been consistently reduced in line with a "rightsizing" of its business operations. Since 2015, headcount has been reduced by more than 50%, with 3,637 employees as of June 30, 2021 compared to 7,906 employees as of December 31, 2015. At the same time, we have focused on client and product rationalization by focusing on profitable products and clients. In particular, customer acquisition has focused on clients that offer better marginality and growth perspectives, and new sectors (such as industrials), while reducing exposure to others (such as telco) and product selection has focused on products with higher profitability. CRM Europe has also been able to reduce its fixed cost base by reducing its dependency on third party services and more effectively deploying its own. In response to the COVID-19 pandemic, CRM Europe implemented various strategies to maintain the gains it had made in recent years, including the implementation of proprietary solutions that enabled its staff to work effectively and efficiently from home. These solutions, including a model that enables employees to work 80% of the time away from the office, are now being implemented across the organization and enhance the work/life balance of our employees while also allowing us to reduce site costs.

Almawave Division

Our Almawave Division is critical to our innovation strategy. Almawave is a leading Italian player in artificial intelligence (AI) with a specific focus on speech recognition and text analytics technology applied to customer interaction management and augmented analytics. Almawave laboratories produce proprietary technology-based solutions for Natural Language Processing for unstructured data and knowledge analysis (using our Iride Suite and Audioma).

Almawave has particular expertise with Natural Experience (applying automatic and natural language processes to drive digital change, smart-working and citizen digital services) and Information Fusion (cognitive/AI services to navigate data and information and discover new correlations and a new model of data governance). In addition to its existing role supporting innovation in our CRM and IT Services Divisions, we intend for Almawave to focus going forward on the development and sale of proprietary products, similar to our Iride suite, in order to continue to increase its margins and profitability.

Leverage successful experience of expanding internationally to selectively enter new geographic markets

We believe that our success in Brazil has given us valuable experience of how to successfully expand into potentially profitable new international markets.

In our IT Services Division, we believe that our market-leading technologies in the transportation and logistics market, can be profitably exported beyond Italy to target markets, including to Northern and Eastern Europe. For example, we have a PIS services sales contract with a seven-year term with a customer in the Finnish transportation sector, a contract with a seven-year term (with an option to extend by five years) to provide IT and PIS services contract for the Riyadh Metro in Saudi Arabia, and we were recently awarded a contract with a three-year term with a major rollingstock builder in the United Kingdom to supply onboard information systems. We believe these regions include a number of countries where demand for digital solutions is growing, where transportation and logistics investment is a critical success factor in their overall economic development, and where our transportation and logistics solutions can drive revenue growth.

We are focused on expanding our CRM International business into selected, fast-growing markets in order to (i) deploy on a wider scale its distinctive operational and technological model that we believe generates higher profitability than other global CRM competitors and (ii) gain access to a larger market for its services and proprietary technologies designed by Almawave. We have a start-up operation in Colombia to serve the Colombian market which we are considering expanding to serve as a near-shoring location servicing the United States and other Latin American markets, where we are also exploring expanding (e.g., in Chile, Peru).

We have implemented an expansion program for Almawave focused on leveraging our current success with Brazilian and Italian CRM customers to market Almawave's proprietary solutions in wider Latin America and Indonesia, with the goal of turning this business into a leading provider of innovative software solutions.

Pursue financial strategy of prudent deleveraging, strong liquidity management and limited shareholder distributions

Following completion of this offering of the Notes, we intend to repay the Existing Notes. Going forward, we intend to prudently deleverage through steadily increasing our EBITDA and continuing our disciplined approach to cost control. We plan to make only limited shareholder distributions in the near to medium term. In addition, we intend to maintain robust liquidity through our Revolving Credit Facility, while maintaining an adequate liquidity cushion for working capital and the ongoing business needs of our company through our cost control and credit control management. We believe these measures will strengthen our financial profile while ensuring that we have sufficient cash resources to maintain our operations and execute our expansion strategies.

Pursue disciplined, opportunistic and value-creative M&A and Corporate Business Optimizations

We intend to pursue an opportunistic and value-creative, disciplined M&A strategy, also profiting from the proceeds of the Offering that are expected to be funded to the balance sheet. On the IT services side, we are targeting companies generating between approximately €20 million to €100 million in revenue mainly in the Transportation and Logistics, Healthcare, Finance, and Cybersecurity divisions with well-balanced client portfolios and/or proprietary solutions. On the CRM International side, we are targeting companies in Central and South America where we already have operations, and which are mainly focused on non-telco activities. In Almawave, we have a "make or buy" approach, where we develop our leading position as a global AI application company through a combination of organic and inorganic investments, targeting companies specialized in AI, omnichannel and Augmented Analytics but also companies with system integration skills and customer portfolio. We do not currently intend to pursue acquisitions within CRM Europe, as we continue to focus on organic initiatives.

In addition, we may seek to optimize our business activities and increase our client and market focus through corporate business reorganizations. Our operations are currently divided into different business areas according to the market sectors in which we operate, such as finance, transport, public administration, healthcare and defense. By transferring one or more of these business areas into separate legal entities with their own organizational structure and management, we would expect to be able to optimize our corporate structure and improve the overall agility and competitiveness of our organization particularly in tender processes and strengthen our market presence. Any new corporate entities resulting from any such reorganization would remain within the Restricted Group as subsidiaries of the Company.

History

We were founded by our current Chairman, Alberto Tripi, in 1983 in Rome. From a small IT services provider with 30 employees named CoS/ISI Italsistemi per l'Informatica, we have grown organically and through acquisitions to become one of the leading IT services providers in Italy and a leading CRM services provider in Italy and Brazil.

We entered the CRM market in Italy in 1998, and in 2002 took the first step in the expansion of our CRM business internationally with the launch of Almaviva Tunisie in Tunisia. In 2005, we reached a further milestone with the strategic acquisition of the IT services company Finsiel Group from Telecom Italia, which established us as a leading IT services provider for the public sector and the banking and transportation and logistics industries in Italy. We were renamed Almaviva following the Finsiel acquisition. In 2006, we expanded our CRM operations to Latin America with the launch of our Brazilian subsidiary, Almaviva do Brasil Telemarketing e Informática S/A, and in 2009 entered the market in China through Live Information Technology, our joint venture with the Chinese government. In 2008, we also launched our innovation company, Almawave, and in 2013 Almawave acquired PerVoice S.p.A., entering the speech recognition market. In 2014, we further expanded our geographic footprint by establishing IT services operations in Belgium and a sales office for Almawave in the United States. In 2015, we entered the Spanish language CRM market in Latin America with the launch of contact centers in Colombia, and in 2016 started near-shore operations from contact centers in Romania. Between 2017 and 2018, we acquired the entire participation in Wave S.r.l., which in turn allowed us to have a majority stake in its subsidiary, Sadel S.p.A., a leading producer of PIS and IoT equipment and solutions for transport in Italy. In 2019, we strengthened our CRM business in Brazil by acquiring Chain Serviços e Contact Center S.A., one of the leading providers of CRM services to the financial sector. In the same year, we also acquired Wedoo, an Italian digital innovation agency which designs digital strategies focused on the interaction between people and technologies, with particular expertise in the production of computer-generated imagery, augmented reality and virtual reality applications. In March 2021, Almawave completed its initial public offering and was thereafter listed on the AIM segment of the Milan Stock Exchange, where approximately 26.09% of its shares are trading. On July 20, 2021, the Issuer acquired 70% of the share capital of Kline S.r.l., a company active in the sector of development and production of integrated software platforms, technological solutions and services for financial intermediaries.

Divisions

Our business is grouped into three operating divisions organized around our principal areas of activity: IT Services, CRM and Almawave, our innovation and new technologies division.

IT Services

Our IT Services Division develops and manages mission-critical software applications and ICT infrastructure for customers in the transportation and logistics, public administration and banking and insurance sectors. The solutions and services we provide our customers draw on our deep knowledge of industry and customer-specific business processes and our expertise in emerging technology trends, such as cloud computing, internet-of-things, mobile and mobility, big data analytics and cyber security, as well as enterprise resource planning and corporate solutions. Our systems, services and solutions are based upon and underpinned by the proprietary technologies developed by the Almawave Division.

Our IT Services Division reported total revenues of EUR 558.8 million in 2020 and EUR 603.0 million in the twelve-month period ended June 30, 2021, accounting for 64.1% and 67.7% of our Group revenues after intragroup eliminations, respectively. In 2020, we were the fourth largest provider of IT services in Italy in terms of revenues (source: KPMG). We believe we are the leading provider of IT solutions for the transportation and public administration sectors in Italy. The IT Services Division had more than 4,100 FTE employees as of June 30, 2021.

Industries

Our IT Services Division primarily serves customers in the following industries:

Transportation and Logistics

We work with passenger and freight transport operators, infrastructure managers, port authorities and local authorities to develop and manage integrated passenger mobility systems and services across all transportation modalities. We have particular expertise in railway transportation networks and logistics management and have a long-standing partnership with Ferrovie dello Stato Italiane, for whom we develop and manage mission-critical software systems and integrated ICT infrastructure management across the Italian railway system. For example, we jointly developed and manage a suite of planning and management platforms for critical business processes across the Ferrovie dello Stato Italiane group companies, including the command and control functions, passenger travel information (both aboard trains and in train stations), as well as traffic management.

The following diagram illustrates the comprehensive services and solutions that we provide to Ferrovie dello Stato Italiane:

In addition, we have consolidated and extended our solutions to support our customers in the transport and logistics sector, including Smart Station, a smart city oriented digital platform that provides, among other things, free connectivity and information on station services for travelers, smart energy management solutions that monitor energy consumption and enhance the energy efficiency of trains and train stations, ticket barriers with contactless and chip card technology, virtual support for disabled travelers, environmental detection (such as noise, humidity and temperature), intrusion detection systems, smoke detection, people counting and fire prevention. Our Smart Station platform is used in approximately 2,000 stations of the Italian Railway Network and is being adopted by other Italian customers such as FERROVIENORD (120 stations) and Ente Autonomo Volturno (150 stations). It has also allowed us to extend our market to the airport sector and to other critical infrastructures. For Aeroporti di Roma, we have provided monitoring and passenger counting for Fiumicino Airport and other initiatives and proposals are underway at other airports, both in Italy (Bergamo, Olbia, Milan) and abroad (Malta, France, Qatar, Saudi Arabia). As part of the monitoring of critical infrastructures, we are carrying out the construction of the Central and Local Platform for the Dynamic Monitoring of Critical Infrastructures (Structural Health Monitoring) of Anas and the supervision system of RFI's critical infrastructures which lays the foundations for creating a national approach for the management of emergencies.

We have extended the scope of our customers for on-board services having been accredited as suppliers worldwide, not just in Italy, for important train builders (such as Hitachi and Alstom). This has led to involvement in multiple commercial initiatives which have already resulted in an important supply for Hitachi UK. Furthermore, we have also extended our offer to the road transport segment with the first project completed in Italy.

The evolution of our offer in transport has made it possible to approach previously unaddressed markets, relating to the "Smart Mobility" and "Road" segments. We have completed important projects in the context of Smart Mobility and local public transport for various customers such as Roma Servizi per la Mobilità (RSM), AMAT Palermo, AdSP Bari, Municipality of Verona, ATAC, Ferrovie della Calabria, Unico Campania, Regione Sardegna. Of particular importance are the Integrated Mobility Control Room and Mobility as a Service (MaaS) solutions for which market demand is growing. Our solutions have also supported the mobility management of major events such as the 2021 World Ski Championships in Cortina and the 2021 Giro d'Italia. With regards to the "Road" segment, the testing of the first Italian Smart Road on the SS51 road from Alemagna to Cortina was completed for our customer, Anas. The project was the first step for enabling communication between the infrastructure and the vehicles and, subsequently, for autonomous driving. The Smart Road program continues with a new project on the A91 Rome-Fiumicino. Furthermore, an important program is underway for the creation of the New Integrated Platform for the Operational Center of CAV (Venetian Motorway Concessions) which will allow more efficient planning, management and control of traffic and information mobility through constant monitoring of services and infrastructures under management.

We have also worked to strengthen our presence in the international market by targeting North America, Latin America, North and Eastern Europe, the Middle East and North Africa. Our positioning in the international market has been strengthened by projects such as the installation of the Passenger Information System in all 200 stations of the Finnish railway network. We have also recently won the contract for the supply and management of ICT solutions to be supplied by the FLOW Consortium, which was awarded the operation and maintenance contract for four of six lines of the Riyadh Metro in Saudi Arabia.

Public Administration

We work with a broad range of government entities to help them ensure the delivery of some of their most important public services in the areas of agriculture and environment, healthcare, education, treasury and public finance, local municipalities, and utilities. For example, we have developed and currently manage end-to-end systems for social security benefit payments to millions of Italian pensioners, the human resources and payroll management systems of a number of Italian government agencies that together employ over a million public servants, and online enrolment systems for teachers and students throughout the Italian educational system. We also manage Italy's farm subsidies payment system; the information system for Italy's organ transplant program; e-passport, e-ID and e-residency permit systems for the Italian homeland security department; and command and control systems for Italian law enforcement agencies and the armed forces.

Banking and Insurance

We offer services and solutions designed to help our banking and insurance customers increase cost efficiency, grow their customer base and manage risk. Our core offerings in this area include payment solutions for banking customers and the Italian postal system, process management solutions for insurance and banking customers, front and back-office management for capital markets customers, products and services for regulatory and tax compliance management, platforms and services for loan management and real estate asset analysis and evaluation, as well as business process outsourcing and fraud management solutions.

Industry and Utilities

We offer a range of solutions for smart road and smart vehicle markets, including connected car technology (with the development of our vehicle-to-everything (V2X) platform and data decision support system), car configurator solutions and testing of cars (verification in road of the produced motors vehicle), on board unit (OBU) solutions for traffic control and infomobility emergency management and real time fleets monitoring for insurance customers and automotive service players. In the industrial and manufacturing sectors, we support customers with digital twin projects and remote sensing services, augmented and mixed reality solutions and predictive maintenance algorithms of engines (prediction of faults and failures) and assembly lines (line failures). We offer our competences in the infrastructure asset management market and energy and utilities distribution management systems (energy saving solutions of plants and buildings).

Services and Solutions

Our broad, end-to-end process expertise spans a number of technology trends, including cloud computing, internet-of-things, mobile and mobility, big data and cyber security, as well as enterprise resource planning and corporate solutions.

Cloud Computing

We work with our customers to create cloud strategies tailored to their needs. We have particularly strong experience in designing and implementing both private and hybrid cloud solutions for large enterprises, where security, reliability, scalability and performance are critical. Our customizable blueprint for cloud solutions is able to host sensitive data and applications across public and on-premise private clouds. Our core platform includes a private cloud for enterprise infrastructure capable of supporting cloud migration of large organizations, a private cloud infrastructure that offers best in class performance in terms of automatization and standardization and a hybrid and multi-cloud infrastructure in partnership with Amazon Web Services, Google, Oracle, Salesforce, Microsoft and Virtustream. Using our proprietary methodology, we also offer a selection of services designed to transform our customers' existing information technology infrastructure into a dynamic private or hybrid/multi-cloud solution that better meets their needs. For example, we have developed and operate a multi-cloud solution for a local government company in the Lombardy region, ARIA, storing its data, particularly the regional health care system data, on various clouds—Amazon, Microsoft and Virtustream—in order to prevent the operating systems from becoming overburdened.

High Performance Computing

We have collaborated with universities and research centers in the field of centralized (supercomputers) and distributed (such as embedded GPU) high performance computing (HPC), with the aim of optimizing existing applications in the fields of big data and machine learning, accelerating and improving the training of deep learning algorithms, developing new services starting from the massive processing of data of various kinds in real-time. These solutions can be applied to a range of sectors, such as healthcare, land monitoring, precision agriculture, defense, industry, smart cities and smart landscapes.

Internet-of-Things and Blockchain

We develop and integrate solutions that enable customers to seamlessly connect the applications and devices that drive their businesses to each other and to the Internet. Our core offering in this area is GIoTTO, a proprietary platform that has allowed us to develop solutions for energy management, facility management, video surveillance and Smart City applications, demonstrating our capacity for innovation in an area where, with the imposition of 5G, there is expected to be significant demand for IoT components and edge computing solutions. For example, in the smart and augmented city sector, we have developed solutions based on location intelligence which have been used to address issues relating to the COVID-19 pandemic, such as integrated and modular solutions for smartworking, social distancing, access control and authentication and contact tracing. In the connected car, mobility and smart-road areas for the insurance and industry market, we have increased our activities, both in software development and consultancy, to support smart-road solutions. We have also developed devices and sensors to support new models of interconnection and remote management for smart cities and regions (including smart water and energy metering, air and noise quality and floodings).

Mobile and Cross Reality Application

We leverage our expertise in connectivity to develop and integrate secure mobile and mobility solutions. We believe our mobile technology and Wi-Fi location services give end users a more personal and convenient experience that provides them with the right information at the right time, on innovative, context aware mobile applications with augmented reality features. We have designed a complete and modular offer to efficiently use an organization's resources (such as booking shared workspaces) and created an application that assists with adherence to the COVID-19 social distancing rules by giving users a visualization tool to monitor the degree of occupancy of a space. In addition, we have developed innovative "mobile first" solutions for supply chain tracking with blockchain and IoT technologies, cross reality solutions for local government to offer a user experience in environments recreated in virtual environments or visualization in augmented reality with motion tracking and rendering technologies.

Data Science and Artificial Intelligence

We combine various technological skills (such as data mapping, data integration and data monetization with augmented analytics solutions) with operating models and service architectures to create an end-to-end service model that leverages architectural and scientific frameworks, platforms and centers of competence, based on the following themes: scalable, extensible and secure infrastructures for data management and analysis; big and fast data ecosystems for functions and tools for data processing, correlation and historicization of data also from IoT and GIS systems; data-driven services exposed via application programming interfaces (API) for optimize interoperability; consolidation of standards consistent with public guidelines and the GDPR with encryption algorithms and data masking; application of artificial intelligence models to develop machine and deep learning algorithms adaptable to a range of technological contexts and markets (such as healthcare, public administration, industry and manufacturing, aerospace and defense); and development and constant evolution of technological frameworks (eg introduction of the Explenable AI and ethical component in the ecosystem of GIOTTO platforms) for optimize data analysis.

Cyber Security

As technology continually evolves and data flows from the mobile, internet of things (IoT) and big data sectors ever increase, our cyber security proposition has been designed to offer a complete and diversified panel of services, technologies and products, both proprietary and from third parties, which respond to the continuous and increasingly sophisticated IT threats unique to each industry. The offer ranges from products and solutions offered in the IT field to services dedicated to the world of industrial safety, from the protection of industrial plants to data management. Our cyber security offering, therefore, is based on a deep and rooted vertical knowledge of each of the markets to which it is addressed and aims to offer skills and tools to counter the growth of attacks relevant to each of those markets while raising the level of security and resilience of our customers. The entire panel of services, designed from a security-by-design and privacy-by-design perspective, covers the analysis of potential threats, the assessment of the impact on the organization, the integration of solutions and the management of the safety of the infrastructures (whether they concern industrial plants or support platforms) and of the customer's applications.

Enterprise Resource Planning and Corporate Solutions

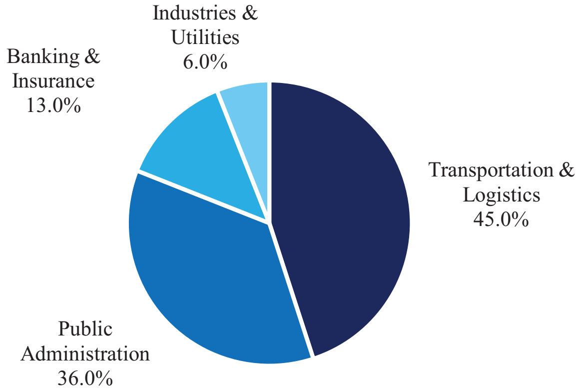
We draw on our longstanding experience in the management of business processes and the expertise of our certified professionals to design and implement enterprise resource planning and corporate solutions. Our core offerings in this area are SAP platform and technology services, including hosting, cloud services, SAP HANA, infrastructure operation services, and application management services. For example, we implemented and manage SAP for the Italian railway system and the Ministry of Economy. Our data management services help our customers ensure the availability, conservation and integrity of business data in the areas of enterprise data management, corporate data quality management, and master data management. Taking an "agile" approach and utilizing cutting edge technology such as data visualization, our services ensure a seamless transition from data to valuable information for the business.

Customers

Our IT Services Division serves customers across the public administration, transportation and logistics, and banking and insurance sectors. For the year ended December 31, 2020, our public administration, transportation and logistics, banking and insurance, and industries and utilities customers accounted for 43%, 37%, 12% and 8% of our IT Services Division revenues, respectively. Our public administration, transportation and logistics, banking and insurance, and industries and utilities customers accounted for 45%, 36%, 13% and 6% of our IT Services Division revenues in the twelve-month period ended June 30, 2021, respectively.

The following diagram shows a breakdown of total revenues of the IT Services Division by sector for the twelve-month period ended June 30, 2021:

IT Services
Total Revenues by Sector
Twelve months ended June 30, 2021



In transportation and logistics, we primarily serve customers in the public sector. Our largest customer is Ferrovie dello Stato Italiane, the holding company of Italy's national railway system, whom we have served since 2005 and with whom we maintain a close collaborative partnership. The Ferrovie dello Stato Italiane group consists of more than 40 companies spanning the transport, infrastructure, freight, and other industries, including Trenitalia, Italy's primary train operator, Rete Ferroviaria, the national railway network, and BusItalia Nord, a local transportation provider. We treat transportation and logistics as separate from the public administration sector because of its significant contribution to our revenues and the differentiated vertical expertise required in this sector.

Our public administration customers include the agriculture and environment, treasury and public finance, welfare and utilities, and local government sectors, including INPS (the administrator of the Italian pension system), Sogei (the information system arm of the ministry of economy and finance), and the ministry of education and research. We also have longstanding relationships in the banking and insurance sector, where our customers include Intesa Sanpaolo and Poste Italiane.

We seek to create long-term, strategic relationships with our clients, and to be viewed as an integral part of their business. We strive to offer services and solutions that cover our customers' value chain, which we believe offers better value to them and leads to a longer, mutually beneficial relationship. As of December 31, 2020, the majority of our IT services customers had been in our customer portfolio for at least one decade, including our top three customers in terms of revenue in 2020.

Delivery

Within our IT Services Division, our services and solutions are delivered to customers through our network of nine competence centers, six business practice areas, and three "software factories" across Italy.

Our competence centers assemble integrated expert teams across a broad range of technologies to ensure technical competence. These teams work in close collaboration with other parts of our business, including the specialists in our managed services and software engineering "factories," which provide the back-end production capacity for our solutions and services. Our business practice areas are clustered by solution verticals and have primary responsibility for business development, building and sustaining long-term client relationships, granting management and consulting services to the delivery process and ensuring client satisfaction.

In order to better tailor services to our customers' needs, our delivery teams also maintain partner status with a large number of best in class technology vendors, including AWS, Microsoft, Oracle, Cisco, Dell EMC, SAP, Informatica, ServiceNow, Google IBM, Adobe, SAS and VMWare.

CRM

Our CRM Division offers a wide variety of customer relationship management services and solutions to help our customers grow their businesses. We believe cutting-edge CRM operations have become a top priority for companies given the high level of engagement their customers increasingly expect, combined with the proliferation of multiple communication channels. The services and solutions we offer reflect our holistic approach to CRM, which integrates business process outsourcing, innovative CRM solutions and advanced data analytics with our significant knowledge of the evolving needs of the industries we serve and the trends leading the CRM market. They are designed to offer our customers a competitive advantage based on the time, cost and experience needed to develop a comparable set of resources to those we offer. The services and solutions offered by the CRM Division leverage the proprietary technology developed in-house in our Almawave Division.

Our CRM Division had total revenues of EUR 264.5 million in the twelve-month period ended June 30, 2021, accounting for 29.7% of our revenues after intragroup eliminations, respectively. Total revenues of the division before intragroup eliminations were EUR 269.8 million, which accounted for 30% of the Group's revenues after intragroup eliminations. Our CRM Division had more than 37,000 FTE employees as of June 30, 2021. Our CRM Europe business was the third largest provider of CRM services in the Italian market in 2020 and our CRM International business has grown quickly to establish itself as the second largest provider of CRM services in Brazil in 2020 (source: KPMG).

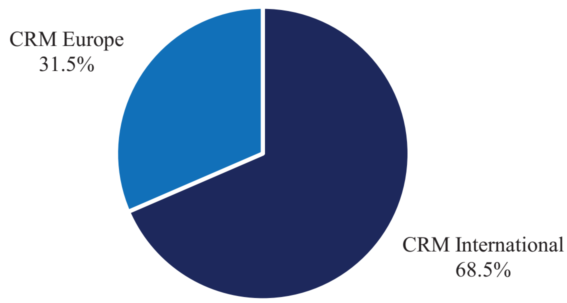
Subdivisions

Our CRM Europe subdivision serves customers in Italy from six contact centers located throughout Italy and three in Romania, with a total of more than 3,300 operative workstations and more than 3,300 FTE employees as of June 30, 2021. It leverages our Italian language expertise to offer CRM services to our customers in the language they prefer and in accordance with Italian law which requires CRM operators to give users the choice to be served by a contact center agent located in Italy. For the twelve months ended June 30, 2021, the CRM Europe subdivision had total revenues of EUR 83.4 million, accounting for 31.5% of the CRM Division's revenues and 9.4% of Group revenues after intragroup eliminations. Total revenues of the subdivision before intragroup eliminations were EUR 88.6 million, which accounted for 10% of the Group's revenues after intragroup eliminations.

Our CRM International subdivision serves customers from 14 contact centers in Brazil, two in Colombia and two in Tunisia, with more than 34,000 FTE employees as of June 30, 2021. Our centers in Brazil and Colombia aim to leverage their Portuguese and Spanish language expertise to serve customers across Latin America. We serve customers in Tunisia and France from our center in Tunisia. For the twelve months ended June 30, 2021, the CRM International subdivision had total revenues of EUR 181.1 million, accounting for 68.5% of the CRM Division's total revenue and 31.5% of Group revenues after intragroup eliminations. Total revenues of the subdivision before intragroup eliminations were EUR 181.2 million, which accounted for 20% of the Group's revenues after intragroup eliminations.

The following diagram shows the revenues of our CRM Division by subdivision for the twelve-month period ended June 30, 2021.

CRM Revenues by Subdivision
Twelve months ended June 30, 2021



Services and Solutions

We offer a comprehensive set of services across both subdivisions to help our customers engage with their own customers better. Each of our services can be combined into customized solutions tailored to specific needs that further deepen our customers' ability to build stronger relationships with their customers while focusing on their core competencies. We deliver our services and solutions across multiple channels, including digital (SMS, e-mail, chats, social media and apps, among others) and voice.

Our CRM services and solutions are underpinned by the technology developed by our Almawave Division, including our Iride Customer Centric Suite, which gathers on one platform the capabilities that call center operators need in order to connect seamlessly with our customers' systems and provide tailored responses to the contact center users.

Inbound and Outbound Services

We own and operate contact centers with operators who are trained in our customers' processes and serve as an extension of our customers' businesses. Our operators are trained to engage with those they support using multiple channels, such as phone support, e-mail support, live chat and social media. We primarily provide inbound contact center services, including customer care, technical support, sales and ticketing. We also offer limited outbound services, including telemarketing, market research, and statistical services, such as census surveys for the Italian government. In Brazil, we also provide debt collection services.

Consulting and Process Re-engineering

We help customers formulate a unified vision and strategy that enables them to optimize long-term customer experience management processes and workflows based on their specific needs and our expertise in a wide variety of industries. Our industry experts work with our customers to define current business processes, and then re-engineer these business processes to improve the overall efficiency, productivity, and quality of our customers' operations. Our services also cover business process outsourcing modelling, contact center infrastructure design, and the development of customer experience strategies.

Back Office and Document Management

We offer and run applications that automate the processing of high-volume transactional content in the back office in order to promote the efficiency and productivity of our customers. Our applications provide customers with support in a range of activities, including accounts payable and invoice processing, purchase order matching and inventory management. Our staff is also trained in case management relating to our customers' financial reimbursement of their customers and quality monitoring across the lifecycle of back office activities.

Market Analysis

Leveraging our big data expertise, we conduct market research and synthesize data to provide our customers with actionable insights that help them in their fundamental decision-making. Our industry experts synthesize a range of data points, including industry trends and population sizes within target demographics and key competitors to provide our customers with an in-depth understanding of their customers' needs, requirements, psychographics and purchasing behavior.

Adaptive Front-End

Drawing on the proprietary technologies developed by the Almawave Division, we engineer adaptive CRM platform interfaces that respond to the environment in which content is being viewed, including voice. Adaptive front-end solutions allow contact center operators to draw the information necessary to process a caller request from a single, intuitive platform, which in turn reduces both the time necessary to complete caller queries and training costs.

Customers

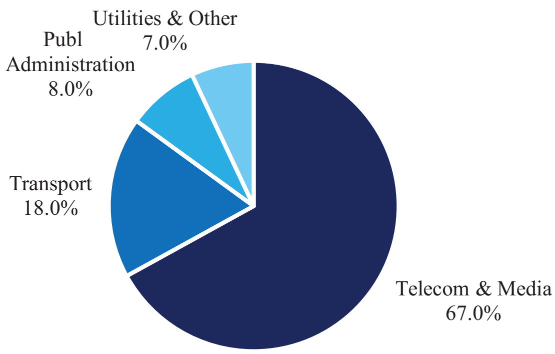
Our CRM Division serves customers across a broad range of industries, such as telecommunications and media, transport, utilities and financial services, as well as public administration.

Our telecommunications and media customers include large enterprises, such as Vodafone, Vivo, TIM Cellular, Net Servicios, Claro, WINDTRE, Sky and Telecom Italia. Our transportation and logistics customers include Ferrovie dello Stato Italiane and Latam Airlines. Utilities customers include Postemobile, AMG, GSE and light Brasil, and our financial services customers include Bradesco, Itau and America Express.

For the year ended December 31, 2020, our telecommunications and media industry, transport, utilities and other industries, and public administration customers accounted for 66%, 18%, 8% and 7% of our CRM Europe revenues, respectively. In the twelve-month period ended June 30, 2021, 67% of our CRM Europe revenues were derived from sales to the telecommunications and media industry, 18% from transport, 7% from utilities and other industries, and 8% from public administration.

The following diagram shows a breakdown of the revenues of our CRM Europe subdivision by sector for the twelve-month period ended June 30, 2021:

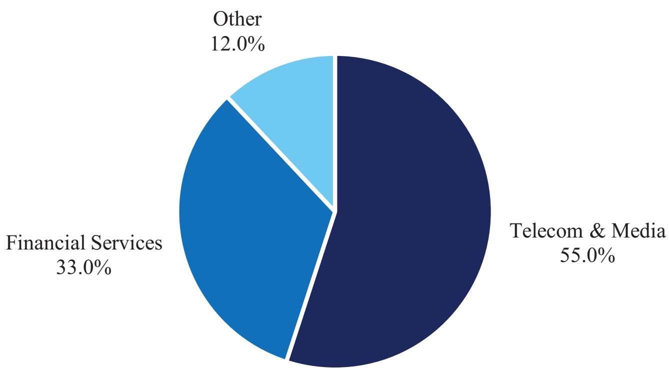
CRM Europe
Total Revenues by Sector
Twelve months ended June 30, 2021



For the year ended December 31, 2020, our telecommunications and media industry, financial services, utilities and other industries, and transport customers accounted for 58%, 33%, 6% and 4% of our CRM International revenues, respectively. In the twelve-month period ended June 30, 2021, 55% of our CRM International revenues were derived from sales to the telecommunications and media industry, 33% from financial services, and 12% from other customers.

The following diagram shows a breakdown of the revenues of our CRM International subdivision by sector for the twelve-month period ended June 30, 2021:

CRM International
Total Revenues by Sector
Twelve months ended June 30, 2021



Almawave

Our Almawave Division develops a wide variety of cutting-edge software applications and solutions that focus on data analytics and speech and text recognition technologies and enable our customers to better engage the consumers of their products. The applications developed in the Almawave Division are embedded in many of the services that our IT Services Division and CRM Division provide to customers, in addition to being offered as standalone services.

In March 2021, Almawave S.p.A. completed an initial public offering through a primary issuance and listed on the AIM segment of the Milan Stock Exchange. We believe the transaction will allow Almawave to accelerate the development of products and know-how and strengthen its go-to-market strategy by investing in marketing and partnerships while expanding its geographical positioning through selective acquisitions. We continue to hold approximately 73.91% of Almawave's share capital. The technology developed by the Almawave Division is critical to the success of our two other divisions and we believe that Almawave is a leading Italian provider of speech and text recognition technology applied to customer experience management and advanced analytics. As of June 30, 2021, the Almawave Division had more than 230 FTE employees.

Our Almawave Division had total revenues of EUR 23.4 million in the twelve-month period ended June 30, 2021, which accounted for 2.6% of the Group's revenues after intragroup eliminations. Total revenues of the division before intragroup eliminations were EUR 29.3 million, which accounted for 3% of the Group's revenues after intragroup eliminations.

Services and Solutions

At the core of our Almawave offering is our proprietary Iride Customer Centric Suite, designed to enhance and simplify CRM services. The Iride Customer Centric Suite gathers on one platform capabilities that enable call center operators to provide tailored responses to contact center users. The Iride Customer Centric Suite includes a state-of-the-art multi-channel natural language-driven unified front-end interface for contact center operators available in 29 languages. The Iride Customer Centric Suite automates certain processes, simplifies user interaction through voice and text and combines technological features, such as natural language processing and speech recognition, knowledge management, spoken and written dialogue management systems, meaning-based process driven applications and content-based unified routing technologies. The Iride Customer Centric Suite also has the ability to harvest data across multiple channels and deliver new business and operational insights from access to a data analysis that can be tailored to specific needs.

The Iride Customer Centric Suite includes the following modules from which customers can select a bespoke package to meet their needs:

- The Iride One Natural Interface is designed for multi-channel front-end interactions with users, while reducing the complexity of the interface and providing intuitive management of phone, e-mail, live chat and social media experiences of those who our customers serve.

- Iride Text Analytics provides an advanced method to classify inbound contacts, carry out address analysis of contacts and optimize processes to handle contacts. It improves the effectiveness and quality of contact management across multiple channels with the aim of increasing the satisfaction of those who our customers serve.
- Iride Call is a tool for marketing campaign automation, including direct e-mail marketing, data collection and satisfaction analysis.
- Iride Voice analyzes speech to identify a user's needs and optimize how best to engage with the user in order to improve service quality.
- Iride KM is a search engine that optimizes the search for content while providing customers with insight into the relationship between search patterns, by processing structured and unstructured data and ontological domain models and statistical knowledge extraction algorithms.
- Iride Aware is a tool that enables the analysis of information retrieved from public sources by interpreting non-structured content.

Our application development focuses on the creation of innovative, easy-to-use solutions based on natural language understanding and interpretation.

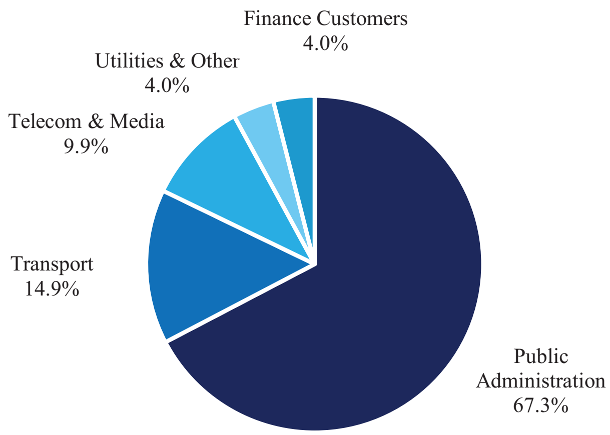
Customers

Our Almawave Division serves customers across a broad range of sectors, including public administration, telecommunications and media, transportation and logistics, finance and utilities. The applications developed in the Almawave Division are embedded in many of the services that our other divisions provide, in addition to being offered as stand-alone services.

For the year ended December 31, 2020, public administration, transport, telecom and media, finance, and utilities and other industries customers accounted for 65%, 15%, 12%, 6% and 2% of our Almawave Division's revenues, respectively. Public administration, transport, telecom and media, utilities and other industries and finance customers accounted for 68%, 15%, 10%, 4% and 4% of our Almawave Division's revenues in the twelve-month period ended June 30, 2021, respectively.

The following diagram shows a breakdown of the revenues of our Almawave Division by sector for the twelve-month period ended June 30, 2021:

Almawave
Total Revenues by Sector
Twelve months ended June 30, 2021



Delivery

Our Almawave solutions and products are delivered from technology labs and centers of excellence in four locations in Italy and two in Brazil, in addition to two dedicated "software factories" in our centers of competence in Trento and Rome, Italy.

The drivers of research and development in our Almawave Division are the technology labs and centers of excellence. It is here that our industry experts, with extensive knowledge of business processes, monitor industry trends in process management and respond to these trends by experimenting and developing technologies to meet the evolving needs of industry participants.

Our language technology lab develops proprietary Iride technology-based products for text and knowledge analysis designed to manage and turn data into valuable information. It develops semantics-driven intelligent business process management products. Our speech solutions lab engineers have developed products based on proprietary Iride and PerVoice speech recognition technologies designed to manage and turn data into valuable voice information.

Sales and Marketing

We market our solutions and services to both potential and existing clients directly through our divisional and industry-based business development teams.

Our sales and marketing strategy targets markets by industry to deliver key industry-specific and multi-industry service offerings to our clients. We focus on developing new prospects through market research and analysis, renewing expiring contracts and leveraging existing client relationships to offer additional services. We leverage our broad, multi-industry service offerings to package solutions through enterprise selling, while maintaining a disciplined approach to pricing and contracting. Our sales efforts typically involve extended selling cycles and our expertise in specific industries is critical to winning new business. Our sales force is salaried and generally does not receive commissions.

We have designated relationship managers for each of our strategic relationships. The relationship manager is supported by our competence centers to ensure the best possible solution is provided to our clients. Our sales force is primarily organized by industry-specific teams that are supported by horizontal service offerings.

Significant new business opportunities are reviewed by business and sales leaders from the applicable industry vertical, operations personnel, and members of our finance department. If they determine that the new business is aligned with our strategic objectives and a good use of our resources, then our business development team is authorized to pursue the opportunity.

Contracts

The following is an overview of the typical structures of our public sector and private sector customer contracts, along with summaries of some of our key contracts.

Public Sector Contracts

Our contracts with public sector customers are typically governed by framework agreements awarded by public procurement bodies pursuant to competitive public tenders. Framework agreements are granted to one or more suppliers, or a consortium of suppliers, based on an economic and technical evaluation of bids. The agreements set forth a catalogue of services to be provided by the supplier(s), the terms governing contracts to be awarded during the framework agreement period, and the maximum allowed quantity and value of services to be purchased. Contracts for specific services are then issued in the form of purchase orders under the framework agreement.

The duration of framework agreements typically ranges from two to five years with an option for the customer to extend the agreement by an additional year at the end of the framework period. We are party to a number of framework agreements, including the following:

Ferrovie dello Stato Italiane

Together with Ansaldo STS S.p.A., Telecom Italia S.p.A. and Engineering S.p.A. as co-providers, we have a non-exclusive framework agreement with Ferrovie dello Stato Italiane, entered into in 2011, for the provision of up to EUR 1,363 million in IT services to Ferrovie dello Stato Italiane group companies over the course of a seven-year period. The framework agreement was extended for two years and is set to expire on December 31, 2021. Under the joint venture agreement with our co-providers we have a 63% share in revenues earned under the framework agreement. We have participated, through a temporary consortium (*raggruppamento temporaneo di impresa*), in the tenders for two contracts, for which, as of the date of this Offering Memorandum, our bids are being reviewed. See "*Summary—Recent Developments—Ferservizi Framework Agreement*" and "*Risk Factors—Risks Relating to our Business, Industry and Operations—We derive a large proportion of our revenues from a small number of large customers and the framework agreement with our largest customer expires on December 31, 2021 and such customer is currently evaluating whether to* *award us certain significant tenders; the loss of certain customers or a decrease in business volume from such customers will have a significant negative impact on our business*."

Public Connectivity System—Lots 3 and 4

In 2017, we, together with PwC and the technology consultancy Indra Sistemas S.A. as co providers, were awarded two of four framework agreements with Consip, Italy's national public procurement body, to implement Italy's Public Connectivity System. Developed by AgID, the Agency for a Digital Italy, the Public Connectivity System is a large-scale digital transformation project with the objective of facilitating the interoperability of the IT systems of Italy's central, local and regional public administrations to improve citizens' access to information and integrated services. Lot 3 has a maximum value of EUR 400 million over five years and is focused on interoperability among administrations, private companies and third-party providers. Lot 4 has a maximum value of EUR 450 million over five years and contemplates the development of web portals and online services, including access from mobile devices, to offer citizens digital services. At the beginning of 2021, both framework agreements were extended to have a maximum value of EUR 1,275 million. As lead contractor under a joint venture agreement with PwC and Indra, we are contractually entitled to 77.6% of Lot 3 revenues and 72.8% of Lot 4 revenues.

Consip Cloud Application Services

In 2021, we, together Reply, Eurolink, Inmatica and certain other companies were awarded a one and a half year framework agreement with Consip to provide up to EUR 495 million of application services in cloud migration to Italy's national central public administration agencies. Our joint venture contract with our co-providers entitles us to 55% of the revenues earned under the framework agreement.

Consip System Management 2° edition

In 2019, we, together Leonardo S.p.A., Eurolink S.r.l. and Topnetwork S.p.A., were awarded a two-year framework agreement with Consip to provide up to EUR 300 million of system management services to Italy's national public administration agencies. Our joint venture contract with our co-providers entitles us to 45% of the revenues earned under the framework agreement.

Consip Application IT Services

In 2020, we, together Reply and Bip, were awarded a one-year framework agreement (in two lots) with Consip to provide up to EUR 230 million of application services to Italy's national public administration agencies. Our joint venture contract with our co-providers entitles us to approximately 42% and 55% of the revenues earned under the two lots of the framework agreement.

ARIA—Lombardia region—Multi-cloud

In 2019, we, together with Lutech e Reply as co-providers were awarded a framework agreement with ARIA S.p.A. for the provision of up to EUR 100 million in IT services over a five and a half year period. Under this agreement, we will manage the first Public Administration multi-cloud landscape, migrating and managing the core regional services (such as healthcare and e-government workloads) in an hybrid scenario with a Multi Public Cloud provider (AWS, Microsoft, Oracle & Google). As lead contractor under a joint venture agreement with Lutech and Reply, we are contractually entitled to 59.5% of revenues.

See "*Risk Factors—Risks Relating to our Business, Industry and Operations—We face risks related to the services we provide to government and other public entities*" and "*Risk Factors—Risks Relating to our Business, Industry and Operations—A significant proportion of our revenues come from commercial and government contracts awarded through competitive bidding processes, which require substantial time and resource investments*."

Private Sector Contracts

In the private sector, our contracts are sometimes but not always awarded based on competitive bidding, with key terms varying depending on the services rendered.

In the IT Services area, the typical contract duration is between one and three years, with fee structures ranging from daily fees and as a service fees to on premises license fees. Typical KPIs in our IT Services contracts include response, delivery and troubleshooting times and service availability.

The typical contract duration in our CRM Division is one to two years, with an option for the customer to renew the contract at the end of the initial term. Pricing is typically based on the duration of calls (per minute), number of calls, location (for example, Italy or Romania) and type of service (for example, help desk services, sales). In Brazil, contracts include an annual inflation adjustment mechanism. KPIs in our CRM contracts include response times, ratio of answered to received calls, average call times, one call resolutions, churn rate after contact, next best action, and brand reputation. Our CRM contracts generally do not include minimum revenue commitments.

Research and Innovation

We are committed to developing cutting-edge technological solutions for our customers. Research and innovation, which is a component of our overall investment in our business, have been major factors in our success, and we believe they will help us continue to grow in the future. We use our investment in research and development to help create and commercialize innovative technology solutions. We spend a significant portion of our research and development investment on developing solutions for our customers that are capable of interacting efficiently with a range of interfaces.

Our research and innovation program is designed to generate early insights into how data can be harnessed to create innovative technology solutions for our customers across a variety of industries. Our innovation capabilities include research and thought leadership to identify market and technology trends. We also partner with research organizations, universities, and companies that create innovative enterprise technologies. Our technology labs and centers of excellence incubate and prototype new concepts through applied research and development projects. In addition, our innovation experts and datacenters build and scale the delivery of our innovations.

We also regularly participate in competitive tenders for publicly funded research grants and subsidized loans for research and innovation projects of strategic importance to our business.

We have a dedicated special projects team of ten FTE employees responsible for the coordination and development of research and innovation opportunities. The special project team maintains relationships with a broad range of public entities in Italy and at the European Union level to identify project opportunities and to coordinate the development and submission of bids with industry and technology specialists from across our business. We have launched an investment and partnership plan with university and research startups to collaborate and exploit the potential of academic channels in highly innovative fields such as data management and artificial intelligence.

Intellectual Property

We provide value to our customers based in part on a differentiated range of proprietary inventions, methodologies, software, reusable knowledge capital and other intellectual property. We recognize the increasing value of intellectual property in the marketplace and create, harvest, and protect this intellectual property. We leverage trade secret, copyright, trademark and patent laws, as well as contractual arrangements to protect our intellectual property. We have also established policies to ensure our compliance with the intellectual property rights of third parties, such as our clients, partners and others.

We seek patent protection for those inventions likely to be incorporated into our products and services, or where obtaining such proprietary rights is possible and will improve our competitive position. We own several patents in Italy and USA, some of which are in the process of being recognized in Brazil and the European Union as well. Our patent portfolio might evolve in connection with the development of new products. Our patent portfolio evolves constantly as new patents are awarded to us and as older patents expire.

Our business relies on software. With respect to internally developed software, we claim copyright on all such software, registering works which may be accessible to third parties. In addition, we rely on maintaining source code confidentiality to ensure our market competitiveness. We use third party intellectual property. We have acquired all material licenses for such software and any other third party intellectual property. We observe the terms and conditions of these licenses and have not faced any material claims in relation to the breach of any third-party copyrights. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—We may be unable to adequately protect our intellectual property proprietary rights and prevent others from making unauthorized use of such rights*" and "*Risk Factors—Risks Relating to our Business, Industry and Operations—If our applications or services are found to infringe the intellectual property rights or misuse the confidential information of others, we may become liable for damages and face invalidation of our intellectual property rights.*"

Properties

Real Estate

Our principal office is located in Rome, Italy. As of June 30, 2021, we maintained call centers in Italy, Brazil, Colombia, Tunisia and Romania and other office space in Italy, Brazil, Belgium, Saudi Arabi and the United

States. With the exception of an office building in Rome, Italy and two call centers in Brazil, which we own, all of our facilities are located in leased premises. Individual office leases vary as to their terms, rental provisions and expiration dates.

Datacenters

The services we offer in our IT Services Division rely on three datacenter facilities located in Italy. We own a state-of-the-art datacenter facility in Rome which is designed to offer the high level of availability and resiliency required by mission-critical IT assets. We also lease a datacenter facility near Rome that was purpose-built as a business continuity site for customers and our internal IT operations and another near Milan designed for proximity services in Milan and long-distance disaster recovery services.

Employees

As of June 30, 2021, we employed more than 42,000 FTE employees in six countries.

The table below details the number of our FTE employees as of June 30, 2021 by location:

	As at June 30, 2021
Italy	6,626
Brazil	31,787
Other	3,612
Total	42,025

The following table details the number of our FTE employees as of June 30, 2021 by division:

	As at June 30, 2021
IT Services	4,136
CRM	37,654
Almawave	235
Total	42,025

The majority of our Italian and Brazilian workforce is unionized. In general, the collective bargaining agreements include terms that regulate remuneration, minimum salary, salary complements, extra time, benefits, bonuses and partial disability.

We continue to right-size our employee structure to optimize personnel costs and we believe that our relationships with our employees are generally good. See "*Risk Factors—Legal, Regulatory and Tax Risks Relating to us—We have in the past had and are likely to continue to have labor disputes that may disrupt our operations and our relationships with our customers.*"

Quality Assurance

We believe that providing a consistent high-quality service is critical in our customers' decision to retain our services and for us to build long-term relationships with them. Our quality assurance framework is based on the certification of our operations and processes and regular process audits by our internal compliance team and independent external quality assurance providers to ensure continued compliance with pre-defined operational metrics and requirements under our certifications.

Our operations and processes are certified to the following internationally recognized standards:

- ISO 18295—Call Centers
- ISO 9001—Quality Management Systems
- ISO 27001—Information Security Management systems
- ISO 20000—IT Service Management Systems
- ISO 22301—Business Continuity Management Systems
- ISO 14001—Environmental Management Systems
- ISO 50001—Energy Management Systems

- ISO 14064-1— Greenhouse gases – Part 1
- AQAP 2110/AQAP 160—NATO Allied Quality Assurance for IT Systems for military use
- SA 8000—Social Accountability
- ISO/IEC 25000
- ISO/TS 22163
- EN 9100

Insurance

As an integral part of our risk management program, we maintain insurance coverage for property damage, business interruption, product liability, professional indemnity, general third-party liability, directors' and officers' liability and employers' liability. Insurance cover for these risks is provided through a combination of self-insured deductibles and annual aggregates. Our insurance coverage is reviewed on an annual basis. We believe the levels of risks insured, risks retained and the limits of insurance indemnity are broadly in line with similar companies in our industry. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—Our insurance coverage might not be sufficient and we might be subject to uninsured losses.*"

Legal and Tax Proceedings

We may from time to time be involved in claims and legal and tax proceedings that arise in the ordinary course of business. For example, we are currently party to numerous labor and employment litigations both in Italy and in Brazil and certain actions by competitors to challenge contracts awarded to us under public tenders. However, we are not currently involved in any governmental, legal or arbitration proceedings relating to claims or amounts which are material in the context of the offering of the Notes. So far as the Company is aware, no such governmental, legal or arbitration proceedings is pending or threatened. See "*Risk Factors—Risks Relating to our Business, Industry and Operations—Our business could be adversely affected if we incur legal liability.*"

MANAGEMENT

We are a joint stock company (*società per azioni*), organized under the laws of the Republic of Italy, having our registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) with registered number and *codice fiscale* 08450891000.

Board of Directors

The Company is managed by a board of directors (*consiglio di amminsitrazione*), which pursuant to the Company's by-laws shall be composed of three through fifteen members, is vested with the broadest powers of ordinary and extraordinary administration and has the power to resolve upon any act which may be appropriate to implement and achieve the Company's corporate purpose, except for those expressly reserved by law or by the Company's by-laws to the shareholders' meeting. Within the limits prescribed by law and the Company's by-laws, the board of directors may grant the chairman of the board of directors, one managing director and the executive committee with the ordinary and extraordinary powers to administrate the Company, determining the ways and limits to the exercise of such powers.

There are currently twelve members of the board of directors, who were all elected at the shareholders' meeting held on April 28, 2021 and whose office will expire on the date of the shareholders' meeting called to approve the financial statements for the year ending on December 31, 2023.

The persons set forth below are the current members of the board of directors of the Company together with the other roles they hold within the Group.

Name	Age	Position	Principal Activity
Alberto Tripi	81	Chairman	President
Marco Tripi	51	Member	Chief Executive Officer
Antonio Amati	63	Member	General Manager, IT Division
Paolo Ciccarelli	62	Member	Director
Giuseppe Cuneo	75	Member	Strategy Manager
Christian De Felice	51	Member	Group Chief Financial Officer
Alessandro Maria Ovi	77	Member	Director
Mariantonietta Perri	51	Member	Director of Legal Affairs
Francesco Renzetti	58	Member	General Manager, Staff Department, Director and Chief Executive Officer, Almaviva do Brasil
Smeraldo Fiorentini	60	Member	General Manager, Transportation & Logistics Division
Vittoria Tolotti	80	Member	Director, Almaviva Technologies S.r.l.
Valeria Tripi	54	Member	Logistic and General Service Manager

The business address for the directors of the Company is at Via di Casal Boccone 188/190, 00137, Rome, Italy.

Alberto Tripi. Mr. Tripi became a director of the Company in 2005. In 1983, Mr. Tripi founded COS and ISI Italsistemi per l'Informatica, which was the beginning of the Group. Mr Tripi has held the position of president in several of the companies in the Group and he is president of AlmavivA S.p.A and Almaviva Technologies S.r.l. and the majority shareholder of the latter. Mr. Tripi has also held executive positions in Confindustria, the main association representing manufacturing and service companies in Italy, since 1977. He is a member of the general council of Confindustria, a member of the general council of Confindustria Digitale, a member of the general council of Anitec-Assinform, the association of Italian companies operating in the IT sector, and he is Vice President for the 2020-2024 term in charge of Digital Transformation at Unindustria, the association of manufacturers and enterprises of Lazio region, belonging to the Confindustria system. He is also a partner and a member of the general board of ASPHI Onlus (a Foundation set up by various Entities and Companies to support the activities and projects for integrating disabled people through the use of ICT Technology). He has 17 years' experience holding important management positions in Italy and abroad at IBM and holds a degree in electronic engineering from "La Sapienza" University of Rome.

Marco Tripi. Mr. Tripi became a director of the Company in 2005. Mr. Tripi joined the Group in 1999 as marketing director and became Chief Executive Officer in 2001. Mr. Tripi holds the position of member of the board of directors in several companies within the Group. In addition, he holds the position of President of Almawave and Almaviva do Brasil Telemarketing e Informatica S/A. Previously, he served as Vice President at Unindustria Lazio and was responsible for developing digital agenda and simplification of digital transformation. Mr. Tripi also served as Vice President of the Executive Board of Confindustria's Assinform, as Vice President and as member of the governing council of Assotelecomunicazioni Asstel, as a member of the Executive Board of the Employers' Union of Rome. Since 2013, he has been on the Board of Assonime (Association of Italian Joint Stock Companies). Mr. Tripi holds a degree in economics and commerce from "La Sapienza" University of Rome.

Antonio Amati. Mr. Amati became a director of the Company in September 2008. Mr. Amati has been Vice President of Almawave S.p.A. since 2013. He is also Chairman and member of the Board of Directors for other several companies in the Almaviva Group. Mr Amati is also Deputy Chairman of the Information Technology Section of Unindustria. Previously, he served for five years as director of the public sector at Finsiel, two years as chief executive officer of Voinoi (Acea Group) and two years as chief executive officer of EDS PA. Mr. Amati graduated in Philosophy from "La Sapienza" University of Rome and holds several degrees from other European universities as well as a Master in Strategic Planning from the Business Management School of Bocconi University.

Paolo Ciccarelli. Mr. Ciccarelli became a director of the Company in December 2012. Mr. Ciccarelli is also an independent member of Board of Directors of Almawave S.p.A. He holds the positions of Chairman in PFE S.p.A. and of independent Director in Farbanca (Banca IFIS Group). Previously he held the positions of Independent Director in two listed banks and of Chief Financial Officer of Retail Banking Italy at Barclays Bank, chairman at Barclays Family S.p.A, chief financial officer at Borsa Italiana S.p.A., and Director of finance at London Stock Exchange Group Plc. Mr. Ciccarelli holds a degree in business administration from the University of Venice and is a member of the register of certified public accountants in Milan.

Giuseppe Cuneo. Mr. Cuneo became a director of the Company in 2005. Until the end of 2004, he served as chief executive officer of Elsag (Finmeccanica Group), a company he joined in 1992 as general manager. Previously, he worked at Olivetti, where he held various management positions, including manager of Olivetti Personal Computer. Mr. Cuneo holds a degree in engineering.

Christian De Felice. Mr. De Felice became a director of the Company in 2012. Mr. De Felice is the Chief Financial Officer of Almaviva S.p.A and is a member of the board of directors for several of the companies in the Group. Mr. De Felice was a trader at Banca di Roma London (now Unicredit), treasurer at Omnitel (now Vodafone), head of finance and treasury for three years at Biscom (now Fastweb) and held the position of finance director of Safilo for seven years. Mr. De Felice holds a degree in statistical and actuarial sciences from "La Sapienza" University of Rome and is a member of the Italian National Society of Actuaries.

Alessandro Maria Ovi. Mr. Ovi became a director of the Company in 2006. Mr. Ovi is also executive vice president of Foundation for World Wide Cooperation, publisher and editor of MIT Technology Review, Italian Edition, a member of the board of directors of Carnegie Bosh Institute and president of the Conservatory of Reggio Emilia. Previously, Mr. Ovi was a member of the board of directors in STMicroelectronics NV, vice president of Public Affairs Roche Italy and vice president at International IRI (the former major Italian state holding) as well as a member of the board of Alitalia, Finmeccanica, STET, Telecom Italia and Italstat. Mr. Ovi holds a doctoral degree in nuclear engineering from Politecnico di Milano and a graduate degree in operation research and nuclear engineering from the Massachusetts Institute of Technology.

Mariantonietta Perri. Ms. Perri became a director of the Company in 2015. Ms. Perri has been director of legal affairs of the Group since 2009. She joined the Group in 2002 and has held different positions within the Group, including serving as a member of the board in several subsidiaries of the Group. Ms. Perri previously worked as a lawyer at Sandulli Law Firm and has also carried out several academic activities. She holds a law degree, as well as a Ph.D. in civil law and civil procedural law from "La Sapienza" University of Rome.

Francesco Renzetti. Mr. Renzetti became a director of the Company in 2008. Mr. Renzetti is the Chief Executive Officer of Almaviva do Brasil Telemarketing e Informática SA and President of Almacontact S.A.S. (Colombia). He is also Chairman and member of the Board of Directors for other companies in the Group. Mr. Renzetti is General Manager of Staff of the Company. Mr. Renzetti joined the Group in 2000 and was appointed director of legal and corporate affairs and has held various positions within the Group over the years. Previously, he was a partner at the law firm of Persiani & Associates for 10 years and held an assistant position at the Institute of Procedural Law at "La Sapienza" University of Rome. Mr. Renzetti holds a law degree from "La Sapienza" University of Rome.

Smeraldo Fiorentini. Mr. Fiorentini became a director of the Company in 2020. Mr. Fiorentini has been a member of the board of directors of Almawave since 2009 and is president of Sadel SpA. Previously, he held a senior managerial position at Arthur Andersen for four years, was a director at Ernst & Young for two years and a partner at Deloitte for five years. Mr. Fiorentini holds a degree in computer science from the University of Salerno.

Vittoria Tolotti. Mrs. Tolotti became a director of the Company in 2005. Mrs. Tolotti joined the Group in 1983, where she held the position of sole director and later vice president of Almaviva Contact S.p.A. (formerly COS Communication Services S.p.A.) and is a member of the board of director of Almaviva Technologies S.r.l. Mrs. Tolotti has also held the position of director in several other companies within the Group.

Valeria Tripi. Mrs. Tripi became a director of the Company in 2005. Mrs Tripi currently also holds the position of director of Almaviva Technologies S.r.l. Between 2002 to 2009, she served as purchasing manager of Almaviva S.p.A., and in 2009 she was appointed logistic and general service manager of the Company. Previously, she worked at Assonime and IBM. Mrs. Tripi holds a degree in business and economics "La Sapienza" University of Rome.

Senior Management

The persons set forth below are the current members of the Company's senior management.

Name	Age	Position
Alberto Tripi	81	Chairman
Marco Tripi	51	Chief Executive Officer
Antonio Amati	63	General Manager, IT Division
Christian De Felice	51	Chief Financial Officer
Sabrina Nobili	57	Manager of Corporate Affairs
Mariantonietta Perri	51	Director of Legal Affairs
Andrea Antonelli	67	President AlmavivA Contact S.p.A.
Francesco Renzetti	58	General Manager, Staff Department, Director and Chief Executive Officer, Almaviva do Brasil
Smeraldo Fiorentini	60	General Manager, Almaviva Transportation and Logistics Division
Valeria Sandei	45	Chief Executive Officer of Almawave
Michele Svidercoschi	60	Chief Communication and Institutional Relations Officer
Piero Rossini	63	Deputy General Manager, Finance Division
Marina Irace	51	Chief Human Resources Officer
Domenico Rossi	41	Senior Vice President Operations, Almaviva do Brasil and Chief Executive Officer of Almawave do Brasil
Mirko Giannetti	46	Chief Executive Officer of Almaviva Contact

Valeria Sandei. Mrs. Sandei joined the Group in 2004, where she initially assisted in marketing and business development and supported management in a strategic acquisition. Between 2005 and 2007 she led the strategic marketing department and in 2013 she became strategic marketing director. Mrs. Sandei is also chief executive officer of Almawave S.p.A., chairman and chief executive officer in Almawave do Brasil Informatica Ltda, board member in Almaviva do Brasil Telemarketing e Informática S/A, vice president in Pervoice S.p.A. and Vice President of the Board of Directors of the "Fondazione Musica per Roma." Mrs. Sandei started her career at JP Morgan Private Banking and at Consulting Company Accenture. Mrs. Sandei holds a degree in economics and financial markets from Bocconi University in Milan.

Michele Svidercoschi. Mr. Svidercoschi joined the Company in October 2014. He is chief communication and institutional relations officer of the Company. Mr. Svidercoschi graduated in Information Technology from the University of Salerno.

Piero Rossini. Mr. Rossini joined the Company in 2007. He is deputy general manager of the Company's finance division and chief executive officer of Kline Srl. Mr. Rossini graduated in Electronic Engineering from "La Sapienza" University of Rome and holds degrees from several European universities.

Marina Irace. Mrs. Irace joined the Company in 2005. She is chief human resources officer of the Company. Mrs. Irace graduated in arts from "La Sapienza" University of Rome.

Sabrina Nobili. Mrs. Nobili has been the manager of corporate affairs of the Group since 2009. She has been a member of the board of directors in several companies of the Group. Previously, Mrs. Nobili held the position of director of corporate affairs in Alitalia. Since 1999, she served as a member of the board of directors and a member of the board of auditors of several companies. She holds a degree in economics and business from "La Sapienza" University of Rome and is a member of the register of certified public accountants in Rome.

Domenico Rossi. Mr. Rossi is Senior Vice President Operations of Almaviva do Brasil and CEO of Almawave do Brasil. He is Advisor to the Board of Directors for AlmavivA do Brasil and Almacontact Colombia. Previously he was manager at Comdata Group and spent six years in Customer Care and Collection Strategy at Barclays. Mr. Rossi holds a degree in business administration from University of Parma.

Mirko Giannetti. Mr. Giannetti is Chief Executive Officer of Almaviva Contact. He serves as the Director of Operational Strategies for AlmavivA do Brasil. He joined AlmavivA in 2013 and is responsible for change management and governance in AlmavivA Contact. Previously he worked at Comdata Spa as key account manager, BBVA, Cronos, Experian and TIM.

See "—*Board of Directors*" for the biographies of the members of senior management who are also members of the board of directors.

Board of Statutory Auditors

Pursuant to applicable Italian law, the Company has appointed a board of statutory auditors (*Collegio Sindacale*) whose purpose it is to oversee the Company's compliance with the law and with its by-laws, to verify the Company's compliance with best practices in administration of its business, and to assess the adequacy of the Company's internal controls and accounting reporting systems.

The board of statutory auditors shall be composed of three auditors and two alternate auditors to be appointed by the shareholders of the Company at the ordinary shareholders' meetings for a three-year-term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. At least one of the auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry. Pursuant to Italian law, members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court.

Currently, there are three auditors and two alternate auditors on the Company's board of statutory auditors, who were appointed on April 18, 2019 and who will remain in office until approval by the shareholders of the financial statements for the year ending on December 31, 2021.

The persons set forth below are the current members of the board of statutory auditors of the Company together with their age and title.

Name	Age	Position
Marco Spadacini	83	Auditor and Chairman of the Board of Statutory Auditors
Ermanno Zigiotti	59	Auditor
Francesco Martinelli	78	Auditor
Roberto Fracassi	51	Alternate auditor
Claudia Peri	44	Alternate auditor

PRINCIPAL SHAREHOLDER

As of the date of this Offering Memorandum, 95.11% of the Company's share capital was directly owned by Almaviva Technologies S.r.l. Almaviva Technologies S.r.l. is owned by our founder and Chairman, Alberto Tripi, our CEO Marco Tripi, and Vittoria Tolotti and Valeria Tripi, both members of our board of directors. The remaining 4.89% of the share capital of the Company is owned by RAI—Radiotelevisione Italiana S.p.A., Fintecna S.p.A., Assicurazioni Generali S.p.A., Visualnet S.r.l., Confederazione Generale Agricoltura Italiana, C.I.A. Confederazione Italiana Agricoltori and Confederazione Nazionale Coltivatori Diretti.

The share capital of the Company is currently comprises: (i) 107,567,301 ordinary shares, with par value equal to Euro 1.00 (the "**Ordinary Shares**"); (ii) 32,331,764 class A shares (the "**Class A Shares**"), with par value equal to Euro 1.00, which are preferred with respect to the Ordinary Shares in relation to the distribution of dividends and liquidation proceeds up to 10% of the relevant amount, are senior to Ordinary Shares in case of losses suffered by the Company, are convertible into Ordinary Shares (pursuant to a 1:1 ratio) in case of listing of the Company, transfer of such Class A Shares to third-parties or dilution of the stake represented by Ordinary Shares held by the shareholder of the Class A Shares, and acquire voting rights only upon conversion into Ordinary Shares; and (iii) 15,000,000 class B shares (the "**Class B Shares**"), with par value equal to Euro 1.00, which are preferred with respect to the Ordinary Shares in relation to the distribution of dividends and liquidations proceeds up to 10.1% of the relevant amount, are senior to Ordinary Shares in case of losses suffered by the Company, are convertible into Ordinary Shares (pursuant to a 1:1 ratio) in case of listing of the Company, transfer to third-parties or dilution of the stake represented by Ordinary Shares held by the shareholder of the Class B Shares, and acquire voting rights only upon conversion into Ordinary Shares.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than set out in note 44 of the Consolidated Financial Statements included herein, we have not entered into any material related party transactions as of the date of this Offering Memorandum.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of the documents listed below governing certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this Offering Memorandum or unless the context otherwise requires, terms defined in the Revolving Credit Facility Agreement and the Intercreditor Agreement shall have the same meanings when used in this section.

Revolving Credit Facility

The following is a summary of the provisions of the Revolving Credit Facility provided under the Revolving Credit Facility Agreement entered into between, among others, the Issuer as original borrower and original guarantor, Global Loan Agency Services Limited as agent (the "Agent") and GLAS Trust Corporation Limited as security agent (the "Security Agent"). The Issuer and certain of its subsidiaries are guarantors under the Revolving Credit Facility Agreement, each guaranteeing, subject to certain limitations, the obligations of the Issuer as borrower and other borrowers and/or guarantors, as further described below.

The Revolving Credit Facility will be available to the Issuer for a committed amount of EUR 70 million. In addition, the Issuer has an uncommitted accordion revolving credit facility contained in the Revolving Credit Facility Agreement which it may request in the future to be made available thereunder up to a maximum principal amount equal to the greater of €95 million and 70% of Consolidated EBITDA and subject to certain further conditions set out in the Revolving Credit Facility Agreement. If drawn, any amount of such accordion revolving credit facility shall form part of and shall have the same terms as, the Revolving Credit Facility.

The Revolving Credit Facility is available to be used to finance or refinance the working capital requirements and the general corporate purposes of the Issuer and its Restricted Subsidiaries (the "Restricted Group") as well as the rolling over, financing, refinancing or backstopping of any existing revolving capital facility and/or existing ancillary facilities, letters of credit or bank guarantees (including, but not limited to, the Existing Revolving Credit Facility).

Utilization

The Revolving Credit Facility may be utilized by the Issuer or other entity becoming a borrower in accordance with the provisions of the Revolving Credit Facility Agreement.

The Revolving Credit Facility may be utilized for loans in euro. The Revolving Credit Facility Agreement contains various conditions that must be satisfied in order for the Lenders to make a loan under the Revolving Credit Facility available, including the requirement that no event of default under the Revolving Credit Facility Agreement is then continuing or would result from the proposed utilization of that loan (or, in case of a rollover loan, no notice of acceleration has been served in connection with the Revolving Credit Facility).

In addition, the Revolving Credit Facility may be utilized by way of the issue of letters of credit (subject to the conditions set out in the Revolving Credit Facility Agreement, including the appointment of an issuing bank for such purpose) and the Lenders may also allocate their commitments by way of bilateral ancillary facilities, in each case, on standard market terms for such matters.

Availability Period

The Revolving Credit Facility may be utilized from and including the Issue Date to and including the business day falling one month prior to its termination date as set out under the caption "—*Repayments*" below.

Interest and Fees

Loans under the Revolving Credit Facility will initially bear interest at rates per annum equal to EURIBOR plus a margin of 2.75% per annum. Customary margin ratchet adjustments shall apply in accordance with the provisions set forth under the Revolving Credit Facility Agreement such that margin will be reduced if certain consolidated net leverage ratios are met, with a minimum possible margin of 2.00% per annum.

If at any time the rate of interest payable by the Issuer in respect of a loan under the Revolving Credit Facility exceeds the maximum rate of interest permitted by Italian Law No. 108 of March 7, 1996 as amended or supplemented (the "Italian Usury Legislation") at that time and that would constitute a breach of Italian Usury Legislation, then the rate of interest payable by the Issuer in respect of the relevant loan will be capped, for the shortest possible period, at the maximum rate permitted under the Italian Usury Legislation.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Issue Date to the end of the availability period for the Revolving Credit Facility at a rate of 30% of the applicable margin for the Revolving Credit Facility. The accrued commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date on which the Revolving Credit Facility is cancelled in full or on the date on which a Lender cancels its commitment.

Default interest will be calculated as an additional 1% per annum on the overdue amount.

The Issuer is also required to pay customary agency fees to the Agent and the Security Agent in connection with the Revolving Credit Facility Agreement.

Repayments

Loans under the Revolving Credit Facility must be repaid in full on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the Termination Date. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed during its availability period, subject to certain conditions.

Prepayments and Cancellation

The Revolving Credit Facility Agreement will allow for voluntary prepayment and (save in the first 18 months and two days) cancellation of commitments (in each case, subject to *de minimis* amounts) of the Revolving Credit Facility.

The Revolving Credit Facility provides for each Lender thereunder to have the option to require prepayment and cancellation (in accordance with the mechanics set out in the Revolving Credit Facility Agreement) of all amounts (including under any ancillary facilities) due to that Lender under the Revolving Credit Facility upon a "change of control," which term is defined in a manner consistent with the equivalent term in the Notes, or on the sale of all or substantially all of the assets of the Restricted Group. Certain other customary prepayment and cancellation events are included in the Revolving Credit Facility Agreement, including for an individual Lender on illegality, as well as allowing the Issuer to repay and cancel the commitments of an individual Lender in certain circumstances, including following claims made by a Lender under the tax gross-up and increased costs provisions or if the relevant Lender becomes a "*Defaulting Lender*" or a "*Non-Consenting Lender*" as each such term is defined in the Revolving Credit Facility Agreement.

Guarantees

Each of the Guarantors will provide a guarantee (each, an "RCF Guarantee" and together, the "RCF Guarantees") of all amounts payable to the Agent, the Security Agent, the mandated lead arrangers and the RCF Lenders under the Revolving Credit Facility, as well as the counterparties to certain hedging agreements, subject to agreed limitations.

Subject to the Agreed Security Principles and certain exceptions, the Issuer must ensure that:

(a) no later than the date which is 60 days after the Issue Date, and

(b) thereafter, no later than the date which is 120 days after the date on which the annual financial statements are required to be delivered to the Agent in each financial year:

  (i) the aggregate EBITDA (as defined in the Revolving Credit Facility Agreement) of the guarantors under the Revolving Credit Facility Agreement (calculated on an unconsolidated basis, excluding intra-Group items and investments in subsidiaries and disregarding the EBITDA of any member of the Group which has negative EBITDA) represents not less than 80% of the aggregate EBITDA (as defined in the Revolving Credit Facility Agreement) of the members of the Group incorporated in Italy and Brazil (the "Guarantor Jurisdictions") (calculated on a consolidated basis and excluding the contribution of any on-balance sheet joint ventures and any member of the Group which, in the good faith judgement of the Company, is not required to (or cannot) become a Guarantor in accordance with the Agreed Security Principles)) (the "Guarantor Coverage Test"); and

  (ii) each member of the group incorporated in a Guarantor Jurisdiction which has EBITDA (as defined in the Revolving Credit Facility Agreement) (calculated on the same basis as Consolidated EBITDA but on an unconsolidated basis) representing more than 5% of the Consolidated EBITDA of the Group becomes an additional Guarantor.

Security

The Revolving Credit Facility will benefit from the same Security Interests that secure the Notes, subject to the terms of the Intercreditor Agreement.

The Security Documents and the Intercreditor Agreement provide for the release of the Security Interests and the RCF Guarantees under certain circumstances, including certain permitted disposals, initial public offering and permitted refinancing. Under certain circumstances, it is envisaged that the Security Agent shall effect the release of such security interests without requiring the consent of the Lenders. In the event of a subsequent sale of the Issuer's shares by Almaviva Technologies S.r.l. ("Almaviva Technologies") (or an issuance of new shares by the Issuer to a third party which is not Almaviva Technologies or an Affiliate of Almaviva Technologies) the Secuirty Agent shall effect the release of the Almaviva Share Pledge (if granted), provided not less than 80% of the share capital of the Issuer remains subject to Transaction Security.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including but not limited to status, binding obligations, non-conflict with constitutional documents, applicable laws or regulations or other obligations, power and authority, authorizations for carrying on business and for the validity and admissibility into evidence of the Finance Documents (as such term is defined in the Revolving Credit Facility Agreement), governing law and enforcement of the Finance Documents, absence of insolvency events, no filing or stamp taxes with respect to the Finance Documents, accuracy of certain information and the most recent financial statements delivered, no default, litigation, compliance with laws, title to assets, intellectual property, pensions, center of main interests and establishments and sanctions.

Covenants

The Revolving Credit Facility Agreement contains customary high-yield style incurrence covenants and related definitions (with certain adjustments) that are set forth in the section entitled "*Description of the Notes—Certain Covenants*."

The Revolving Credit Facility Agreement also requires certain members of the Restricted Group to observe certain affirmative covenants, including covenants (subject to certain carve-outs and materiality thresholds) relating to:

- maintenance of authorizations;
- compliance with laws;
- maintenance of pari passu ranking of the Revolving Credit Facility;
- compliance with sanctions, anti-corruption and anti-money laundering laws;
- compliance with the "Guarantor Coverage Test"; and
- further assurance with respect to security interests granted under the Revolving Credit Facility Agreement.

The Revolving Credit Facility Agreement also requires certain members of the Restricted Group to observe certain negative covenants, including covenants relating to changing the center of main interests of certain obligors party to the Revolving Credit Facility Agreement in such capacity.

The Revolving Credit Facility Agreement also contains an information covenant under which, among other things, the Issuer is required to deliver to the Agent annual financial statements, quarterly financial statements, annual and quarterly compliance certificates.

Financial covenant

The Revolving Credit Facility Agreement contains a springing consolidated net leverage ratio covenant, requiring that the ratio of consolidated net debt to Consolidated EBITDA (as such term is defined in the Revolving Credit Facility Agreement) as at the end of each quarter will not exceed 4.00:1.00 (the "Financial Covenant"). The first testing date will be the last day of the third complete financial quarter beginning after the Issue Date. The Financial Covenant is required to be satisfied if, at 5 p.m. (Milan time) on the last day of the relevant financial quarter, the aggregate amount of all revolving facility cash loans (excluding any letters of credit under the Revolving Credit Facility and all non-cash ancillary facilities and net of cash and cash equivalent investments held by any members of the Group) exceed 40% of the total commitments under the Revolving Credit Facility and any accordion revolving credit facilities established under the Revolving Credit Facility Agreement and specified to benefit from the Financial Covenant (the "Test Condition").

In the event of a breach of the Financial Covenant, the Revolving Credit Facility Agreement contains equity cure rights whereby, within 20 business days of the date on which the financial statements evidencing the breach of the Financial Covenant were required to be delivered to the Agent, the Issuer may receive cash proceeds from its shareholders by way of new equity or subordinated shareholder debt and recalculate compliance with the Financial Covenant with the relevant cash proceeds being deemed to either reduce total net debt or increase Consolidated EBITDA of the Group for the relevant testing period. Such cure rights can only be exercised up to four times over the life of the Revolving Credit Facility and for no more than two consecutive testing dates. Breach of the Financial Covenant may also be cured by prepaying a portion of the Revolving Credit Facility such that the Test Condition is no longer satisfied. There shall be no restriction on the number of such prepayment cures. There is no obligation to apply any amount so injected in prepayment or cancellation of the Revolving Credit Facility and no cap on the amount of any equity cure.

There are no other financial maintenance covenants under the Revolving Credit Facility Agreement.

Events of Default

The Revolving Credit Facility Agreement contains events of default, with certain adjustments, as those applicable to the Notes as set forth in the section entitled "Events of Default." In addition, the Revolving Credit Facility Agreement contains certain other events of default (subject, where applicable, to certain materiality thresholds).

Governing Law

The Revolving Credit Facility Agreement is governed by English law.

Miscellaneous

The Revolving Credit Facility Agreement contains certain other customary provisions, including with respect to the rights of the Lenders to transfer their interests thereunder (which in certain circumstances will require the consent of the Issuer), the rights and obligations of the Agent and certain other finance parties, sharing of receipts by the finance parties, and the requirements for amendments and waivers under the Revolving Credit Facility Agreement.

Intercreditor Agreement

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Issuer and certain of its subsidiaries (together, the "Group") in respect of (a) RCF Liabilities (as defined below), (b) Senior Secured Notes Liabilities (as defined below), (c) Super Senior Hedging Liabilities (as defined below), (d) Pari Passu Hedging Liabilities (as defined below), (e) Intra-Group Liabilities (as defined below) and (f) Shareholder Debt Liabilities (as defined below);
- the relative ranking of certain security granted by certain members of the Group (as defined above) and third party security provides;
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) ("Enforcement Action") can be taken in respect of certain security granted by certain members of the Group and third party security provides;
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes and the Revolving Credit Facility;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;

- the requirement to turnover amounts received from enforcement of certain security and guarantees issued by certain members of the Group and certain other recoveries in relation to certain members of the Group;
- when security and guarantee(s) issued by certain members of the Group and third party security provides will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including noteholders' claims against the Issuer) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of certain security, certain guarantees and other amounts received by the Security Agent.

The Intercreditor Agreement contains customary provisions regulating certain additional indebtedness permitted to be incurred by members of the Group and which is contemplated to be secured by the documents creating security (the "Transaction Security") granted by certain members of the Group and third party security provides (together, the "Transaction Security Documents").

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain rights of the holders of Notes.

Hedging Transactions

The Intercreditor Agreement contains provisions that permit certain members of the Group to enter into hedging agreements with certain hedge counterparties, which may also be secured by the Transaction Security.

The hedging agreements may either, with respect to the Transaction Security (and the proceeds thereof): (a) be secured on a senior basis to the liabilities in respect of the Notes, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the lenders under the Revolving Credit Facility (such hedging agreements, the "Super Senior Hedging Agreements" and, the hedge counterparties in respect thereof, the "Super Senior Hedge Counterparties"); or (b) have equivalent rights to the holders of the Notes under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the same class of creditors as the holders of Notes (such hedging agreements, the "Pari Passu Hedging Agreements" and, the hedge counterparties in respect thereof, the "Pari Passu Hedge Counterparties").

Intra-Group Debt and Shareholder Debt

Customary subordination provisions are also included in the Intercreditor Agreement in respect of (a) receivables owing from a member of the Group to Almaviva Technologies (the "Shareholder Debt Liabilities" and, Almaviva Technologies, the "Shareholder Subordinated Lender") and (b) certain intra-Group loans made between certain members of the Group (the "Intra-Group Liabilities", and, each lender of such intra-Group loan, an "Intragroup Lender"). See "*—Ranking and Priority—Intra-Group Liabilities and Shareholder Debt Liabilities*" below.

Security Agent

There is a single security agent appointed to act at all times on behalf of (a) the lenders under the Revolving Credit Facility (the "RCF Lenders") and the Super Senior Hedge Counterparties (together, the "Super Senior Creditors") and (b) the holders of the Notes and the Pari Passu Hedge Counterparties (collectively, the "Senior Secured Creditors" and, together with the Super Senior Creditors, the "Senior Secured Parties").

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement provides that the liabilities of the Debtors and Almaviva Technologies and any other third party security provides, as the case may be, in respect of the Revolving Credit Facility and any other "Credit Facility" permitted to rank super senior (the "RCF Liabilities"), the Notes (the "Senior Secured Notes Liabilities"), the amounts owing to the Super Senior Hedge Counterparties under the Super Senior Hedging Agreements (the "Super Senior Hedging Liabilities" and, together with the RCF Liabilities, the

"Super Senior Liabilities"), the amounts owing to the Pari Passu Hedge Counterparties under the Pari Passu Hedging Agreements (the "Pari Passu Hedging Liabilities" and, together with the RCF Liabilities, the Senior Secured Notes Liabilities and the Super Senior Hedging Liabilities, the "Senior Secured Liabilities"), certain fees, costs and expenses owing to the Trustee (the "Senior Secured Notes Trustee Amounts"), the amounts owing to the Agent under the Debt Documents (the "Agent Liabilities"), the Intra-Group Liabilities and the Shareholder Debt Liabilities, respectively, shall rank in the following order:

- first, the RCF Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities, the Agent Liabilities and the Senior Secured Notes Trustee Amounts pari passu between themselves and without any preference between them;
- secondly, the Intra-Group Liabilities pari passu between themselves and without any preference between them; and
- thirdly, the Shareholder Debt Liabilities pari passu between themselves and without any preference between them.

The Intercreditor Agreement does not purport to rank the Intra-Group Liabilities or the Shareholder Debt Liabilities as between themselves.

Priority of Transaction Security

The Intercreditor Agreement provides that the Transaction Security created pursuant to the Transaction Security Documents shall rank and secure the RCF Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities, the Agent Liabilities (in each case, only to the extent such Transaction Security is expressed to secure those liabilities) *pari passu* and without any preference between them.

The proceeds from the enforcement of the Transaction Security are to be applied as described below under "*—Turnover—Waterfall—Recoveries.*"

Intra-Group Liabilities and Shareholder Debt Liabilities

The Intercreditor Agreement provides that the Intra-Group Liabilities and the Shareholder Debt Liabilities are postponed and subordinated to the liabilities owed by the Debtors to the Senior Secured Parties.

Restrictions on payments

The Intercreditor Agreement provides that the Debtors may make payments in respect of the RCF Liabilities and the Senior Secured Notes Liabilities, respectively, at any time in accordance with their respective terms, but includes certain provisions regulating payments in respect of Super Senior Hedging Liabilities and Pari Passu Hedging Liabilities.

The Intercreditor Agreement also permits payments of Intra-Group Liabilities to be made from time to time unless an acceleration event has occurred in relation to the RCF Liabilities or the Senior Secured Notes Liabilities (together, an "Acceleration Event"). However, payments of Intra-Group Liabilities may nonetheless be made after an Acceleration Event has occurred if:

(a) prior to the Senior Secured Discharge Date, the Majority Super Senior Creditors and the Senior Secured Notes Trustees have consented to such payment; or

(b) the payment is made to facilitate the making of a payment of Senior Secured Liabilities or Senior Secured Notes Trustee Amounts.

The Intercreditor Agreement furthermore permits payments of the Shareholder Debt Liabilities if:

(i) such payment is (if prior to the Super Senior Discharge Date) expressly permitted by the Revolving Credit Facility Agreement; and

(ii) such payment is (if prior to the Senior Secured Notes Discharge Date) not prohibited by the Senior Secured Notes Indenture(s) pursuant to which any Senior Secured Notes remain outstanding (as applicable); or

(iii) prior to the Super Senior Discharge Date, the Majority Super Senior Creditors and Majority Pari Passu Creditors gives written consent to that payment being made or after the Super Senior Discharge Date the Majority Pari Passu Creditors gives written consent to that payment being made.

Enforcement actions

Enforcement of Transaction Security

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by the Instructing Group.

Subject to the Transaction Security having become enforceable in accordance with its terms the Instructing Group may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security as it sees fit, provided that any such instructions given are consistent with the security enforcement principles set forth below under the caption "*—Security Enforcement Principles.*"

The secured parties shall not have any independent power to enforce or have recourse to any Transaction Security or to exercise any right, power, authority or discretion arising under the Transaction Security Documents except through the Security Agent.

Composition of the enforcing creditor groups

The "Instructing Group", in relation to any instructions with respect to enforcement, shall comprise:

(a) the "Majority Pari Passu Creditors" comprising, generally, the holders of the Notes and the Pari Passu Hedge Counterparties whose credit participations, together, represent more than 50% of the aggregate *pari passu* credit participations of all holders of the Notes and Pari Passu Hedge Counterparties; and

(b) the "Majority Super Senior Creditors", comprising, generally, RCF Lenders and Super Senior Hedge Counterparties whose credit participations, together, represent more than 66⅔% of the aggregate super senior credit participations of all RCF Lenders and Super Senior Hedge Counterparties,

provided that, if the Majority Super Senior Creditors or the Majority Pari Passu Creditors or their agent representative send such enforcement instructions (an "Initial Enforcement Notice") to the Security Agent, the Security Agent shall promptly inform each agent or hedge counterparty which did not deliver such enforcement instructions.

The Security Agent will act in accordance with the enforcement instructions received from the Majority Pari Passu Creditors, provided that:

(a) if:

   (i) the Majority Pari Passu Creditors have not either:

      I. made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or

      II. appointed a Financial Advisor to assist them in making such a determination,

   within three months of the date of the Initial Enforcement Notice; or

   (ii) the Super Senior Discharge Date has not occurred within six months of the date of the Initial Enforcement Notice,

   then the Security Agent will act in accordance with enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred;

(b) if an insolvency event (other than an insolvency event directly caused by any enforcement action taken by or at the request or direction of a Super Senior Creditor) is continuing with respect to a Debtor or Almaviva Technologies, then the Security Agent will, to the extent that the Majority Super Senior Creditors elects to provide such enforcement instructions, act in accordance with enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred; and

(c) if the Majority Pari Passu Creditors have not either:

   (i) made a determination as to the method of enforcement they wish to instruct the Security Agent to pursue (and notified the Security Agent of that determination in writing); or

   (ii) appointed a Financial Advisor to assist them in making such a determination,

   and the Majority Super Senior Creditors:

I. determine in good faith (and notify the other agents, the Hedge Counterparties and the Security Agent) that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the ability to effect a Distressed Disposal or on the expected realization proceeds of any enforcement; and

II. deliver enforcement instructions which they reasonably believe to be consistent with the Enforcement Principles and necessary or advisable to enhance the prospects of achieving the Enforcement Objective before the Security Agent has received any enforcement instructions from the Majority Pari Passu Creditors,

then the Security Agent will act in accordance with the enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred.

The "Super Senior Discharge Date" means the first date on which all Super Senior Liabilities have been fully and finally discharged to the satisfaction of the Agent (in the case of the RCF Liabilities) and each Super Senior Hedge Counterparty (in the case of its Super Senior Hedging Liabilities), whether or not as the result of an enforcement, and the Super Senior Creditors (in that capacity) are under no further obligation to provide financial accommodation to any of the Debtors under the Debt Documents.

Security Enforcement Principles

The Intercreditor Agreement provides that enforcement of the Transaction Security must be conducted in accordance with the "Security Enforcement Principles," which principles shall include the following:

- it shall be the primary and overriding aim of any enforcement to achieve the "Enforcement Objective," being maximizing, to the extent consistent with a prompt and expeditious realization of value, the value realized from enforcement;
- without prejudice to the Enforcement Objective, the Transaction Security will be enforced and other action as to enforcement will be taken such that either:

  (a) to the extent the Instructing Group is the Majority Super Senior Creditors, all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the payment waterfall described below under the caption "*—Turnover—Waterfall—Recoveries*;" or

  (b) to the extent the Instructing Group is the Majority Pari Passu Creditors, either:

    (i) all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the payment waterfall described below under the caption "*—Turnover—Waterfall—Recoveries*;" or

    (ii) sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that, when the proceeds are applied in accordance with the payment waterfall described below under the caption "*—Turnover—Waterfall—Recoveries*," the Super Senior Discharge Date will occur (unless the Majority Super Senior Creditors agrees otherwise);
- on:

  (a) a proposed enforcement of Transaction Security other than shares in a member of the Group, where the aggregate book value of such assets exceeds EUR 7.5 million (or its equivalent in any other currency or currencies); or

  (b) a proposed enforcement in relation to Transaction Security comprising some or all of the shares in a member of the Group,

the Security Agent shall (unless such enforcement is made pursuant to a public auction or process supervised by a court of law which makes a determination as to value), if requested by the Majority Super Senior Creditors or the Majority Pari Passu Creditors, obtain a Fairness Opinion (as defined below) from an independent internationally recognized investment bank or accountancy firm or other independent internationally recognized professional services firm which is regularly engaged in providing valuations of businesses or financial assets or, where applicable, advising on competitive sales processes (a "Financial Advisor") in relation to that enforcement, provided that the Security Agent shall not be required to appoint a Financial Advisor nor obtain a Fairness Opinion if a proposed enforcement:

(i) would result in the receipt of sufficient enforcement proceeds in cash by the Security Agent to ensure that, after application in accordance with the waterfall described below under the caption "*—Turnover—Waterfall—Recoveries*":

I. in the case of an enforcement requested by the Majority Super Senior Creditors, the Senior Secured Discharge Date would occur; or

II. in the case of an Enforcement requested by the Majority Pari Passu Creditors, the Super Senior Discharge Date would occur;

(ii) is in accordance with any applicable law; and

(iii) complies with the Distressed Disposal as described below under the caption "*—Turnover—Disposals—Distressed Disposal*";

- the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor unless expressly required to do so under the Intercreditor Agreement; and
- the "Fairness Opinion," being, in respect of any enforcement, an opinion from a Financial Advisor that the proceeds received or recovered in connection with that enforcement are fair from a financial point of view taking into account all relevant circumstances, will be conclusive evidence that the Enforcement Objective has been met.

Manner of enforcement

If the Transaction Security is being enforced as set forth above under the caption "*—Security Enforcement Principles*," the Security Agent shall enforce the Transaction Security in such manner as the Instructing Group shall instruct (in a manner consistent with the Enforcement Principles) or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate and consistent with the Enforcement Principles.

Turnover

The Intercreditor Agreement also provides that, subject to certain exceptions, if any Shareholder Subordinated Creditor, Intra-Group Lender or Senior Secured Party: (a) receives or recovers the proceeds of any enforcement of any Transaction Security other than as set out below under the caption "*—Waterfall—Recoveries*"; (b) receives any payment of liabilities (including by way of set-off) other than in accordance with the Intercreditor Agreement or as set out below under the caption "*—Waterfall—Recoveries*," or (c) receives certain other amounts or makes certain other recoveries other than as set out below under the caption "*Waterfall—Recoveries*," it shall:

- in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Waterfall

Recoveries

Subject to certain exceptions, proceeds of enforcement (or any transaction in lieu thereof) of Transaction Security, any other amounts received by the Security Agent from time to time pursuant to certain provisions of the Intercreditor Agreement and any other amounts received by the Security Agent for such application as explicitly required by the Intercreditor Agreement (in addition to certain other amounts) (the "Recoveries") shall be held by the Security Agent on trust and applied in the following order of priority:

(a) first, in discharging any sums owing to the Senior Agent (in respect of the Senior Agent Liabilities), Security Agent, any receiver or any delegate and any Senior Secured Notes Trustee Amounts on a *pari passu* basis;

(b) secondly, in payment of all costs and expenses incurred by any Agent or Senior Secured Parties in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) thirdly, in payment to:

(i) the Agent on its own behalf and on behalf of the RCF Lenders and the Arrangers; and

(ii) the Super Senior Hedge Counterparties,

for application towards the discharge of:

I. the RCF Liabilities and the Senior Arranger Liabilities; and

II. the Super Senior Hedging Liabilities (on a pro rata basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty),

on a pro rata basis and ranking *pari passu* between paragraphs I and II above;

(d) fourthly, if the distributions have been made under paragraph (c) above, in payment to:

(i)

(ii) each Senior Secured Notes Trustee on its own behalf and on behalf of the other Senior Secured Note Creditors; and

(iii) the Pari Passu Hedge Counterparties,

for application towards the discharge of:

I. the Senior Secured Notes Liabilities; and

II. the Pari Passu Hedging Liabilities (on a pro rata basis between the Pari Passu Hedging Liabilities of each Pari Passu Hedge Counterparty),

on a pro rata basis and ranking *pari passu* between paragraphs I and II above;

(e) fifthly, if none of the Debtors, or as the case may be, Almaviva Technologies are under any further actual or contingent liability under any secured Debt Document, in payment to any other person to whom the Security Agent is obliged to pay in priority to any Debtor or Almaviva Technologies; and

(f) sixthly, the balance, if any, in payment to the relevant Debtor or Almaviva Technologies (as applicable).

Disposals

Non-distressed disposals

In circumstances where a disposal of an asset of a member of the Group to a person or persons (including to a member of the Group, but without prejudice to any obligation of any member of the Group under any Debt Document to provide replacement security) or any other transaction is not being effected pursuant to acceleration of secured debt or enforcement of Transaction Security (such disposal being a "Non-Distressed Disposal") and in each case is otherwise permitted or not prohibited, the Intercreditor Agreement provides that the Security Agent shall be authorized (a) to release the Transaction Security, (b) if the relevant asset being disposed of consists of shares in the capital of a member of the Restricted Group, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries, and (c) to execute and deliver or enter into any release of the Transaction Security or any claim described in paragraphs (a) and (b) above and issue any certificate of non-crystallization or any consent to dealing considered necessary or desirable.

Distressed Disposals

In relation to the disposal of any asset of any member of the Group (including the shares of any other member of the Group) or, in the case of a third party security provider, an asset of that third party security provider which is subject to the Transaction Security, which, in each case, are (a) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable, (b) being effected by the enforcement of the Transaction Security or (c) in the case of a disposal by a Debtor or a third party security provider to a person which is not a member of the Group) following an acceleration of Senior Secured Liabilities (other than any Hedging Liabilities) or the enforcement of Transaction Security (in each case, a "Distressed Disposal"), the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or Almaviva Technologies and without any consent, sanction, authority or further confirmation from any Creditor, Subordinated Creditor, Almaviva Technologies or Debtor) and subject to the terms of the relevant Debt Documents to:

(i) release the Transaction Security, or any other claim over that asset and execute, deliver and enter into any release of that Transaction Security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable; and

(ii) (I) if the asset which is disposed of consists of shares in the capital of a Debtor, to release:

(A) that Debtor and any Subsidiary of that Debtor from all or any part of:

(1) its Borrowing Liabilities;

(2) its Guarantee Liabilities; and

(3) its Other Liabilities;

(B) any Transaction Security granted by Almaviva Technologies, that Debtor or any Subsidiary of that Debtor over any of its assets; and

(C) any other claim of a Subordinated Creditor, or another Debtor over that Debtor's assets or over the assets of any Subsidiary of that Debtor,

on behalf of the relevant Creditors, Debtors, Arrangers, Almaviva Technologies, Senior Agent and Senior Secured Notes Trustees (as applicable);

(II) if the asset which is disposed of consists of shares in the capital of any Holding Company of a Debtor, to release:

(A) the Holding Company and any Subsidiary of that Holding Company from all or any part of:

(1) its Borrowing Liabilities;

(2) its Guarantee Liabilities; and

(3) its Other Liabilities;

(B) any Transaction Security granted by that Holding Company and any Subsidiary of that Holding Company over any of its assets; and

(C) any other claim of a Subordinated Creditor, or another Debtor over that Holding Company's assets and the assets of any Subsidiary of that Holding Company;

(III) if the asset which is disposed of consists of shares in the capital of a Debtor or the Holding Company of a Debtor, to dispose of all or any part of:

(A) the Liabilities; or

(B) the Debtor Liabilities,

owed by that Debtor or holding Company or any Subsidiary of that Debtor or Holding Company:

(1) (if the Security Agent does not intend that any transferee of those Liabilities or Debtor Liabilities (the "Transferee") will be treated as a Senior Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement) to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities or Debtor Liabilities, provided that the transferee shall not be treated as a Senior Secured Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(2) (if the Security Agent does intend that any transferee will be treated as Senior Secured Creditor or as a Secured Party for the purposes of the Intercreditor Agreement) to execute and deliver or enter into any agreement to dispose of:

(i) all (and not part only) of the Liabilities owed to the Senior Secured Creditors; and

(ii) all or part of any other Liabilities and the Debtor Liabilities,

on behalf of, in each case, the relevant Creditors and Debtors and, as the case may be, Almaviva Technologies; and

(IV) if the asset which is disposed of consists of shares in the capital of a Debtor or the Holding Company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the terms of the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of:

(A) the Intra-Group Liabilities; or

(B) the Debtor Liabilities;

to execute and deliver or enter into any agreement to:

(1) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the relevant Intra-Group Lenders or Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(2) (provided the Receiving Entity is a Holding Company of the Disposed Entity) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or Debtor Liabilities are to be transferred.

In the case of a Distressed Disposal (or a disposal of liabilities as described in paragraph (ii)(III)(2)) effected by or at the request of the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (without being obliged to postpone the transaction to achieve a higher price).

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of Liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under "—*Waterfall*" above as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of Liabilities has occurred, as if the disposal of Liabilities had not occurred.

Governing law

The Intercreditor Agreement is governed by and construed in accordance with English law.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "—*Certain Definitions*." For purposes of this "*Description of the Notes*," the terms the "*Issuer*," "*we*," "*our*" and "*us*" refer to Almaviva S.p.A. and its successors. The term "*Holdco*" refers to Almaviva Technologies S.r.l., the direct parent of the Issuer, and its successors.

The Issuer will issue €350.0 million in aggregate principal amount of its 4.875% Senior Secured Notes due 2026 (the "*Notes*") under an indenture to be dated as of the Issue Date (the "*Indenture*"), between, *inter alios*, the Issuer, Holdco, The Law Debenture Trust Corporation p.l.c., as trustee, common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code (the "Trustee"), and GLAS Trust Corporation Limited., as security agent and representative ("*rappresentante*") pursuant to article 2414 bis, paragraph 3 of the Italian Civil Code (the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not be qualified under, incorporate by reference or include terms of, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

On October 19, 2021, the Issuer entered into the Revolving Credit Facility Agreement. For a summary of the key terms of the Revolving Credit Facility Agreement, see "*Description of Certain Financing Arrangements—Revolving Credit Facility*."

The gross proceeds from the offering of the Notes sold on the Issue Date will be used by the Issuer to (i) fund the Existing Notes Redemption, (ii) repay amounts outstanding and cancel commitments under the Existing Revolving Credit Facility and (iii) pay related fees and expenses (collectively, the "*Refinancing*"). The Issuer will use the balance of the proceeds from the Offering for general corporate purposes, including to finance potential future bolt-on acquisitions. See "*Use of Proceeds*."

Upon the initial issuance of the Notes on the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by the Guarantors. The Notes will be structurally subordinated to any indebtedness or obligations of the subsidiaries of the Issuer that are not Guarantors. Subject to certain limitations (including the Agreed Security Principles (as defined herein)), the Notes will be secured within 60 days of the Issue Date by the collateral described under "—*Security*."

The Notes, the Notes Guarantees and the Collateral will be subject to restrictions on enforcement and other intercreditor arrangements. The Collateral will also secure the Revolving Credit Facility and certain Hedging Obligations (if any) on a *pari passu* basis. Under the terms of the Intercreditor Agreement, and subject to applicable laws, in the event of an enforcement of the Collateral, the holders of the Notes will be treated as *pari passu* among each other, although they will receive proceeds from such Collateral only after the lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations (if any) have been repaid in full. In addition, subject to applicable laws, the Notes Guarantees and the security interests in the Collateral may be released under certain circumstances. Subject to the terms of the Indenture, the Intercreditor Agreement, and to applicable laws, the Collateral may be pledged to secure future indebtedness. The Notes Guarantees and the Collateral will be subject to certain material limitations pursuant to applicable laws as described under "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and Security*." See also *"Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability."* and "—*Security*." See also "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—The enforcement of the pledge over the shares of the Company will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation.*"

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" for a description of certain terms of the Intercreditor Agreement.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes, any Notes Guarantee, the Indenture and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and the Guarantors and your rights.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies.

The Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

Brief Description of the Notes and the Notes Guarantee

The Notes

The Notes will:

- be general, senior obligations of the Issuer;
- be secured as set forth under "—*Security*";
- rank *pari passu* in right of payment to any existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including the Issuer's obligations under the Revolving Credit Facility Agreement, certain Hedging Obligations (if any);
- rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- rank effectively senior to any existing and future indebtedness of the Issuer that is not secured by the Collateral to the extent of the value of the Collateral;
- be effectively subordinated to any existing and future indebtedness or obligation of the Issuer that are secured by property or assets that do not secure the Notes, or that secures such other indebtedness on a super senior basis (including obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations (if any)), to the extent of the value of the property and assets securing such other indebtedness or obligation;
- be structurally subordinated to any existing or future indebtedness or obligations of subsidiaries of the Issuer, that are not Guarantors, including obligations owed to trade creditors;
- be, subject to the Agreed Security Principles and to certain material limitations pursuant to applicable laws; and
- be represented by one or more registered Notes in global form but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-Entry; Delivery and Form*" in this Offering Memorandum).

Under the terms of the Intercreditor Agreement, Holders will receive proceeds from the enforcement of the Collateral only after certain obligations entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes have been repaid in full, including obligations under the Revolving Credit Facility and certain Hedging Obligations.

The Notes Guarantees

On the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by any of the Issuer's Subsidiaries. Within 60 days of the Issue Date, and subject to the Agreed Security Principles, the Notes will be guaranteed by Almaviva do Brasil Telemarketing e Informática S/A and Chain Servicos e Contact Center S.A.

A Notes Guarantee will, upon its issuance:

- be a senior obligation of the Guarantor;
- rank *pari passu* in right of payment with any existing and future indebtedness of the Guarantor that is not expressly subordinated in right of payment to such Notes Guarantee, including the Guarantor's guarantee of the Revolving Credit Facility Agreement and certain Hedging Obligations (if any);
- rank senior in right of payment to any existing and future indebtedness of the Guarantor that is expressly subordinated to its Notes Guarantee;

- be effectively subordinated to any existing or future indebtedness or obligation of the Guarantor that is secured by property and assets that do not secure its Notes Guarantee, or which secures such other indebtedness on a super senior basis (including obligations under the Revolving Credit Facility Agreement and certain Hedging Obligations (if any)), to the extent of the value of the property and assets securing such other indebtedness or obligation; and
- be structurally subordinated to any existing or future indebtedness or obligations of subsidiaries of the Guarantor that are not Guarantors, including obligations owed to trade creditors and settlement obligations.

A Notes Guarantee will be subject to certain contractual and legal limitations, as described under "*—Notes Guarantees*" and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests.*" By virtue of these limitations, the Guarantor's obligation under its Notes Guarantee will be significantly less than amounts payable with respect to the Notes, or the Guarantor may have effectively no obligation under its Notes Guarantee. See "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*" and "*—Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes, the Guarantees and the Collateral*" and "*Description of Certain Financing Arrangements—Revolving Credit Facility.*" In addition, the Notes Guarantee may be released under certain circumstances. See "*—The Notes Guarantees—Notes Guarantees Release.*"

A portion of the operations of the Group is conducted through Restricted Subsidiaries that are not expected to be Guarantors. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding claims under debt and guarantees issued by those Restricted Subsidiaries, and claims of minority stockholders and preferred stockholders of non-Guarantor Restricted Subsidiaries generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer, including Holders, and will rank structurally senior to the Notes.

For the twelve months ended June 30, 2021 the Issuer and the Guarantors generated 85.7% of the Group's revenue after intragroup eliminations and 88.8% of the Group's EBITDA and, as of June 30, 2021, represented 80.6% of the Group's consolidated total assets.

In addition, as of June 30, 2021, after giving *pro forma* effect to the Refinancing, the Subsidiaries of the Issuer which do not guarantee the Notes would have had €5.2 million of Indebtedness outstanding, and there would have been €70.0 million available for drawing by the Issuer under the Revolving Credit Facility, assuming the Revolving Credit Facility remains undrawn as of the Issue Date. For a description of the Indebtedness and other financing arrangements of the Group that are expected to remain outstanding, committed and/or available on a *pro forma* basis after giving effect to the Refinancing, see "*Description of Certain Financing Arrangements*."

Principal and Maturity

On the Issue Date, the Issuer will issue €350.0 million in aggregate principal amount of Notes. The Notes will mature on October 30, 2026. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Additional Notes

The Indenture will be unlimited in aggregate principal amount, of which an aggregate principal amount of €350.0 million will be issued in this offering. We may, subject to applicable law, issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes issued on the Issue Date (any such additional Notes actually issued, the "*Additional Notes*"), except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee (copying the Paying Agent):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest

shall be payable or the method by which such dates will be determined, the record dates for the determination of Holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

The Notes (and any Additional Notes subsequently issued under the Indenture) will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers and amendments, but not, except upon the election of the Issuer, in respect of redemptions and offers to purchase; *provided* that if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes and Italian tax purposes, such Additional Notes will be issued with a separate ISIN code or common code, as applicable, from the Notes issued on the Issue Date. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens (as described below under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*"). Unless otherwise excluded or unless the context otherwise requires, for all purposes under the Indenture and this "*Description of the Notes*," references to the "*Notes*" shall be deemed to include the Notes issued on the Issue Date as well as any Additional Notes that are actually issued.

Interest

Interest on the aggregate principal amount of Notes at any time outstanding will accrue at the rate of 4.875% per annum. Interest on the Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable semi-annually in arrears, on April 30 and October 30 of each year, beginning on April 30, 2022;
- be payable to the Holder of record of such Notes on the Business Day immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on overdue principal and interest will accrue at a rate that is 1% higher than the applicable rate of interest. In no event, however, will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Notes registered in the name of or held by a nominee of a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest, premium and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in the City of London. See "*—Paying Agent and Registrar for the Notes*."

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent will be The Bank of New York Mellon, London Branch (the "*Paying Agent*").

The Issuer will also maintain a registrar (the "*Registrar*"), and a transfer agent (the "*Transfer Agent*"). The initial Registrar and the initial Transfer Agent will be The Bank of New York Mellon SA/NV, Dublin Branch.

The Registrar, Transfer Agent and Paying Agent, as applicable, will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

Subject to the above restrictions, the Issuer may change the Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Notes Guarantees

General

On the Issue Date, the Notes will only be obligations of the Issuer and will not be guaranteed by any of the Issuer's Subsidiaries. Within 60 days of the Issue Date, and subject to the Agreed Security Principles, the Notes will be guaranteed by Almaviva do Brasil Telemarketing e Informática S/A and Chain Servicos e Contact Center S.A. In addition, as described below under "*—Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, if Subsidiaries of the Issuer in the future guarantee the Revolving Credit Facility or certain other Indebtedness of the Issuer permitted under the Indenture, such Subsidiaries shall also enter into one or more Notes Guarantees or supplemental indentures to become Guarantors of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance rules, corporate benefit rules, fraudulent preference rules, "*thin capitalization*" rules, capital maintenance rules, retention of title claims and similar matters, or where the time and cost of granting the guarantee would be disproportionate to the benefit accruing to the Holders.

A Notes Guarantee will be subject to certain contractual and legal limitations, as described under "*—Notes Guarantees*" and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantees and the Security Interests*." By virtue of these limitations, the Guarantor's obligation under its Notes Guarantee will be significantly less than amounts payable with respect to the Notes, or the Guarantor may have effectively no obligation under its Notes Guarantee. See *"Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and the Security Interests—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability"* and *"—Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes, the Guarantees and the Collateral."* and "*Description of Certain Financing Arrangements—Revolving Credit Facility*" and "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*." In addition, the Note Guarantee may be released under certain circumstances. See "*—Notes Guarantees Release*."

A portion of the operations of the Group is conducted through Restricted Subsidiaries that are not expected to be Guarantors. Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding claims under debt and guarantees issued by those Restricted Subsidiaries, and claims of minority stockholders and preferred stockholders of non-Guarantor Restricted Subsidiaries generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer, including Holders. All of the liabilities of the Subsidiaries of the Issuer, including obligations to trade creditors and creditors holding claims under debt and guarantees issued by the Group companies, will rank structurally senior to the Notes. See "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

Although the Indenture restricts the Incurrence of Indebtedness by the Issuer and the Restricted Subsidiaries in excess of the limitations described under "*—Certain Covenants—Limitation on Indebtedness*," such limitations are subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by the Issuer or Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Notes Guarantees Release

The Notes Guarantee of a Guarantor will be automatically and unconditionally released and discharged:

(1) upon a sale or other disposition (including by way of consolidation, dissolution or merger) of the Capital Stock of a Guarantor that immediately prior to such sale or other disposition was a Subsidiary of the Issuer (whether by direct sale or sale of a holding company) if the sale or other disposition does not violate the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and such Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes in accordance with the Indenture, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;

(5) as described under "*—Amendments and Waivers*";

(6) as described in the second paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*"; or

(7) as a result of a transaction that would not be prohibited under "*—Certain Covenants—Merger and Consolidation.*"

At the request and expense of the Issuer and, if applicable, at the request of the Security Agent, the Trustee shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release or amendment of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to any release or amendment of a Notes Guarantee has occurred, and that such release complies with the Indenture.

Security

General

On the Issue Date, the Notes will be secured by a first ranking pledge over the shares of the Issuer held by Almaviva Technologies S.r.l., representing (x) 95.1% of the share capital of the Issuer or (y) in the event of subsequent sales of the Issuer's shares by Almaviva Technologies S.r.l. or an issuance of new shares by the Issuer to a third party which is not Almaviva Technologies S.r.l. or an Affiliate of Almaviva Technologies S.r.l., not less than 80.0% of the share capital of the Issuer (the "**Almaviva Pledge**").

The Notes will be secured on a first ranking basis (x) within 60 days of the Issue Date by (i) a first-ranking pledge over the shares in Almaviva do Brasil Telemarketing e Informatica S/A representing 99% of its share capital held by Almaviva Contact S.p.A. and the Issuer; (ii) an assignment by way of security of certain material intra group receivables of Almaviva do Brasil Telemarketing e Informatica S/A, if any; (iii) a first-ranking pledge over the shares in Chain Servicos e Contact Center S.A. representing 100% of its share capital held by Almaviva do Brasil Telemarketing e Informatica S/A and Aquarius Participacoes S.A.; and (iv) an assignment by way of security of certain material intra group receivables of Chain Servicos e Contact Center S.A., if any; and (y) within 60 days of the date on which such receivables are first documented, by an assignment by way of security of certain material intra group receivables of the Issuer, if any (collectively, the "*Post-Closing Collateral*" and, together with the Almaviva Pledge, the "*Collateral*").

Subject to certain conditions, and subject to the restrictions described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Limitation on Liens*," the Issuer will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including Additional Notes, as permitted under the Indenture and the Intercreditor Agreement. Any such additional Security Interests that are in the future pledged to secure obligations under the Notes and the Indenture will also constitute "*Collateral.*"

The Collateral will be pledged or assigned pursuant to the Security Documents to the Security Agent on behalf of the Holders, lenders under the Revolving Credit Facility and other secured parties. Any future additional Collateral (for the avoidance of doubt, other than Collateral that is released and retaken either (i) pursuant to clause (1) under "*—Release of Liens*" or (ii) as would not be prohibited under "*—Certain Covenants—Impairment of Security Interest*") will be subject to the Agreed Security Principles and all Collateral will be subject to any Permitted Collateral Liens.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*".

The assets that comprise the Collateral will also secure on a first priority basis the Revolving Credit Facility and certain Hedging Obligations. Pursuant to the terms of the Intercreditor Agreement, lenders under the Revolving Credit Facility and the counterparties to certain Hedging Obligations will, in each case, contractually be entitled to receive proceeds from the enforcement of the Collateral in priority to the Notes. In addition, pursuant to the terms of the Intercreditor Agreement, the Collateral may also secure certain future Indebtedness on the same basis as the Revolving Credit Facility and certain Hedging Obligations (if any) with respect to the receipt of proceeds from the enforcement of the Collateral in priority to the Notes. The proceeds from the enforcement of the Collateral after all such "super senior" obligations have been satisfied may not be sufficient to satisfy the obligations owed to the Holders.

No appraisals of the Collateral have been made in connection with this offering of Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See *"Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and the Security Interests—The value of the Collateral securing the Notes and the Guarantees may not be sufficient to satisfy the Issuer's obligations under the Notes and the Guarantor's obligations under the Guarantees, and the Collateral securing the Notes and the Guarantees may be reduced or diluted in certain circumstances."* See also "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—The enforcement of the pledge over the shares of the Company will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation.*"

Priority

The relative contractual priority with regard to the security interests in the Collateral that are created by the Security Documents (the "*Security Interests*" and each, a "*Security Interest*") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent, and the Paying Agent, Registrar and Transfer Agent (collectively, the "*Agents*") and the Holders under the Indenture and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, is established by the terms of the Intercreditor Agreement, the Indenture, the Notes and the Security Documents, which provide, among other things, that the obligations under the Revolving Credit Facility, certain Hedging Obligations, the Notes and the Notes Guarantees will be secured equally and ratably by first priority Security Interests over the Collateral. The Intercreditor Agreement also provides, among other things, that the obligations of the Issuer and the Guarantors under the Revolving Credit Facility and certain Hedging Obligations will receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, subject to certain limitations, the Collateral may be pledged to secure future Indebtedness, some of which may receive proceeds from the enforcement of the Collateral in priority to the Notes. See "*—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure the payment, when due, of the Issuer's and the Guarantors' payment obligations under the Notes, the Notes Guarantees and the Indenture, as well as the Issuer's and the Guarantors' payment obligations under the Revolving Credit Facility and certain Hedging Obligations. The Security Documents will be entered into by the relevant security provider and the Security Agent for itself and as agent for the secured parties and also, with respect to the Security Documents governed by Italian law, as legal representative (*mandatario con rappresentanza*) under the Intercreditor Agreement and as Security Representative. Under the Intercreditor Agreement, the Security

Agent also acts as an agent of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations in relation to the Security Interests created in favor of such parties.

The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent (including in its role as Security Representative) will have the right to enforce the Security Documents in the name and on behalf of the Trustee and the Holders. The Security Documents will provide that the rights under the Security Documents must be exercised by the Security Agent (including in its role as Security Representative). As a consequence of such contractual provisions, Holders are not a party to the Security Documents and will not, individually or collectively, be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Security Agent (including in its role as Security Representative) and the Trustee (as applicable) under the Indenture. Under the Intercreditor Agreement, the Security Agent also acts in the name and on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Liens*."

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See *"Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and the Security Interests."*

Enforcement of Security Interest; Limitations

The creditors under the Revolving Credit Facility, the counterparties to certain Hedging Obligations (if any) secured by the Collateral and the Trustee have and, by accepting a Note, each Holder will be deemed to have, appointed, also for the purposes of Article 1704 (*mandato con rappresentanza*) of the Italian Civil Code, the Security Agent to act as its agent and *mandatario con rappresentanza* under the Intercreditor Agreement and the relevant security documents securing such Indebtedness, including the Security Documents. Furthermore, each Holder, by accepting a Note, will be deemed to have appointed the Security Agent as *mandatario con rappresentanza* pursuant to article 1704 of the Italian Civil Code and as representative (*rappresentante*) pursuant to article 2414-*bis* of the Italian Civil Code. The creditors under the Revolving Credit Facility, the counterparties to Hedging Obligations (if any) secured by the Collateral and the Trustee have and, by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents, together with any other incidental rights, power and discretions and (ii) execute each relevant Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent in its name and on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Trustee will be authorized (without any further consent of the Holders) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents ;

(2) authorized the Security Agent and the Trustee, as applicable, to act in its name and on its behalf to enter into the Security Documents and the Intercreditor Agreement and to be bound thereby and to be bound and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith;

(3) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor

Agreements and the Security Documents (including, without limitation, the provisions providing for foreclosure and release of the Guarantees and the Security Interests, including upon an enforcement);

(4) agreed to, and accepted, the appointment of GLAS Trust Corporation Limited, as representative (*rappresentante*) of the noteholders for the purposes of Article 2414-*bis*, paragraph 3, of the Italian Civil Code; agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as common representative (*rappresentante comune*) of the Holders pursuant to Articles 2417 and 2418 of the Italian Civil Code;

(5) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement, any Additional Intercreditor Agreement, the Indenture and the Security Documents; and

(6) irrevocably appointed the Security Agent and the Trustee, as applicable, to act in its name and on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents and to be bound thereby and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith.

See the sections entitled *"Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and the Security Interests- The ability of the Security Agent to enforce certain Collateral may be restricted by Italian law"* and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Similar provisions to those described above may be included in any Additional Intercreditor Agreement entered into as described under "*—Certain Covenants—Additional Intercreditor Agreements*."

Release of Liens

Holdco, the Issuer and the Issuer's Subsidiaries (as applicable) will be entitled to release the Security Interests in respect of the Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral (other than the Security Interests in respect of the Almaviva Pledge unless, pro forma for such release in the event of a sale of the shares of the Issuer by Holdco and/or issuance of new shares by the Issuer to a third party which is not Holdco or an Affiliate of Holdco, the Issuer shall remain in compliance with the covenant under "*—Share Security*") to (a) any Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited under the Indenture or (b) to any Restricted Subsidiary; *provided* that this clause (1)(b) shall not be relied upon in the case of a transfer of Capital Stock, obligations under proceeds loans owed to the Issuer, or accounts receivable (including intercompany loan receivables and hedging receivables) to a Restricted Subsidiary (except, in the case of accounts receivable, to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such transfer, sale or disposal;

(2) in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations under the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" and *"—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) upon the contribution of any claim of the Issuer or any Restricted Subsidiary, which is subject to a Lien, to the equity of the Issuer or any of the Restricted Subsidiaries; *provided* that such contribution is made in compliance with the Intercreditor Agreement;

(7) upon achievement of the conditions described under "*—Certain Covenants—Suspension of Covenants and Release of Security Interests on Achievement of Investment Grade Status*";

(8) in the case of the Security Interest in respect of the Issuer Collateral, in the event of an IPO Security Release as described below;

(9) in connection with the implementation of a Permitted Reorganization; or

(10) as otherwise not prohibited by the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted under "*—Certain Covenants—Impairment of Security Interest*."

If requested by the Issuer at any time in order to facilitate an Initial Public Offering of the Issuer (including, without limitation, to permit a declaration to be made to a competent authority that any share capital of the Issuer to be offered pursuant to such Initial Public Offering is free from any Liens (the "*IPO Shares*"), the Security Agent (for itself and on behalf of the other Holders) shall, at the cost and request of the Issuer (each such request an "*IPO Security Release Request*"), promptly release the Liens (the "*IPO Security Release*") on such IPO Shares, or not create a Lien over the IPO Shares (without further instructions or authority from the Holders), provided that if such Initial Public Offering of the share capital of the Issuer is not completed in accordance with the time periods specified (from time to time and/or as may be extended by the Issuer in its discretion) in the relevant documents relating to the Initial Public Offering, Holdco (or any subsequent shareholder of the Issuer) will create a Lien in a form substantially equivalent to the Security Interest in the share capital of the Issuer released (where any new or restarted hardening periods shall be disregarded for the purpose of determining whether such Security Interest is in a form substantially equivalent) over the IPO Shares no later than 10 Business Days after the expiry of such time periods (as confirmed by the Issuer) but without prejudice to the Issuer's ability to make further IPO Security Release Requests.

At the request and expense of the Issuer or the relevant pledgor, the Security Agent and, to the extent required or necessary, the Trustee will take all reasonably necessary action required to effectuate any release of Collateral securing the Notes and the Notes Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document, subject to customary protections and indemnification, if applicable. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release). The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and Opinion of Counsel, each certifying which circumstance, as described above, giving rise to a release of the Security Interests has occurred, and that such release complies with the Indenture.

Transfer and Exchange

The Notes will be issued in the form of registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act ("*Rule 144A*") will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act ("*Regulation S*") will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S.

Subject to the foregoing, Book-Entry Interests in the Regulation S Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "*qualified institutional buyer*" within the meaning of Rule 144A) in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the two immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Notice to Investors*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Issuer's Subsidiaries are expected to be "*Restricted Subsidiaries*" for the purposes of the Indenture. However, under the circumstances described below under "*—Certain Definitions— Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "*Unrestricted Subsidiaries*." Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Optional Redemption

Except as described below and except as described under "*—Redemption for Taxation Reasons*," the Notes are not redeemable until October 30, 2023.

On and after October 30, 2023, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' prior written notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on October 30 of the years indicated below:

Year	Redemption Price
2023	102.4375%
2024	101.2188%
2025 and thereafter	100.0000%

Prior to October 30, 2023, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes issued under the Indenture (including the aggregate principal amount of any Additional Notes), upon not less than 10 nor more than 60 days' prior written notice, with funds in an aggregate amount not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 104.875% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date; *provided* that:

(1) at least 50% of the original principal amount of the Notes (including the original principal amount of any Additional Notes) issued under the Indenture remain outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

At any time from time to time prior to October 30, 2023, the Issuer may, at its option, during each calendar year redeem up to 10% of the original principal amount of the Notes (including the original principal amount of any Additional Notes), upon not less than 10 nor more than 60 days' prior written notice, at a redemption price equal to 103% of the principal amount of the Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date.

In addition, prior to October 30, 2023, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' prior written notice at a redemption price equal to 100% of the principal amount of the Notes, plus the Applicable Premium, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date.

"*Applicable Premium*" means, with respect to any Note, the greater of:

(a) 1% of the principal amount of such Note; and

(b) the excess (to the extent positive) of:

    (i) the present value at such redemption date of (1) the redemption price of such Note at October 30, 2023 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under the first paragraph of this section (excluding accrued and unpaid interest)), *plus* (2) all required interest payments due on such Note to and including , 2023 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate (as defined below) at such redemption date (or, if greater than such Bund Rate, zero) plus 50 basis points; over

    (ii) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee or any of the Agents.

General

Subject to compliance with the covenants contained herein, the Issuer and its affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such affiliates may determine, and the amounts purchased may be material.

Notice of redemption will be provided as set forth under "—*Selection and Notice*" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (*provided*, *however*, that, in any case, such redemption date shall be no more than 60 days from the date on which such notice is first given), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes that remain outstanding in whole, but not in part following such purchase at a price equal to the price (excluding any early tender fee) offered to each other Holder of Notes in such tender offer (provided that such price shall not be less than 100% of the principal amount), plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, such redemption date.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On October 30, 2026, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date.

Selection and Notice

If less than all of the outstanding Notes are to be redeemed at any time, the Paying Agent or the Registrar (as applicable) will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-Entry; Delivery and Form*," based on a method that most nearly approximates a *pro rata* selection in accordance with the procedures of the relevant clearing system), unless otherwise required by law or applicable stock exchange, clearing system or depositary requirements. Neither the Trustee, the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a leading newspaper of general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at its discretion, at any time upon giving not less than 10 nor more than 60 days' prior written notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (as defined below under "*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of Holders on the relevant record date to receive interest due on an interest payment date that is prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application, administration or written interpretation of such laws, treaties, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice or published guidance) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes or any Notes Guarantee (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent or changing the jurisdiction of a Paying Agent where either of these would be reasonable). Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Notes and (b) mutatis mutandis to any successor Person, after such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of Notes pursuant to the foregoing, the Issuer or successor Person, as applicable, will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that the relevant Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without liability or further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "*Payor*") under or with respect to the Notes or with respect to any Notes Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Italy or any political subdivision or governmental authority thereof or therein having the power to tax;

(2) any jurisdiction from or through which payment on any such Note or Notes Guarantee is made by or on behalf of a Payor (including the jurisdiction of the Paying Agent), or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident, or have a permanent establishment, for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made by or on behalf of the Payor or the Paying Agent under or with respect to any Note or any Notes Guarantee, including payments of principal, purchase price, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection

between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder or the beneficial owner, if the relevant Holder or the beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Notes Guarantee; or

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a reasonable written request of the Payor or any other person acting as an agent for the Payor or a Paying Agent, addressed to the Holder, after reasonable notice (at least 30 days before any such withholding or deduction is payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of such Holder or beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a law, statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of, all or part of such Tax but only to the extent the Holder or beneficial owner is legally entitled to do so; or

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment made under or with respect to the Notes or any Notes Guarantee; or

(4) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge; or

(5) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("*Legislative Decree No. 239*") and pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time, unless the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due to actions or omissions of the Issuer or its agents; or

(6) any Taxes required to be deducted or withheld pursuant to section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the Issue Date (or, in each case, any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any current or future regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental agreement relating thereto; or

(7) any combination of the items (1) through (6) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make or cause to be made any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain and provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and the Paying Agent. Such copies shall be made available to the Holders upon request. The Payor will attach to each such certified copy or other evidence of such payments a certificate stating that the amount of withholding Taxes evidenced by the certified copy or other evidence was paid in connection with payments in respect of the principal amount of Notes then outstanding.

If requested by the Trustee or the Paying Agent, the Payor will provide to the Trustee or the Paying Agent such information if in the possession of the Payor (and not otherwise in the possession of the Trustee or the Paying Agent respectively) to enable the Trustee or the Paying Agent to determine the amount of withholding taxes attributable to any particular holder.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 30 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Payor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(1) the payment of amounts based on principal;

(2) purchase prices in connection with a redemption or purchase of Notes;

(3) interest; or

(4) any other amount payable under or with respect to any of the Notes or any Notes Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and reimburse the Holders for any present or future stamp, issue, registration, transfer, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties and any other reasonable expenses related thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, issuance, registration, enforcement of, or receipt of payments with respect to any Notes, any Notes Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after the offering of the Notes other than the initial resale by the Initial Purchasers of the Notes) or the receipt of any payments with respect thereto (limited solely in the case of the receipt of any payments with respect thereto, to Taxes that are not excluded under clauses (1) through (2) and (4) through (6)), or any such Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) imposed by any jurisdiction as a result of or in connection with, the enforcement of any of the Notes, any Guarantee, or any other document referred to herein.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, incorporated, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes (or any Notes Guarantee) is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein having the power to tax.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*—Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof; *provided* that Notes of €100,000 or less may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase; *provided*, *however*, that the Issuer shall not be obligated to repurchase Notes as described under this heading "*—Change of Control*," in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes and given notice of redemption as described under "*—Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will deliver (or cause to be delivered) a notice (the "*Change of Control Offer*") electronically or by mail to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of

the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is sent) (the "*Change of Control Payment Date*");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Trustee (or an authenticating agent) the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly, at the cost of the Issuer, mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. Holders' right to require the Issuer to repurchase Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require the Issuer to make a mandatory prepayment of Indebtedness under the Revolving Credit Facility Agreement. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreements may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or the Restricted Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources and whether the Restricted Subsidiaries are permitted to distribute funds to the Issuer. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See *"Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—We may not be able to obtain the funds necessary to finance an offer to repurchase the Notes upon the occurrence of a Change of Control (as defined in the Indenture) as required by the Indenture."*

The definition of "*Change of Control*" includes a disposition, in one or a series of related transactions, of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property and assets of the Issuer and its Restricted Subsidiaries. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Issuer would have been at least 2.0 to 1.0; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this paragraph by Restricted Subsidiaries that are not Guarantors (excluding Almawave and its Subsidiaries) may not cause the Non-Guarantor Debt Cap to be exceeded.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder) in a maximum aggregate principal amount at any time outstanding not exceeding the greater of €95 million and 70% of Consolidated EBITDA;

(2)

(a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated or *pari passu* with a Notes Guarantee, then the Guarantee of such Indebtedness shall be subordinated or *pari passu* to the same extent as the Indebtedness being guaranteed; or

(b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is not the Issuer or a Guarantor, such Indebtedness is unsecured and, only to the extent legally permitted (the Issuer or the relevant Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness), it is expressly subordinated to the prior payment in full in cash of all obligations with respect to the applicable Notes Guarantee pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4)

(a) Indebtedness represented by the Notes (other than any Additional Notes), the Note Guarantees and any "*parallel debt*" obligations related to the Notes and the Note Guarantees under the Intercreditor Agreement or any Additional Intercreditor Agreement, as well "*parallel debt*" obligations related to any other Indebtedness permitted to be Incurred pursuant to the Indenture;

(b) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (4)(a), this clause (4)(b), clause 4(c) and clause (5)(II) of this paragraph or Incurred pursuant to the first paragraph of this covenant;

(c) an amount equal to any Indebtedness of the Group outstanding, as in effect as of the Issue Date after giving *pro forma* effect to the Refinancing (other than Indebtedness (x) outstanding on the Issue Date under the Revolving Credit Facility (if any) and (y) Incurred on the Issue Date pursuant to clause (4)(a) of this paragraph); and

(d) Indebtedness Incurred in respect of Management Advances;

(5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate a transaction or series of related transactions pursuant to which (i) any Person became a Restricted Subsidiary or is otherwise acquired by the Issuer or a Restricted Subsidiary or (ii) any assets are acquired and related liabilities are assumed by the Issuer or any Restricted Subsidiary; *provided* that Indebtedness Incurred pursuant to this clause (5) is in an aggregate amount then outstanding not to exceed (I) the greater of €35 million and 25% of Consolidated EBITDA, plus (II) unlimited additional Indebtedness to the extent that after giving *pro forma* effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, either (A) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (B) the Fixed Charge Coverage Ratio for the Issuer would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(6) Indebtedness in respect of Hedging Obligations not for speculative purposes (as determined in good faith by the Board of Directors or a member of senior management of the Issuer);

(7) Indebtedness consisting of (a) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used or useful in a Similar Business or Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design,

construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness or reimburses amounts used for such purposes, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7)(a) and then outstanding, does not exceed at any time outstanding the greater of €30 million and 22% of Consolidated EBITDA; *provided* that such Indebtedness exists on the date of such purchase, lease, rental or improvement or is created within 365 days thereafter; or (b) Indebtedness in respect of Sale and Leaseback Transactions and any Indebtedness which refinances, replaces, refunds or reimburses such Indebtedness;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, unemployment insurance (including premiums related thereto), other types of social security, pension obligations, vacation pay, health, disability or other employee benefits, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax (including interest and penalties with respect thereto) or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing; (c) the financing of insurance premiums in the ordinary course of business; (d) any customary cash management, cash pooling or netting or setting off arrangements, including customary credit card facilities, in the ordinary course of business; and (e) Indebtedness representing (i) deferred compensation to current or former directors, officers, employees, members of management, managers and consultants of any Parent, the Issuer or any of its Subsidiaries in the ordinary course of business or (ii) deferred compensation or other similar arrangements in connection with the Refinancing or any other Investment or acquisition permitted hereby;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and the Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and the Restricted Subsidiaries in connection with such disposition;

(10)

(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) (i) customer deposits and advance payments received for good faith commercial reasons from customers for goods or services purchased in the ordinary course of business or consistent with past practice and (ii) Indebtedness consisting of obligations owing under any customer or supplier incentive, supply, license or similar agreements entered into for good faith commercial reasons in the ordinary course of business or consistent with past practice;

(c) Indebtedness owed on a short term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and the Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and the Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case, Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €70 million and 50% of Consolidated EBITDA;

(12) Indebtedness of the Issuer and any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amounts) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amounts) of the Issuer, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the second paragraph and clauses (1), (6) and (16) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer or any Restricted Subsidiary Incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Issuer or any Restricted Subsidiary makes a Restricted Payment under the second paragraph and clauses (1), (6) and (16) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*" in reliance thereon; *provided* that the aggregate principal amount of such Indebtedness that may be incurred pursuant to this clause (12) by Restricted Subsidiaries that are not Guarantors may not cause the Non Guarantor Debt Cap to be exceeded;

(13) *Reserved*;

(14) the Incurrence by the Issuer or any Restricted Subsidiary of Indebtedness consisting of local lines of credit or working capital facilities not exceeding the greater of €20 million and 12% of Consolidated EBITDA;

(15) Indebtedness Incurred pursuant to factoring financings, securitizations, asset-backed loans and financings (howsoever described or structured), receivables financings, reverse factoring financings or similar arrangements, in each case, that are either: (a) not recourse to the Issuer or any Restricted Subsidiary other than a Securitization Subsidiary (except to the extent customary in the good faith determination of the Issuer for such type of arrangement or except for Standard Securitization Undertakings); or (b) not in excess of the greater of €28 million and 20% of Consolidated EBITDA at any time outstanding; and

(16) Indebtedness Incurred by Almawave and any of its Subsidiaries which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (16) and then outstanding, will not exceed €20 million.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (2) below, in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one (or more, if applicable) of the clauses of the first or second paragraphs of this covenant;

(2) all Indebtedness Incurred under the Revolving Credit Facility shall be deemed Incurred under clause (1) of the second paragraph of this covenant and may not be reclassified;

(3) the amount of Indebtedness that may be Incurred pursuant to any provision of this covenant or secured pursuant to the covenant set forth under "*—Limitation on Liens*" shall be deemed to include all amounts necessary to renew, refund, redeem, refinance, replace, restructure, defease or discharge any such Indebtedness Incurred and/or secured pursuant to such provisions, including after giving effect to additional Indebtedness in an amount equal to the aggregate amount of fees, underwriting discounts, premia and other costs and expenses Incurred in connection with such renewal, refund, redemption, refinancing, replacement, restructuring, defeasance or discharge. Notwithstanding any other provision of this covenant or any provision of the covenant set forth in "*—Limitation on Liens*," the maximum

amount that the Issuer or a Restricted Subsidiary may Incur and/or secure pursuant to this covenant and/or the covenant set forth in "—*Limitation on Liens*" shall not be deemed to be exceeded, with respect to such Incurrence or grant of Lien, due solely to the result of fluctuations in the amount of Consolidated EBITDA (and, for the avoidance of doubt, such Indebtedness and such Lien will be permitted to be refinanced or replaced notwithstanding that, after giving effect to such refinancing or replacement, such excess will continue);

(4) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(5) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (5), (7), (11), (12), (13) or (14) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(6) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(7) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(9) accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness (including interest paid in kind), the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant, nor to be the Incurrence of a Lien under the covenant set forth in "—*Limitation on Liens*"; *provided* that the Lien securing such originally Incurred Preferred Stock or Indebtedness was secured in accordance with the Indenture. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness; and

(10) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility, enters into any commitment to Incur or issue Indebtedness or commits to Incur any Lien pursuant to clause (31) of the definition of "*Permitted Liens*" or any Permitted Collateral Lien, the Incurrence or issuance thereof for all purposes under the Indenture, including, without limitation, for purposes of calculating the Fixed Charge Coverage Ratio, the Consolidated Leverage Ratio or the Consolidated Senior Secured Leverage Ratio, as applicable, or use of clauses (1) through (15) of the preceding paragraph (if any) for borrowings and re borrowings thereunder (and including issuance and creation of letters of credit and bankers' acceptances thereunder) will, at the Issuer's option, either (a) be determined on the date of such revolving credit facility or such entry into or increase in commitments (assuming that the full amount thereof has been borrowed as of such date) or other Indebtedness, Disqualified Stock or Preferred Stock, and, if such Fixed Charge Coverage Ratio, the Consolidated Leverage Ratio or the Consolidated Senior Secured Leverage Ratio, as applicable, test or other provision of the Indenture is satisfied with respect thereto at such time, any borrowing or re borrowing thereunder (and the issuance and creation of letters of credit and bankers' acceptances thereunder) will be permitted under this covenant and under the covenant described under "—*Limitation on Liens*" irrespective of the Fixed Charge Coverage Ratio, Consolidated Leverage Ratio, Consolidated Senior Secured Leverage Ratio, as applicable, or other provision of the Indenture at the time of any borrowing or re borrowing (or issuance or creation of letters of credit or bankers' acceptances thereunder) (the committed amount permitted to be borrowed or reborrowed (and the issuance and creation of letters of credit and bankers' acceptances) on a date pursuant to the operation of this clause (a) shall be the "*Reserved Indebtedness Amount*" as of such date for purposes of the Fixed Charge Coverage Ratio, Consolidated Leverage Ratio, Consolidated Senior Secured Leverage Ratio, as applicable, or other provision of the Indenture, and, to

the extent the usage of clauses (1) through (16) of the preceding paragraph (if any), shall be deemed to be Incurred and outstanding under such clauses) or (b) be determined on the date such amount is borrowed pursuant to any such facility or increased commitment, and in each case, the Issuer may revoke such determination at any time and from time to time.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by such Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under "*—Limitation on Indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro denominated restriction on the Incurrence of Indebtedness, the euro equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower euro equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of "*Refinancing Indebtedness*"; (b) the euro equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any Restricted Subsidiary) except:

   (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in Subordinated Shareholder Funding;

   (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis); or

   (c) dividends or distributions payable to any Parent to fund interest payments in respect of Indebtedness of such Parent which is Guaranteed by the Issuer or any Restricted Subsidiary or is otherwise considered Indebtedness of the Issuer or any Restricted Subsidiary (*provided* that (x) any net proceeds from such Indebtedness are contributed to the equity of the Issuer or any Restricted Subsidiary in any form or otherwise received (including by way of Indebtedness) by the Issuer or any Restricted Subsidiary; (y) any net proceeds described in sub-clause (x) above shall be excluded for purposes of increasing the amount available for distribution pursuant to clause (c) of the immediately following paragraph and clauses (1), (6)(b) and (16) of the third paragraph of this covenant; and (z) in the case (and to the extent) that any net proceeds described in subclause (x) above are contributed to the Issuer or a Restricted Subsidiary in the form of Indebtedness, there shall be no double counting of interest paid on such Indebtedness and any dividends or distributions payable to the relevant Parent to fund interest payments in respect of Indebtedness of such Parent);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person (each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "*Restricted Payment*").

Notwithstanding the foregoing, the Issuer or any Restricted Subsidiary may make Restricted Payments, if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer would have been permitted to Incur at least an additional €1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; and

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments (as defined below) permitted below by clauses (5) and (16) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would not exceed the sum of (without duplication):

    (i) 50% of Consolidated Net Income of the Issuer for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately after the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available; *provided* that the amount taken into account pursuant to this clause (i) shall not be less than zero (0);

    (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the next succeeding paragraph and (z) Excluded Contributions);

    (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (y) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph and (z) Excluded Contributions;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "*Permitted Investment*"; and

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary from an Unrestricted Subsidiary, to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clauses (11), (17) or (18) of the definition of "*Permitted Investment*";

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clauses (iv), (v) or (vi) and *provided further*, that notwithstanding the foregoing, (x) any amounts (such amounts, the "*Excluded Amounts*") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to sub-clauses (ii) or (iii) of this clause (c) will be excluded to the extent (A) such amounts result from the receipt of net cash proceeds or marketable securities received by the Issuer or any Restricted Subsidiary in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control, (B) the purpose of the receipt of such net cash proceeds or marketable securities was to reduce the Consolidated Leverage Ratio so that there would be an occurrence of a Specified Change of Control Event that would not have been achieved without the receipt of such net cash proceeds or marketable securities and (C) no Change of Control Offer is made in connection with such Change of Control in accordance with the requirements of the Indenture and (y) Excluded Amounts shall be limited to the amount of net cash proceeds or marketable securities necessary to reduce the Consolidated Leverage Ratio to cause the occurrence of a Specified Change of Control Event, and amounts of net cash proceeds or marketable securities received in excess thereof shall not constitute Excluded Amounts.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares pursuant to clause (11) of this paragraph) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or Excluded Amounts) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the last paragraph of this covenant) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the second paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified

Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Issuer or Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*," but only if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or any assets were acquired and related liabilities assumed by the Issuer or any Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such transaction or series of transactions) at a purchase price not greater than 100.00% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent or any Special Purpose Vehicle to permit any Parent or any Special Purpose Vehicle to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (in each case, including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (a)(x) prior to the consummation of an Equity Offering of the Issuer, any IPO Entity or any Parent, the greater of €20 million and 15% of Consolidated EBITDA in any calendar year (with any amount unused in any calendar year being carried forward to the next succeeding calendar year) or (y) subsequent to the consummation of an Equity Offering of the Issuer, any IPO Entity or any Parent, the greater of €26.5 million and 20% of Consolidated EBITDA in any calendar year (with any amount unused in any calendar year being carried forward to the next succeeding calendar year), plus (b) the Net Cash Proceeds received by the Issuer and the Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), plus (c) the Net Cash Proceeds of key man life insurance policies, to the extent such Net Cash Proceeds in (b) and (c) are not included in any calculation under clause (c)(i) or (c)(ii) of the second paragraph under this covenant and are not Excluded Contributions or Excluded Amounts;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of

any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—*Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances, repayments or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; and

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Refinancing or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "—*Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), Restricted Payments in (i) an aggregate amount outstanding at any time not to exceed the greater of €40 million and 30% of Consolidated EBITDA; and (ii) any Restricted Payments, so long as, immediately after giving *pro forma* effect to the payment of such Restricted Payment and the Incurrence of any Indebtedness the net proceeds of which are used to make such Restricted Payment, the Consolidated Leverage Ratio shall be no greater than 2.25 to 1.00;

(11) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of senior management of the Issuer);

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed (a) the aggregate amount of Excluded Contributions, or (b) an amount not to exceed the cash proceeds from a sale, conveyance, transfer or other disposition in respect of property or assets acquired with proceeds from Excluded Contributions;

(13) payment of any Receivables Fees and purchases of Receivables Assets and other assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing or Settlement Obligations;

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or Excluded Contributions or Excluded Amounts or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(16) so long as no Default or Event of Default has occurred and is continuing (or would result immediately thereafter therefrom), the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock, common stock or common equity interests of the Issuer, any Parent or any IPO Entity following a Public Offering of such Capital Stock, common stock or common equity interests; *provided* that the aggregate amount of all such dividends or distributions shall not exceed in any fiscal year the greater of: (a) 6% of the Net Cash Proceeds received from such Public Offering or subsequent Equity Offerings by the Issuer or an IPO Entity or contributed to the capital of the Issuer by any Parent in any form other than Indebtedness or

Excluded Contributions or Excluded Amounts; and (b) following an Initial Public Offering, an amount equal to the greater of 7% of the Market Capitalization and 7% of the IPO Market Capitalization; provided that in the case of this clause (b) after giving pro forma effect to such loans, advances, dividends and distributions, the Consolidated Leverage Ratio shall be no greater than 2.75 to 1.0; and

(17) advances or loans (a) to any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement; (b) to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); or (c) to any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent in an amount equal to the greater of €7 million and 5% of Consolidated EBITDA in any calendar year (with any amount unused in any calendar year being carried forward to the next succeeding calendar year).

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors or a member of senior management of the Issuer acting in good faith.

Limitation on Liens

Holdco, solely in respect of any of its property or assets constituting Collateral, will not, and the Issuer will not, and the Issuer will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and all payments due under the Indenture are directly secured equally and ratably with, or prior to (in the case of Liens with respect to Subordinated Indebtedness), the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*" or the terms of the Intercreditor Agreement.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "*Increased Amount*" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing such Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any other Restricted Subsidiary;

(b) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(c) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility), (b) the Indenture, the Notes, the Intercreditor Agreement or the Security Documents or (c) any other agreement or instrument, in each case in effect at or entered into on the Issue Date after giving *pro forma* effect to the Refinancing;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer (as defined under "*—Merger and Consolidation*"), the Successor Issuer or the Successor Guarantor (as defined under "*—Merger and Consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer or the Successor Guarantor;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clauses (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are (i) no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) or (ii) customary in comparable financings and where, in the case of this sub clause (ii), the Issuer determines at the time of Incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes (as determined in good faith by the Board of Directors or a member of senior management of the Issuer);

(4) any encumbrance or restriction:

  (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

  (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

  (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the

property so acquired in the nature of clause (c) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(10) any encumbrance or restriction in respect of Hedging Obligations;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, the Notes or the Indenture, together with the Security Documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date, (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) or (b) constituting an Additional Intercreditor Agreement;

(12) any encumbrance or restriction effected in connection with a Qualified Receivables Financing or Settlement Obligations that, in the good faith determination of the Board of Directors or a member of senior management of the Issuer are customarily Incurred in connection with a Qualified Receivables Financing or Settlement Obligations and that are necessary or advisable to effect such Qualified Receivables Financing or Settlement Obligations; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*."

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary (other than Almawave or any of its Subsidiaries) to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the Capital Stock, property or other assets subject to such Asset Disposition (as determined by the Issuer's Board of Directors or a member of senior management of the Issuer); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

    (a) cash (including any Net Available Cash received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

    (b) Cash Equivalents;

    (c) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or a Restricted Subsidiary's balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness and Indebtedness owed to the Issuer or any Restricted Subsidiary) that is no longer a

Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness as a result of such Asset Disposition;

(d) Replacement Assets;

(e) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

(f) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor, and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(g) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €28 million and 20% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(h) a combination of the consideration specified in sub clauses (a) through (g) of this clause (2).

If the Issuer or any Restricted Subsidiary (other than Almawave or any of its Subsidiaries) consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days (or 545 days in the circumstances described in clause (8) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary, as applicable, to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*"; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem (a) the Notes and/or (b) Indebtedness (other than the Notes, Subordinated Indebtedness or Indebtedness owed to the Issuer or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a *pari passu* basis with the Notes (including Indebtedness that, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement has priority in respect of the proceeds from the enforcement of the Collateral) at a price of no more than 100% of the principal amount of such Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (ii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary) and at a price of no more than 100% of the principal amount of such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; *provided*, *however*, that in connection with the prepayment, repayment or purchase of Indebtedness (other than the Notes or any revolving Indebtedness (including, for the avoidance of doubt, under the Revolving Credit Facility)), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitments (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased;

(2) purchase Notes pursuant to an offer to all Holders at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that to the extent the Issuer or any Restricted Subsidiary has elected to purchase any amount of the Notes at a price not less than par, to the extent Holders elect not to tender their Notes for such purchase, the Issuer will be deemed to have applied an amount of Net Available Cash equal to such amount not tendered, and such amount shall not increase the amount of Excess Proceeds;

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clauses (1) through (6) of this paragraph or a combination thereof; *provided* that a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of (x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes "*Excess Proceeds*." Pending the final application of any such Net Available Cash, the Issuer or any Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture.

On the 366th day (or the 546th day, if a binding commitment as described in clause (8) above has been entered into) after an Asset Disposition, or at such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds the greater of €28 million and 20% of Consolidated EBITDA, the Issuer will be required within ten Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest thereon and Additional Amounts, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of the Notes.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer or the relevant Restricted Subsidiary may use any remaining Excess Proceeds for any other purpose, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their euro equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer or the relevant Restricted Subsidiary upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of the Notes. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of the greater of €14 million and 10% of Consolidated EBITDA, unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of €34 million and 25% of Consolidated EBITDA, the terms of such transaction or series of related transactions have been approved or ratified by a resolution of the majority of the members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*" (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*") and any agreement related to such Restricted Payments or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11), (14) and (19) of the definition thereof);

(2) any issuance or sale of Subordinated Shareholder Funding, Capital Stock, options, other equity related investments or other warrants or securities or rights to purchase Capital Stock, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, restricted stock plans, long term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved or ratified by the Board of Directors of the Issuer;

(3) any Management Advances or Parent Expenses and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or with an entity that is not an Affiliate that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and

employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Refinancing, (ii) the entry into and performance of obligations of the Issuer or any Restricted Subsidiary under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement or payment pursuant to which the Issuer or any Affiliate of the Issuer or any Restricted Subsidiary is required or permitted to file a consolidated or combined tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, including in respect of Settlement Obligations, in each case, in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity, including any joint venture, that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock, or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) without duplication of the payments referred to under clause (6) of the definition of "*Parent Expenses*," (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring, transaction or advisory and other fees (including termination fees), indemnities and expenses in an aggregate amount not to exceed the greater of €1 million and 1.5 % of Consolidated EBITDA per annum (with any amount unused in any calendar year being carried forward to the next succeeding calendar year) and, in each case, related expenses; and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, and payments related to the reimbursement of reasonable out of pocket expenses Incurred by a Permitted Holder in connection with its Investment in the Issuer or any Restricted Subsidiary, which payments (or agreements providing for such payments) in respect of this clause (11)(b) are approved by a majority of the Board of Directors of the Issuer in good faith;

(12) any transactions in respect of which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) any contribution to the equity of the Issuer in exchange for Capital Stock (other than Disqualified Stock and Preferred Stock) or any investments by any of the Permitted Holders in securities of any Restricted Subsidiary (and the payment of reasonable out of pocket expenses of the Permitted Holders in connection therewith);

(14) pledges of Capital Stock of Unrestricted Subsidiaries;

(15) any transaction effected as part of a Qualified Receivables Financing or Settlement Obligations; and

(16) Investments by Affiliates in Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) non Affiliates were also offered the opportunity to invest in such Indebtedness or Preferred Stock on the same or more favorable terms and (iii) in the case of securities, the investment constitutes less than 5% of the issue amount of such securities, and transactions with Affiliates solely in their capacity as holders of Indebtedness or Preferred Stock of the Issuer or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's first fiscal year ending after the Issue Date, annual reports containing: (a) the audited consolidated balance sheet of the Issuer as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement and balance sheet information of the Issuer together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause 2(b) or (2)(c) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (c) an operating and financial review of the audited financial statements, including a discussion of the consolidated results of operations, financial condition and liquidity and capital resources of the Issuer and a discussion of material commitments and contingencies; (d) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (e) a description of material risk factors and material subsequent events; and (f) consolidated EBITDA on a consolidated basis; *provided* that the information described in clauses (d), (e) and (f) may be provided in the footnotes to the audited financial statements;

(2) within 60 days after the end of each of the Issuer's first and third fiscal quarters in each fiscal year, commencing with the Issuer's fiscal quarter ending on September 30, 2021, and within 75 days after the end of each of the Issuer's second fiscal quarters in each fiscal year, commencing with the Issuer's fiscal quarter ending on June 30, 2022, quarterly financial statements containing the following information: (a) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates; *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense or burden, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; and (c) an operating and financial review of the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a change in the chief executive officer or chief financial officer at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also post such report on the Issuer's website. If and for so long as the Notes are listed on the Official List of Luxembourg

Stock Exchange and admitted for trading on the Euro MTF thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant will also be posted to the website of the Luxembourg Stock Exchange.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement and on a consistent basis for the periods presented, except, in each case, as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1) through (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. Except as provided below, no report need include separate financial statements for the Issuer or any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Issuer's (a) total revenue or Consolidated EBITDA for the Relevant Testing Period or (b) consolidated assets as of the last day of the most recently completed fiscal quarter or month for which annual or quarterly financial reports have been delivered to the Trustee tested after giving effect to such transaction in the case of an acquisition and prior to giving effect to such transaction in the case of a disposition.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*—Reports*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

In the event that (i) the Issuer or any Parent becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent, as applicable, is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d).

The Issuer may comply with the requirements of clauses (1) and (2) of this covenant by providing any report or financial statements of a direct or indirect Parent of the Issuer so long as such reports (if an annual or quarterly report) (a) meet the requirements (including as to content and time of delivery) of clause (1) and (2) of this covenant as if references to the Issuer therein were references to such Parent and (b) include condensed consolidated financial information together with separate columns for: (i) such Parent; (ii) the Issuer and the Restricted Subsidiaries on a combined basis; (iii) any other Subsidiaries of the Issuer on a combined basis; (iv) consolidating adjustments; and (v) the total consolidated amounts. Upon complying with the foregoing requirements in this paragraph, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Additionally, in the event that, and for so long as, the equity securities of the Issuer or any Parent or IPO Entity are listed on the Main Market of the London Stock Exchange or one or more of the equivalent regulated markets of the Milan Stock Exchange, the Frankfurt Stock Exchange, the Paris Stock Exchange or another internationally recognized stock exchange (any of the foregoing, an "*International Exchange*"), and the Issuer or such Parent or IPO Entity is subject to the admission and disclosure standards applicable to issuers of equity securities admitted to trading on such International Exchange, for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer or such Parent or IPO Entity is, or would be, required to file with such International Exchange. Upon complying with the foregoing requirements, and provided, that such requirements require the Issuer or any Parent or IPO Entity to prepare and file annual reports, information, documents and other reports with such International Exchange, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Delivery of any information, documents and reports to the Trustee pursuant to this "—*Reports*" covenant is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein, including the Issuer's compliance with any of its covenants under the Indenture.

All reports provided pursuant to this "—*Reports*" covenant shall be made in the English language.

Merger and Consolidation

The Issuer

The Issuer will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person (other than in connection with a Permitted Reorganization), unless:

(1) the Issuer is the surviving entity or the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of any member state of the European Union, any State of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture, and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Issuer, as applicable, would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—*Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer or the Successor Issuer, as applicable, shall have delivered to the Trustee (a) an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the terms of the Indenture and (b) an Opinion of Counsel to the effect that in the case of the Successor Issuer, such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor Person will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Guarantors

None of the Guarantors of the Notes (other than a Guarantor whose Notes Guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition) may, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease, sell or otherwise dispose of all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease, sell or other disposition;

(2) (a) either (x) the Issuer or a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable (such resulting, surviving or transferee Person (other than the Issuer), the "*Successor Guarantor*"); and (b) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

(3) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

The provisions set forth in this "*—Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not the Issuer or a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not the Issuer or a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or a Guarantor; (iii) any consolidation or merger of any Guarantor into the Issuer; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents to which it is a party and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; (iv) any Permitted Reorganization (in the case of the Issuer); and (v) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1) and (4) under the heading "*—The Issuer*" or clauses (1) through (3) under the heading "*—Guarantors*," as the case may be, shall apply to any such transaction.

Impairment of Security Interest

Neither Holdco nor the Issuer shall, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and neither Holdco nor the Issuer shall, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) Holdco, the Issuer and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of Incurring Permitted Collateral Liens, (ii) Holdco, the Issuer and the Restricted Subsidiaries may amend, extend, renew, restate, supplement, release or otherwise modify or replace any Security Documents for the purposes of undertaking a Permitted Reorganization or a transaction not prohibited by the covenant set forth under "*—Merger and Consolidation*," (iii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (iv) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, error or inconsistency therein or to add to the Collateral (v) Holdco, the Issuer and the Restricted Subsidiaries may amend the Security Interests in any manner that does not adversely affect Holders in any material respect; *provided*, *however*, that in the case of clause (i), (ii) or (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (a) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole (as applicable), after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (b) a certificate from the Board of Directors of the relevant Person, in form and substance reasonably satisfactory to the Trustee, which confirms the solvency of the Issuer or the relevant Person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (c) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, released, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement.

In the event that the Issuer complies with the requirements of this covenant, each of the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness of the Issuer or a Guarantor Incurred pursuant to a Credit Facility (including, for the avoidance of doubt, the Revolving Credit Facility) or any Public Debt of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee; *provided*, *however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Notes Guarantee would be inconsistent with the Agreed Security Principles. At the option of the Issuer, any Notes Guarantee may contain limitations on such Guarantor's liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*—The Notes Guarantees—Notes Guarantees Release*." A Notes Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (1) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor or (2) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. At the request of the Issuer, the Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Certain Insolvency Law Considerations and Limitations on the Validity and Enforceability of the Guarantee and the Security Interests*."

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or the Restricted Subsidiaries of any (x) Indebtedness permitted pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or clause (1), (4), (5), (6), (7) (other than with respect to Capitalized Lease Obligations), (11) or (12) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" and (y) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (x), the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security

Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities, indemnities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to the Intercreditor Agreement or any Additional Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "—*Amendments and Waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent, as applicable, or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "—*Limitation on Restricted Payments*."

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices.

Suspension of Covenants and Release of Security Interests on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "Reversion Date"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "—*Limitation on Restricted Payments*";

(2) "—*Limitation on Indebtedness*";

(3) "—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(4) "—*Limitation on Affiliate Transactions*";

(5) "—*Limitation on Sales of Assets and Subsidiary Stock*";

(6) the provisions of clause (3) of the covenant described under "—*Merger and Consolidation—The Issuer*";

(7) "—*Impairment of Security Interest*"; and

(8) the second, third and fourth paragraphs of the definition of "*Unrestricted Subsidiary*".

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer, Holdco (to the extent applicable) or the Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The covenant set forth under "*—Limitation on Restricted Payments*" and the second, third and fourth paragraphs of the definition of "*Unrestricted Subsidiary*" will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness of the Issuer and the Restricted Subsidiaries Incurred during the continuance of the Suspension Event will be deemed to have been classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*."

Furthermore, (a) any transactions prohibited by the covenant set forth under "*—Limitation on Affiliate Transactions*" entered into after the Reversion Date pursuant to an agreement entered into during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (6)(ii) of the second paragraph of the covenant set forth under "*—Limitation on Affiliate Transactions*," and (b) any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (A) through (C) of the first paragraph of the covenant described under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" that becomes effective during any continuance of a Suspension Event shall be deemed to be permitted pursuant to clause (1)(c) of the second paragraph of the covenant set forth under "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries.*"

In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after the Reversion Date as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Reversion Date. The Trustee shall have no duty to monitor the ratings of the Notes, shall not be deemed to have any knowledge of the ratings of the Notes and shall have no duty to notify Holders if the Notes achieve Investment Grade Status or upon the occurrence of the Reversion Date. The Issuer shall notify the Trustee of any Suspension Event or Reversion Date, provided that, no such notification shall be a condition for the suspension of the covenants or the release of the Security Interests in respect of the Notes described under this caption to be effective. The Trustee shall not be obliged to notify Holders of a Suspension Event or, if applicable, upon the occurrence of a Reversion Date.

The Issuer will have the right on and from the date on which the Notes achieve Investment Grade Status to release from time to time any of the property and other assets included in the Collateral from the Liens securing the Notes upon the Issuer delivering to the Trustee and the Security Agent an Officer's Certificate identifying the Collateral to be released and certifying that (a) the Notes have achieved Investment Grade Status, (b) no Default or Event of Default under the Indenture has occurred and is continuing and (c) such Collateral has been or, simultaneously with any release relating to the Notes, will be, released under any other Pari Passu Indebtedness (other than the obligations under the Revolving Credit Facility, Hedging Obligations or other Indebtedness which is entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement). This shall be in addition to the Security Agent's and the Trustee's entitlement to request and rely upon an Officer's Certificate and Opinion of Counsel, each certifying that such release complies with the Indenture.

There can be no assurance that the Notes will ever achieve Investment Grade Status. There are also circumstances other than the achievement of Investment Grade Status that would result in a release of the Security Interests in respect of the Collateral. See "*—Security—Release of Liens*."

Share Security

Subject to (i) the granting of the Almaviva Pledge and (ii) a release in accordance with "*—Security—Release of Liens*", Holdco shall procure that at all times not less than 80.0% of the Capital Stock of the Issuer is part of the Collateral.

See "*—Security*" and "*Risk Factors—Risks Relating to our Indebtedness, including the Notes, Guarantees and Security—The enforcement of the pledge over the shares of the Company will require clearance by the Italian Golden Power Authority; moreover, we may continue to be subject to the Italian Golden Power Legislation.*"

Financial Calculations in Respect of Transactions

When calculating the availability under any basket or ratio under the Indenture in connection with any transaction (including, for the avoidance of doubt and without limitation, any Incurrence or assumption of

Indebtedness or Liens, the making of any Restricted Payment, Permitted Payment or Investment, any Asset Disposition, any Specified Change of Control Event, any acquisition, merger, consolidation, amalgamation or other business combination, any transaction requiring the testing of any basket based on the Consolidated EBITDA of the Issuer), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such transaction are entered into, and such baskets or ratios shall be calculated with such *pro forma* adjustments as are appropriate and consistent with the *pro forma* provisions set forth in the definition of Fixed Charge Coverage Ratio and Consolidated Leverage Ratio after giving effect to such transaction and other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio), and, for the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in the Consolidated Net Income, Consolidated EBITDA of the Issuer or that arising from an asset or a target company subject to such transaction) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transaction is permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided* that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds therefrom) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transaction. To the extent the date of determination of a basket or ratio is tested prior to the date of consummation of a transaction, such basket or ratio shall be deemed utilized to the same extent until the earlier of the date of consummation of such transaction or the date such transaction is terminated or expires without consummation, except that in the case of an acquisition, merger or consolidation, any calculation of Consolidated EBITDA for purposes other than Incurrences of Indebtedness or Liens or the making of Restricted Payments (not related to such acquisition, merger or consolidation) shall not reflect such transaction until it has been consummated.

Events of Default

Each of the following is an "*Event of Default*" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon acceleration or otherwise;

(3) failure by the Issuer or solely in connection with the covenants described under *"—Certain Covenants—Limitation on Liens*" and "*Certain Covenants—Impairment of Security Interest,*" Holdco, to comply for 60 days after notice by the Trustee or the Holders of at least 30% in principal amount of the outstanding Notes with their respective other agreements contained in the Indenture;

(4) the occurrence of any default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Restricted Subsidiary (or the payment of which is Guaranteed by the Issuer or any Restricted Subsidiary) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

    and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €50 million or more;

(5) certain events of bankruptcy, insolvency or court protection of Holdco, the Issuer, a Significant

Subsidiary or a group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €50 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(7) any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of €5 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or the Holdco, the Issuer or another Restricted Subsidiary that has granted such Security Interest shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for ten days; and

(8) any Notes Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for ten days.

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee, by notice to the Issuer or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) above has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (ii) all existing Events of Default, except non-payment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of not less than a majority in principal amount of the outstanding Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, on any Note held by a non-consenting Holder (which may only be waived with the consent of Holders holding 75% of the aggregate principal amount of the Notes outstanding under the Indenture)) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee and, if requested, the Trustee has received, customary indemnification and/or security satisfactory to the Trustee in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee indemnity and/or security and/or pre-funding satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such indemnity and/or security; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of not less than a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, if an Event of Default has occurred and is continuing of which a responsible officer of the Trustee is aware, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to customary indemnification and/or security satisfactory to the Trustee against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year (beginning with the first fiscal year ending after the Issue Date), an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Trustee will not be responsible for monitoring any of the covenants or restrictions or obligations contained in the Notes or the Indenture or the Intercreditor Agreement. The Issuer is required under the Indenture to deliver to the Trustee annually a certificate regarding compliance with the Indenture. In all instances under the Indenture and the Intercreditor Agreement, the Trustee will be entitled to rely on any certificates, statements or opinions delivered pursuant to the Indenture or the Intercreditor Agreement absolutely (without liability to any person) and will not be obliged to enquire further as regards the circumstances then existing and will not be responsible to the Holders for any other person for so relying.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed under "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such provision or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions and to the provisions described in "—*Meetings of Holders of Notes*," the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived under the Indenture with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, an amendment or waiver under the Indenture may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described under "—*Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the contractual right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amounts on, if any, such Holder's Notes on or after the due dates therefor;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any Security Interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the Security Agent may under the Indenture amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of senior management of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the provision described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Certain Covenants—Additional Guarantees*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Intercreditor Agreement, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or the Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the provisions described under "*—Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to receive and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by subsections (3) and (6) in respect of providing for a Notes Guarantee, it shall only be necessary for the supplemental indenture or Notes Guarantee of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee.

The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate the obligations of it and the Restricted Subsidiaries under the covenants described under "*—Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants—Merger and Consolidation*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision, the guarantee provision (other than in respect of the Issuer) and the security default provision described under "*—Events of Default*" ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation*"), (4), (5) (with respect only to Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in euros or euro denominated European Government Obligations or a combination thereof sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States, subject to customary assumptions and exclusions, to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law after the date hereof);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), money or euro denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to both the Paying Agent and the Trustee under the Indenture to apply the deposited money toward the payment of such Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with as to such Notes, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Meetings of Holders

All meetings of Holders of the Notes will be held in accordance with applicable Italian laws and regulation. In addition to and without prejudice to the provisions described above under the caption "Amendments and Waivers," in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one third of the aggregate principal amount of the outstanding Notes; *provided, however*, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders (including any adjourned meeting) by one or more persons present that hold or represent Holders of not less than one half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "*—Amendments and Waivers*," and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks Related to the Notes, the Guarantee and the Security Interests—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes*." Any resolution duly passed at any such meeting shall be binding on all the Holders, whether or not such Holder was present at such meeting or voted to approve such resolution.

To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code. The Indenture will provide that the provisions described under this "*—Meetings of Holders*" will be in addition to, and not in substitution of, the provisions described under the caption "*—Amendments and Waivers*." As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meetings of Holders*" must also comply with the other provisions described under "*—Amendments and Waivers*."

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of GLAS Trust Corporation Limited, as representative (*rappresentante*) pursuant to Article 2414 *bis*, paragraph 3, of the Italian Civil Code (the "*Security Representative*") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture, each Holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of GLAS Trust Corporation Limited, as Security Representative.

Moreover, a representative of the holders of the Notes (*rappresentante comune*) (the "*Noteholders' Representative*") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the holders of the Notes in order to represent the interests of the holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of The Law Debenture Trust Corporation p.l.c. as the Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more holders of the Notes or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three financial years but may be subsequently reappointed thereafter.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer, any Parent, or any Subsidiaries or Affiliates of the Issuer, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Law Debenture Trust Corporation p.l.c. is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee is informed in writing, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. Furthermore, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder has offered to the Trustee, and the Trustee has received, customary protection and indemnification (including by way of pre-funding).

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee or any Agent will be permitted to engage in other transactions with the Issuer, its Subsidiaries and Affiliates. If the Trustee or any Agent becomes the Holder, beneficial owner or pledgee of any Notes, it may deal with the Issuer with the same rights it would have if it were not the Trustee, Paying Agent or any other such Agent.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires actual knowledge of a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses Incurred without gross negligence, willful default or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may instead be published in a leading newspaper of general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given in via Euroclear or Clearstream, it is duly given on the day the notice is given to Euroclear or Clearstream.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Notes Guarantees, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note (as applicable), the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint and several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Notes Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro denominated restriction herein, the euro equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF thereof. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF will be approved and settlement of the Notes is not conditioned on obtaining such listing.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes Guarantees and the Notes, the Issuer in the Indenture and each Guarantor in its respective supplemental indenture will irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States. The Indenture will provide that the Issuer and each Guarantor, will appoint CT Corporation System, as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England and Wales. The Security Documents will be governed by the applicable local laws of the jurisdiction under which the Liens over the Collateral are granted.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Indenture.

"*Almawave*" means Almawave S.p.A. a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number and *codice fiscal* 05481840964.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares or Capital Stock of the Issuer or a Subsidiary of the Issuer (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "*disposition*") by the Issuer or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer will constitute a default under "*Certain Covenants—Merger and Consolidation*" unless the conditions described therein are not met. Notwithstanding the preceding provisions of this definition, the following items (the "*Permitted Dispositions*") shall be deemed not to be Asset Dispositions:

(1) a disposition by the Issuer to a Restricted Subsidiary or by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer or the Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging or other derivative instruments, transactions or arrangements;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved or ratified by the Board of Directors of the Issuer or such Restricted Subsidiary or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors of the Issuer) of no more than the greater of €14 million and 10% of Consolidated EBITDA;

(8) (a) the making of any Restricted Payment, Permitted Payment or Permitted Investment or (b) asset sales, leases, transfers or other dispositions to the extent the proceeds thereof are used to make Restricted Payments, Permitted Payments or Permitted Investments;

(9) the granting of Liens not prohibited pursuant to the conditions described above under "*—Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or a Restricted Subsidiary;

(11) the licensing, sublicensing or assignment of intellectual property or other general intangibles and licenses, sublicenses, leases, subleases or assignments of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables and related assets in connection with (i) any Qualified Receivables Financing, (ii) any Settlement Obligations or (iii) any factoring transaction or otherwise in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors or a member of senior management of the Issuer shall certify that in the opinion of the Board of Directors of the Issuer, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole);

(19) an issuance or sale by a Restricted Subsidiary of Preferred Stock, Disqualified Stock or redeemable Capital Stock that would not be prohibited under "*—Certain Covenants—Limitation on Indebtedness*";

(20) any disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements;

(21) any disposition with respect to property built, owned, improved or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to Sale and Leaseback Transactions, asset securitizations and other similar financings permitted by the Indenture;

(22) [*Reserved*];

(23) the unwinding of any Cash Management Services or Hedging Obligations;

(24) dispositions in connection with any Settlement and dispositions of Settlement Assets; and

(25) any issuance by, or disposition of Capital Stock of, Almawave, including as part of or pursuant to an equity incentive or compensation plan approved or ratified by the Board of Directors of Almawave, or other disposition of properties or assets by Almawave or any of its Subsidiaries in a single transaction or series of related transactions.

In the event that a transaction (or any portion thereof) meets the criteria of a Permitted Disposition and would also be a Permitted Investment or an Investment permitted under "*—Certain Covenants—Limitation on Restricted Payments*," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or such portion thereof) as a Permitted Disposition and/or one of more of the types of Permitted Investments or Investments permitted under "*—Certain Covenants—Limitation on Restricted Payments.*"

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or one or more Restricted Subsidiaries is the legal and beneficial owner of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"*Board of Directors*" means with respect to (1) the Issuer, its board of directors; (2) any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (3) any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (4) any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval or ratification of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved or ratified, as the case may be, by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval or ratification is taken as part of a formal board meeting or as a formal board approval or ratification).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy, New York, New York or London, United Kingdom are authorized or required by law to close.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means, in relation to any determination under the Indenture, an obligation that is required to be classified and accounted for as a finance lease or a capitalized lease for financial reporting purposes on the basis of IAS 17 (Leases) (or any equivalent measure under U.S. GAAP), or as the case may be and subject to (as applicable) the Election Option, as lease liabilities on the balance sheet in accordance with IFRS 16 (Leases) (or any equivalent measure under U.S. GAAP). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, subject to the Election Option, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United Kingdom, the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each

case, any agency or instrumentality thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar or other recognized time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility Agreement or by any bank or trust company (a) whose commercial paper is rated at least "*A 2*" or the equivalent thereof (or has an equivalent long term rating) by S&P or at least "*P 2*" or the equivalent thereof (or has an equivalent long term rating) by Moody's or at least "*F2*" or the equivalent thereof (or has an equivalent long term rating) by Fitch (or if at the time none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "*A 2*" or the equivalent thereof by S&P, at least "*P 2*" or the equivalent thereof by Moody's or at least "*F2*" or the equivalent thereof by Fitch or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if the three named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by the United Kingdom, the United States of America, any state of the United States of America, Canada, any province of Canada, any member of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Fitch, Moody's or S&P (or, if at the time, none of the foregoing is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "*BBB-*" or higher from S&P or "*Baa3*" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of twelve months or less from the date of acquisition;

(7) bills of exchange issued in the United Kingdom, the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clauses (1), (2) or (3) of this definition, certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction; and

(9) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (8) above.

"*Cash Management Services*" means any of the following: automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "*person*" or "*group*" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other

than one or more Permitted Holders, is or becomes the "*beneficial owner*" (as defined in Rules 13d 3 and 13d 5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer to a Person, other than a Restricted Subsidiary or one or more Permitted Holders,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Issuer becoming a direct or indirect wholly owned subsidiary of a holding company if (i) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Issuer's Voting Stock immediately prior to that transaction or (ii) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of the holding company, and (b) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) or any veto power in connection with the acquisition or disposition of Voting Stock will not cause a party to be a beneficial owner.

"*Clearstream*" means Clearstream Banking, société anonyme, as currently in effect or any successor securities clearing agency.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Notes Guarantee, including the Almaviva Pledge.

"*Commodity Hedging Agreement*" means, with respect to any Person, any commodity price protection agreement, commodity price future agreement, commodity price option agreement, any commodity swap agreement, commodity cap agreement, commodity collar agreement, commodity price option agreement or similar agreement or arrangements to which such Person is party or a beneficiary providing for the transfer or mitigation of commodity price risks either generally or under specific contingencies.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization or write off of (i) intangibles and non-cash organization costs, (ii) deferred financing fees or costs and (iii) capitalized expenditures, (subject to the Election Option) lease obligations, customer acquisition costs and incentive payments, conversion costs and contract acquisition costs, the amortization of original issue discount resulting from the issuance of Indebtedness at less than par and amortization of favorable or unfavorable lease assets or liabilities, of such Person and its Subsidiaries that are Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with IFRS and any write down of assets or asset value carried on the balance sheet.

"*Consolidated EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits, revenue or capital, including federal, state, provincial, territorial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes of such Person paid or accrued during such period, including any penalties and interest relating to any tax examinations (including any additions to such taxes, and any penalties and interest with respect thereto), deducted (and not added back) in computing Consolidated Net Income; plus

(b) Fixed Charges of such Person for such period (including (x) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk, (y) bank fees and (z) costs of surety bonds in connection with financing activities), plus amounts excluded from the definition of "*Consolidated Interest Expense*" pursuant to clauses (i) through (iii), in each case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; plus

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; plus

(d) any (x) Transaction Expenses and (y) any fees, costs, expenses or charges (other than Consolidated Depreciation and Amortization Expense) related to any actual, proposed or contemplated Equity Offering (including any expense relating to enhanced accounting functions or other transactions costs associated with becoming a public company), Investment, acquisition, disposition, recapitalization or the Incurrence of Indebtedness permitted to be Incurred under the Indenture (including a refinancing thereof) (whether or not successful), in each case, including (i) such fees, expenses or charges (including rating agency fees and related expenses) related to the offering of the Notes, the Revolving Credit Facility, the offering of any other debt securities, any other Credit Facility and any Receivables Fees, and (ii) any amendment, waiver or other modification of the Notes, the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement, any Security Documents, Receivables Financings, Settlement Obligations, any other Credit Facility, any other Indebtedness permitted to be Incurred under the Indenture or any Equity Offering, in each case, whether or not consummated, to the extent the same were deducted (and not added back) in computing Consolidated Net Income; plus

(e) (i) the amount of any restructuring charge, accrual or reserve (and adjustments to existing reserves), integration cost or other business optimization expense or cost (including charges directly related to the implementation of cost savings initiatives) that is deducted (and not added back) in such period in computing Consolidated Net Income, including any one time costs Incurred in connection with acquisitions or divestitures after the Issue Date, including those related to any severance, retention, signing bonuses, relocation, recruiting and other employee related costs, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post retirement employment benefit plans (including any settlement of pension liabilities), systems development and establishment costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities and to exiting lines of business and consulting fees Incurred with any of the foregoing and (ii) fees, costs and expenses associated with acquisition related litigation and settlements thereof; plus

(f) any other non-cash charges, write downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting; *provided* that if any such non-cash charge, write down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period then the cash payment in such future period shall be subtracted from Consolidated EBITDA when paid or other items classified by the Issuer as special, extraordinary, exceptional, unusual or non-recurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non cash item of income to the extent it represents a receipt of cash in any future period); plus

(g) the amount of board of director fees, management, monitoring, advisory, consulting, refinancing, subsequent transaction, advisory and exit fees (including termination fees) and related indemnities and expenses paid or accrued in such period to any member of the Board of Directors of the Issuer, any Permitted Holder or any Affiliate of a Permitted Holder to the extent permitted under "*—Certain Covenants—Limitation on Affiliate Transactions*"; plus

(h) the "*run rate*" cost savings synergies, operating expense reductions and restructuring charges and expenses that are expected (in good faith) to be realized as a result of actions taken or expected to be taken within 24 months of the date of any acquisition, disposition, divestiture, restructuring or the implementation of a cost savings synergies or other similar initiative or related to information and technology system establishment, modernization or modification, as applicable (calculated on a *pro forma* basis as though such cost savings synergies, operating expense reductions, restructuring charges and expenses had been realized from the first day of such period and during the entirety of such period), net of the amount of actual benefits realized during such period from such actions (which adjustments, without double counting, may be incremental to *pro forma* adjustments made pursuant to the definition of "*Fixed Charge Coverage Ratio*"); *provided* that no cost savings synergies, operating expense reductions and restructuring charges and expenses shall be added pursuant to this defined term to the extent duplicative of any expenses or charges otherwise added to Consolidated EBITDA, whether through a *pro forma* adjustment or otherwise, for such period; *provided further* that the aggregate amount of "*run rate*" cost savings synergies, operating expense reductions and restructuring charges and expenses that may be included pursuant to this sub-clause in such calculation of Consolidated EBITDA for any Relevant Testing Period may not exceed 25% of Consolidated EBITDA (calculated after fully taking into account any adjustments to be made by the Issuer pursuant to this definition of "*Consolidated EBITDA*") for such Relevant Testing Period; plus

(i) the amount of loss or discount on sale of Receivables Assets, Settlement Receivables or related assets sold to a Receivables Subsidiary in connection with a Qualified Receivables Financing or Settlement Obligations; plus

(j) any costs or expense Incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, any severance agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or Net Cash Proceeds of an issuance of Capital Stock (other than Disqualified Stock) of the Issuer solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (c) of the second paragraph under "*—Certain Covenants—Limitation on Restricted Payments*"; plus

(k) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; plus

(l) any net loss included in the Consolidated Net Income attributable to non-controlling interests; plus

(m) realized foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Issuer and the Restricted Subsidiaries; plus

(n) net realized losses from Hedging Obligations or embedded derivatives; plus

(o) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary, and any costs and expenses (including all legal, accounting and other professional fees and expenses) related thereto; plus

(p) with respect to any joint venture, an amount equal to the proportion of those items described in clauses (a) and (c) above relating to such joint venture corresponding to the Issuer's and the Restricted Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Restricted Subsidiary) to the extent the same was deducted (and not added back) in calculating Consolidated Net Income; plus

(q) earn out and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustments; plus

(r) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost), and any other items of a similar nature; plus

(s) the amount of expenses relating to payments made to option holders of the Issuer or any Parent in connection with, or as a result of, any distribution being made to equityholders of such Person or its Parents, which payments are being made to compensate such option holders as though they were equityholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture; plus

(t) to the extent not already otherwise included herein, adjustments and add backs corresponding to those made in calculating "*Adjusted EBITDA*" for the twelve months ended June 30, 2021, included in the Offering Memorandum; plus

(u) earn out obligations Incurred in connection with any acquisition or other Investment permitted under the Indenture and paid or accrued during such period; plus

(v) losses, charges and expenses related to the pre-opening and opening of new facilities, and start up period prior to opening, that are operated, or to be operated, by the Issuer or any Restricted Subsidiary; and

(2) decreased (without duplication) by non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period.

For purposes of calculating Consolidated EBITDA for the purpose of any basket or ratio under the Indenture, Consolidated EBITDA shall be the Consolidated EBITDA of the Issuer measured for the Relevant Testing Period, in each case with such *pro forma* adjustments giving effect to such Indebtedness, acquisition or Investment, as applicable, since the start of such Relevant Testing Period and as are consistent with the *pro forma* adjustments set forth in the definition of "*Fixed Charge Coverage Ratio*."

"*Consolidated Interest Expense*" means, for any Person for any period (in each case, determined on the basis of IFRS), the consolidated net interest income (expense) of such Person and its Restricted Subsidiaries, whether paid or accrued, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (as applicable), plus (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses) and any other consideration given by the Issuer or the Restricted Subsidiaries during the relevant period, and relating to that period, in connection with any acceptance credit, bill discounting debt factoring or other similar arrangement;

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark to market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of such Person and all Preferred Stock of any Restricted Subsidiary of such Person, to the extent held by Persons other than such Person or a Restricted Subsidiary of such Person, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(6) interest capitalized in the relevant period and not recorded as interest expense in such period; and

(7) cash interest actually paid by such Person under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition and depreciation charges in respect of interest capitalized in a period following the Issue Date, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push down accounting under IFRS, (iv) any Additional Amounts with respect to the Notes or other similar tax gross up on any Indebtedness, which is included in interest expense under IFRS and (v) interest expense in respect of Settlement Obligations; *provided* that for purposes of this definition, interest in respect of a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of such Person to be the rate of interest implicit in such lease in accordance with IFRS.

"*Consolidated Leverage*" means, as of any date of determination, without double counting, the sum of (x) the aggregate outstanding Indebtedness and the Reserved Indebtedness Amount of the Issuer on a consolidated basis (excluding Hedging Obligations entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by the Issuer)), *less* (z) the sum (which shall in no case be less than zero) of the aggregate amount of cash and Cash Equivalents that would be stated on the balance sheet of the Issuer on a consolidated basis as of such date in accordance with IFRS.

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the Consolidated EBITDA of the Issuer for the Relevant Testing Period; *provided*, *however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to clause 5(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*") or (ii) the discharge on such determination date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than the discharge of Indebtedness using proceeds of Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Consolidated Net Income*" means, with respect to any Person for any period, the net income (loss) of such Person and its Subsidiaries that are Restricted Subsidiaries for such period determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from Investments recorded in such Person under the equity method of accounting), except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that (as reasonably determined by an Officer of the Issuer) could have been distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below); *provided* that, for the purposes of clause (c) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such dividend, other distribution or return on investment does not reduce the amount of Investments outstanding under the definition of "*Permitted Investments*";

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary's articles, charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Revolving Credit Facility, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Notes or the Indenture and (c) restrictions specified in clause (11)(b) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*") except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary (including by way of a loan) during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or loan to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any gain (or loss), together with any related provisions for taxes on any such gain (or the tax effect of any such loss), realized upon the sale or other disposition of any asset (including pursuant to any Sale and Leaseback Transaction) or disposed or discontinued operations of the Issuer or any Restricted Subsidiaries which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer);

(4) any extraordinary, one off, exceptional, unusual or nonrecurring gain, loss, charge or expense, including Transaction Expenses or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, one time compensation charges, integration and facilities' opening costs and other business optimization expenses and operating improvements (including related to new product introductions), systems development and establishment costs, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, transition costs, costs related to closure, consolidation or disruption of facilities, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post retirement employee benefit plans (including any settlement of pension liabilities), contract terminations and professional and consulting fees Incurred with any of the foregoing;

(5) the cumulative effect of a change in law, regulation or accounting principles at any time following the Issue Date;

(6) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other

equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions or on the re valuation of any benefit plan obligation and (ii) income (loss) attributable to deferred compensation plans or trusts;

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of any Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of any Hedging Obligations;

(9) any fees and expenses (including any transaction or retention bonus or similar payment) Incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, disposition of assets or securities, issuance or repayment of Indebtedness, issuance of Capital Stock, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs Incurred during such period as a result of any such transaction, in each case whether or not successful;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person, and any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(11) any unrealized or realized gain or loss due solely to fluctuations in currency values and the related tax effects, determined in accordance with IFRS;

(12) any recapitalization accounting or purchase accounting effects, including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition (including in connection with the Refinancing), or the amortization or write off of any amounts thereof (including any write off of in process research and development);

(13) any impairment charge, write off or write down, including impairment charges, write offs or write downs related to intangible assets, long lived assets, goodwill, investments in debt or equity securities (including any losses with respect to the foregoing in bankruptcy, insolvency or similar proceedings) and the amortization of intangibles arising pursuant to IFRS;

(14) any effect of income (loss) from the early extinguishment or cancellation of Indebtedness or any Hedging Obligations or other derivative instruments;

(15) accruals and reserves that are established or adjusted (including any adjustment of estimated payouts on existing earn outs) that are so required to be established as a result of the Refinancing in accordance with IFRS, or changes as a result of adoption or modification of accounting policies;

(16) any costs associated with the Refinancing;

(17) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Refinancing, or the release of any valuation allowances related to such item;

(18) any (i) payments to third parties in respect of research and development, including amounts paid upon signing, success, completion and other milestones and other progress payments, to the extent expensed and (ii) effects of adjustments to accruals and reserves during a period relating to any change in the methodology of calculating reserves for returns, rebates and other chargebacks (including government program rebates);

(19) any net gain (or loss) from disposed, abandoned or discontinued operations and any net gain (or loss) on disposal of disposed, discontinued or abandoned operations; and

(20) the impact of capitalized, accrued or accreting or pay in kind interest or principal, including in respect of Subordinated Shareholder Funding.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Subsidiaries that are Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed and only to the extent that such amount is (A) not denied by the applicable payor in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days) and (ii) to the extent covered by insurance (including business interruption insurance) and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption.

"*Consolidated Senior Secured Leverage Ratio*" means the Consolidated Leverage Ratio, but calculated by excluding all Indebtedness other than Senior Secured Indebtedness and excluding the Reserved Indebtedness Amount that, upon Incurrence, would not constitute Senior Secured Indebtedness.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease (subject, as applicable, to the Election Option), dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any Restricted Subsidiary, one or more debt facilities, arrangements, instruments, trust deeds or indentures (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, performance guarantees, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facility*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement or arrangement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Issuer or one or more Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the conditions described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*"

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "*Designated Preference Shares*" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) and (c)(iii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption would not be prohibited under "*—Certain Covenants—Limitation on Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer or a Parent HoldCo (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, in each case the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions) of the Issuer or any of the Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security denominated in euro that is (1) a direct obligation of any country that is a member of the European Monetary Union and whose long term debt is rated "*A 1*" or higher by Moody's or "*A+*" or higher by S&P or the equivalent rating category of another Nationally Recognized Statistical Rating Organization on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer after the Issue Date, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer and not constituting Excluded Amounts (which designation shall take place prior to the utilization of such Excluded Contribution).

"*Existing Notes*" means the €250,000,000 7.25% Senior Secured Notes due 2022 that were issued by the Issuer on October 5, 2017, which we expect to redeem in connection with the Refinancing.

"*Existing Notes Redemption*" means the redemption on or around the Issue Date of the entire outstanding aggregate principal amount of the Existing Notes at par together with accrued and unpaid interest thereon.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fitch*" means Fitch Ratings Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person to the Fixed Charges of such Person for the Relevant Testing Period. In the event that the Issuer or any Restricted Subsidiary Incurs, assumes, Guarantees, repays, repurchases redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or has caused any Reserved Indebtedness Amount to be deemed to be Incurred during such period or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the Relevant Testing Period but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, deemed Incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of proceeds therefrom, as if the same had occurred at the beginning of the Relevant Testing Period; *provided*, *however*, that the *pro forma* calculation shall not give effect to: (i) any Fixed Charges attributable to Indebtedness Incurred on the Fixed Charge Coverage Ratio Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph thereof) or (ii) Fixed Charges attributable to any Indebtedness discharged on such Fixed Charge Coverage Ratio Calculation Date to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described under the second paragraph under "*—Certain Covenants—Limitation on Indebtedness*" (other than Fixed Charges attributable to Indebtedness discharged on such Fixed Charge Coverage Ratio Calculation Date using proceeds of Indebtedness Incurred pursuant to clause (5)(II) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed operations that have been made by the Issuer or any of the Restricted Subsidiaries, during the Relevant Testing Period or subsequent to the Relevant Testing Period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, amalgamations, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the Relevant Testing Period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged or amalgamated with or into the Issuer or any of the Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, amalgamation, consolidation or disposed operation had occurred at the beginning of the Relevant Testing Period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Issuer (and may include cost savings synergies). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire Relevant Testing Period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the Relevant Testing Period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Issuer may designate.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Disqualified Stock or Preferred Stock payable to the Issuer or a Restricted Subsidiary; plus

(3) Fixed Charges that would have arisen from the Reserved Indebtedness Amount had such Reserved Indebtedness Amount been incurred as of the date of its classification as a Reserved Indebtedness Amount.

"*Group*" means the Issuer and its Subsidiaries from time to time.

"*Guarantee*" means any guarantee (including any Notes Guarantee) or obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "*Guarantee*" will not include endorsements for collection or deposit in the ordinary course of business. The term "*Guarantee*" used as a verb has a corresponding meaning.

"*Guarantors*" means any Restricted Subsidiary that Guarantees the Notes pursuant to the terms of the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holdco*" means Almaviva Technologies S.r.l. or any of its successors or assigns.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("*IFRS*") endorsed by the European Union or any variation thereof with which the Issuer or its Restricted

Subsidiaries are required to comply as in effect on the Issue Date, or, solely, with respect to the covenant described under the heading "*—Certain Covenants—Reports*," as in effect from time to time; *provided* that:

(1) except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS (or, as applicable, U.S. GAAP) will be computed in accordance with IFRS as in effect on the Issue Date (or, as applicable, U.S. GAAP as in effect at the date specified by the Issuer in its election to adopt U.S. GAAP in accordance with paragraph (3) below);

(2) at any time after the Issue Date, the Issuer may elect to implement any new measures or other changes to IFRS (or, as applicable, U.S. GAAP) in effect on or prior to the date of such election;

(3) at any time after the Issue Date, the Issuer may elect to apply U.S. GAAP accounting principles in lieu of IFRS and, upon any such election, references herein to IFRS shall thereafter be construed to mean U.S. GAAP (except as otherwise provided in the Indenture), including as to the ability of the Issuer to make an election pursuant to the previous sentence; *provided* that any calculation or determination in the Indenture that requires the application of IFRS for periods that include fiscal quarters ended prior to the Issuer's election to apply U.S. GAAP will remain as previously calculated or determined in accordance with IFRS (*provided* that the Issuer may only make such election if it also elects to report any subsequent financial reports required to be made pursuant to U.S. GAAP); and

(4) notwithstanding any of the foregoing or any other provision of the Indenture: (a) in relation to the making of any determination or calculation under the Indenture, the Issuer may elect (the "*Election Option*"), from time to time, either (i) to apply IFRS 16 (*Leases*) or (ii) to apply IAS 17 (*Leases*) (or, in either case, the equivalent measure under U.S. GAAP) to the making of such determination or calculation (*provided* that for the avoidance of doubt, in connection with any determination hereunder which is based upon the calculation of more than one component, including any determination in respect of the Fixed Charge Coverage Ratio, Consolidated Senior Secured Leverage Ratio and Consolidated Leverage Ratio, all such components shall be calculated on a consistent basis, applying the same accounting standard); and (b) any adverse impact (from the perspective of the Issuer) directly or indirectly relating to or resulting from the implementation of IFRS 15 (*Revenue from Contracts with Customers*) and any successor standard thereto (or any equivalent measure under U.S. GAAP) shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "*Incurred*" and "*Incurrence*" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "*Incurred*" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables or similar obligation, including accrued expenses owed, to a trade creditor), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any

Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends); *provided*, *however*, that Disqualified Stock of the Issuer or Preferred Stock of a Restricted Subsidiary shall not constitute Indebtedness for purposes of the definition of "*Consolidated Leverage*";

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

with respect to clauses (1), (2), (4) and (5) above, if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS.

The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business or consistent with past practice, other than Guarantees or other assumptions of Indebtedness;

(ii) accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(iii) Cash Management Services;

(iv) any lease, concession or license of property (or Guarantee thereof) which would, in accordance with the Election Option if the Issuer elects to apply IAS 17 (Leases), be considered an operating lease or any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practice;

(v) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice;

(vi) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(vii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(viii) obligations under or in respect of Qualified Receivables Financings;

(ix) Indebtedness of any Parent appearing on the balance sheet of the Issuer solely by reason of push down accounting under IFRS;

(x) Capital Stock (other than Disqualified Stock of the Issuer and Preferred Stock of a Restricted Subsidiary);

(xi) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and the Restricted Subsidiaries, taken as a whole, that complies with the covenant described under "*—Certain Covenants—Merger and Consolidation*";

(xii) Subordinated Shareholder Funding;

(xiii) trade payables and accrued commissions owed to banks in the ordinary course of business; and

(xiv) Settlement Obligations.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investor*" means Alberto Tripi, Vittoria Tolotti, Marco Tripi and Valeria Tripi.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or Restricted Subsidiary or any successor of the Issuer or any Parent or Restricted Subsidiary other than Almawave (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the intercreditor agreement to be dated on the Issue Date, by and among, *inter alios*, the Issuer, Holdco, the Security Agent and the Trustee, as amended, restated or otherwise modified or varied from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or a Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments.*"

For purposes of the "*—Certain Covenants—Limitation on Restricted Payments*" section:

(1) "*Investment*" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "*BBB-*" or higher from S&P, "*Baa3*" or higher by Moody's or "*BBB-*" or higher from Fitch or the equivalent of such rating by such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Restricted Subsidiaries and the Issuer;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall be achieved when the Notes receive at least two of the following:

(1) a rating of "*BBB-*" or higher from S&P;

(2) a rating of "*Baa3*" or higher from Moody's; or

(3) a rating of "*BBB-*" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating from S&P, Moody's or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Entity*" has the meaning given to it in the definition of Initial Public Offering.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means on November 3, 2021.

"*Issuer*" means Almaviva S.p.A., a joint stock company (*società per azioni*) incorporated and existing under the laws of the Republic of Italy with registered office at Via di Casal Boccone 188/190, 00137, Rome, Italy and registered with the Companies' Register of Rome (*Registro Imprese di Roma*) under number and codice fiscale 08450891000.

"*Italian Golden Power Authority*" means the presidency of the Italian Council of Ministries (*Presidenza del Consiglio dei Ministri*).

"*Italian Golden Power Clearance*" means the obtaining of the clearances, approvals and consents required to be obtained under the applicable Italian Golden Power Legislation, including any statement from the Italian Golden Power Authority which it lacks or declines jurisdiction or a decision confirming that the request is not subject to filing pursuant to the Italian Golden Power Legislation or the expiration of the applicable review period (or any extension thereof), as applicable, without any decision, communication or act by the Italian Golden Power Authority, to the extent that such inaction has the same effect of an explicit clearance, approval or consent.

"*Italian Golden Power Legislation*" means the Italian Law Decree (*decreto legge*) No. 21 of March 15, 2012, as converted into law and amended by Italian Law (*legge*) No. 56 of May 11, 2012; the Italian Law Decree (*decreto legge*) No. 105 of September 21, 2019, as converted into law and amended by Italian Law (*legge*) No. 133 of November 18, 2019; and Italian Law Decree (*decreto legge*) No. 23 of April 8, 2020, as converted into law and amended by, inter alia, Italian Law (*legge*) No. 40 of June 5, 2020, each as subsequently amended and supplemented, and including the relevant Presidential Decrees (de*creti del Presidente della Repubblica*) and Prime Ministerial Decrees (*decreti del Presidente del Consiglio dei Ministri*) adopted in relation to the abovementioned laws and regulations.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) in respect of travel, entertainment, moving-related or other expenses Incurred in the ordinary course of business and in accordance with past practice;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding the greater of €7.0 million and 5% of Consolidated EBITDA in the aggregate outstanding at any time.

"*Management Investors*" means (i) the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent and (ii) any entity that may hold shares transferred by departing members of the management team of any Parent, the Issuer or any of their respective Subsidiaries for future redistribution to the management team of the Issuer or the Issuer's Subsidiaries. For the avoidance of doubt, the expression "*management team*" shall include, but not be limited to, any managers, officers and (executive and non-executive) directors of a Parent, the Issuer or the Issuer's Subsidiaries.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization as defined in Section 3(a)(62) of the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing agreements).

"*Non-Guarantor Debt Cap*" means an amount of (i) Indebtedness Incurred pursuant to the first paragraph and clauses (11) and (12) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," (but only to the extent such Indebtedness is not Incurred under a Credit Facility subject to loss- sharing pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement) which shall not in aggregate exceed the greater of €28 million and 20% of Consolidated EBITDA at any time outstanding.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Notes Guarantee*" means a Guarantee of the Notes by a Guarantor.

"*Offering Memorandum*" means this offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "*Officer*" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or a Restricted Subsidiary.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses, audit and accounting costs) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of any Restricted Subsidiary and the Issuer, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by laws or pursuant to written agreements with any such Person to the extent relating to the Issuer or its Restricted Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Restricted Subsidiaries or the Issuer;

(4) fees and expenses payable by any Parent in connection with the Refinancing;

(5) general corporate overhead expenses and administrative costs, including (a) professional fees and expenses, regulatory costs and other operational expenses of any Parent related to the ownership or operation of the business of any Restricted Subsidiaries or the Issuer, (b) costs and expenses with respect to any litigation or other dispute relating to the Refinancing or the ownership, directly or indirectly, of any Restricted Subsidiaries or the Issuer by any Parent, (c) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, directors, officers and employees of such Parent, (d) customary salary, bonus, severance and other benefits payable to current or former directors, officers, members of management, managers, employees or consultants (or any immediate family member thereof) of any Parent plus any reasonable and customary indemnification claims made by current or former directors, officers, members of management, managers, employees or consultants of any Parent, to the extent such salary, bonuses, severance and other benefits or claims in respect of any of the foregoing are directly attributable and reasonably allocated to the ownership or operations of such Parent, (e) to reimburse reasonable out of

pocket expenses of the Board of Directors of such Parent and (f) insurance premiums to the extent relating to such Parent, the Notes or any of its Subsidiaries;

(6) other fees, expenses and costs relating directly or indirectly to activities of any Restricted Subsidiaries or the Issuer or any Parent or any other Person established for purposes of or in connection with the Refinancing or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed the greater of €5 million and 3.5% of Consolidated EBITDA in any fiscal year (with any amount unused in any fiscal year being carried forward to the next succeeding fiscal year and amounts that will not be used in the subsequent fiscal year being carried back to the immediately preceding fiscal year);

(7) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness;

   (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

   (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

   (c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Parent HoldCo*" means any Person of which the Issuer at any time is or becomes a Subsidiary, and any holding companies established by any Permitted Holder for the primary purpose of holding its investment in the Issuer or any other Parent HoldCo; *provided* that such Person is the owner, directly or indirectly, of at least a majority of the total voting power of the Voting Stock of the Issuer after giving effect to the Equity Offering relevant to such Person's status as a Parent HoldCo.

"*Pari Passu Indebtedness*" means (a) any Indebtedness of the Issuer that ranks equally in right of payment with the Notes or (b) with respect to any Notes Guarantee of a Guarantor, any Indebtedness that ranks equally in right of payment with such Notes Guarantee.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(1) that are described in one or more of clauses (2)(ii), (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23) and (24) of the definition of "*Permitted Liens*" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(2) to secure:

   (a) the Notes issued on the Issue Date and any related Notes Guarantees;

   (b) Indebtedness, the Incurrence of which would not be prohibited under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that, in the case of this clause (b), after giving effect to such Incurrence on the date thereof, the Consolidated Senior Secured Leverage Ratio does not exceed 3.50 to 1.0;

   (c) Indebtedness described under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," which Indebtedness may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

   (d) Indebtedness described under clause (2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," to the extent Incurred by a Guarantor and to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

   (e) Indebtedness described under clause (5) of the second paragraph of the covenant described under

"*—Certain Covenants—Limitation on Indebtedness*"; *provided* that, in the case of clause (5)(II), if such Liens secured Senior Secured Indebtedness, after giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness on the date thereof, either (A) the Consolidated Senior Secured Leverage Ratio does not exceed 3.50 to 1.0 or (B) the Consolidated Senior Secured Leverage Ratio would not be greater than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(f) Indebtedness described under clause (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided* that Currency Agreements and Interest Rate Agreements entered into with respect to any Indebtedness, the Incurrence of which would not be prohibited under the covenant described under "*—Certain Covenants—Limitation on Indebtedness,*" may be entitled to receive proceeds of an enforcement of the Collateral in priority to the Notes in a manner not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(g) Indebtedness described under clauses 4(a), (7) (other than with respect to Capitalized Lease Obligations), (11), (12) or (14) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(h) Indebtedness secured on a junior basis to the Notes; and

(i) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (a), (b), (d), (e), (f), (g), (h) and this clause (i);

provided further that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) described in paragraph (2) and any Permitted Collateral Liens described in clause (2)(ii) of the definition of "*Permitted Liens*" under paragraph (1) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement *provided*, further, that all property and assets (including, without limitation, the Collateral) securing such Indebtedness (including any guarantees thereof) or Refinancing Indebtedness secure the Notes and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (c) and (f) above; and

(3) Incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary with respect to obligations that in total do not exceed the greater of €6.6 million and 5% of Consolidated EBITDA at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of such Restricted Subsidiary's business.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) the Management Investors, (3) any Related Person of any Persons specified in clause (1) or (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any IPO Entity, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence, but excluding Persons specified in clause (4) who are not specified in clause (1), (2) or (3)) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors (or at least one of them) and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies held by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or a Restricted Subsidiary):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) if such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person as a result of such Investment in such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing or Settlement Obligations and Investments held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing, Settlement Obligations or any related Indebtedness;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, in each case after giving *pro forma* effect to the Refinancing, and, in each case, any extension, modification, restructuring or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Hedging Obligations, which transactions or obligations are Incurred to the extent they would not be prohibited under "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €40 million or 30% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "*Unrestricted Subsidiary*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "*Permitted Liens*" or made in connection with Liens the Incurrence of which would not be prohibited under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of clauses (4), (6) or (14) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(15) Guarantees of Indebtedness of the Issuer or any Restricted Subsidiary, the Incurrence of which would not be prohibited under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) Investments in loans under the Revolving Credit Facility Agreement, the Notes (including any Additional Notes), the Notes Guarantees and any future proceeds loan from the Issuer or a Restricted Subsidiary under an agreement and other Indebtedness of the Issuer or a Restricted Subsidiary the Incurrence of which was not prohibited by the Indenture;

(17) Investments in joint ventures or a Similar Business, taken together with all other Investments made pursuant to this clause (17) and at any time outstanding, in an aggregate amount at the time of such

Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €40 million or 30% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause (17) in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "*Unrestricted Subsidiary*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause;

(18) Investments in joint ventures or Unrestricted Subsidiaries, taken together with all other Investments made pursuant to this clause (18) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €40 million or 30% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause (18) in a Person that is not the Issuer or a Restricted Subsidiary and such Person subsequently becomes the Issuer or a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary in accordance with the definition of "*Unrestricted Subsidiary*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "*Permitted Investments*" and not this clause; and

(19) any other Investment arising in the ordinary course of business of the Issuer or a Restricted Subsidiary.

For purposes of determining compliance with this definition, (a) Permitted Investments need not be made solely by reference to one category of Permitted Investments described in this definition but are permitted to be made in part under any combination thereof and of any other available exemption and (b) in the event that a Permitted Investment (or any portion thereof) meets the criteria of one or more of the categories of Permitted Investments, the Issuer will, in its sole discretion, classify or reclassify such Permitted Investment (or any portion thereof) in any manner that complies with this definition.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under (i) workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or (ii) in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or (iii) as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer or the Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and the Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing (i) Hedging Obligations permitted under the Indenture and relating to Indebtedness permitted to be

Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness or (ii) Cash Management Services;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary (a) for the purpose of securing Capitalized Lease Obligations, Purchase Money Obligations or Indebtedness in respect of Sale and Leaseback Transactions, and, in each case, any Indebtedness which refinances, replaces, refunds or reimburses such Indebtedness (as applicable); or (b) securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance, refinance or reimburse amounts used for the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (x) the aggregate principal amount of Indebtedness secured by such Liens described in this paragraph (b) is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" and (y) any such Lien described in this paragraph (b) may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and the Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date, after giving *pro forma* effect to the Refinancing;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary), including Liens created, incurred or assumed in connection with, or in contemplation of such acquisition or transaction; *provided*, that such Liens are limited to all or part of the same property, other assets or stock (including those of a Person that becomes a Restricted Subsidiary and improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any

leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens in respect of (i) Qualified Receivables Financings or (ii) Settlement Obligations;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) (a) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary; (b) Liens over cash paid into an escrow account to fund an acquisition or pay related fees and expenses pending the closing of such acquisition by the Issuer or any Restricted Subsidiary; and (c) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement or deferred consideration in connection with the acquisition by the Issuer or any Restricted Subsidiary;

(27) Permitted Collateral Liens;

(28) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(29) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(30) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes and the Notes Guarantees, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the Indenture or the Revolving Credit Facility Agreement, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss sharing as among the Holders and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and (d) Liens to secure Indebtedness where the granting of an equal and ratable (or prior) Lien on such property or assets to secure the Notes would be inconsistent with the Agreed Security Principles;

(31) Liens, provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (31) does not exceed the greater of €53 million and 40% of Consolidated EBITDA;

(32) Liens on rights under any loan or other instrument lending or contributing the proceeds of Indebtedness Incurred by the Issuer or another Person to one or more Guarantors in favor of the third party creditors in respect of such Indebtedness;

(33) Settlement Liens; and

(34) Liens securing Indebtedness and other Obligations permitted to be Incurred under clauses (14) and (16) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*"; *provided*, that any such Liens securing Indebtedness and other Obligations under clause (16) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" are limited to the Capital Stock and assets and property of Almawave and its Subsidiaries.

For purposes of determining compliance with this definition, (a) Liens need not be incurred solely by reference to one category of Permitted Liens described in this definition but are permitted to be incurred in part under any combination thereof and of any other available exemption and (b) in the event that a Lien (or any portion thereof) meets the criteria of one or more of the categories of Permitted Liens, the Issuer will, in its sole discretion, classify or reclassify such Lien (or any portion thereof) in any manner that complies with this definition.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Issuer or any Restricted Subsidiary (a "*Reorganization*") that is made on a solvent basis; *provided* that:

(1) any payments or assets distributed in connection with such Reorganization remain within the Issuer and the Restricted Subsidiaries (unless such distribution is otherwise permitted by the covenant set forth under "*—Certain Covenants—Limitation on Restricted Payments*");

(2) if any shares or other assets of an entity subject to reorganization form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral (unless the release of such Liens is not otherwise prohibited by the Indenture); and

(3) in case of any demerger, reorganization, corporate reconstruction or transfer of assets by the Issuer to a Restricted Subsidiary (other than a Guarantor) with respect to which the covenant set forth under "*—Certain Covenants—Merger and Consolidation*" does not apply despite such transaction being determined to constitute the assignment, conveyance, transfer, lease, sale or disposal of all or substantially all of the Issuer's assets as on entirety or substantially as an entirety, in one transaction or a series of related transactions (such determination to be made by the Board of Directors of the Issuer, which shall be conclusive), such Restricted Subsidiary shall guarantee the Notes on a senior basis and its Capital Stock shall be pledged in favor of the Notes on a first ranking basis.

Promptly upon consummation of a Permitted Reorganization, the Board of Directors of the Issuer will file with the Trustee a copy of the resolution of the Board of Directors of the Issuer or the applicable Restricted Subsidiary authorizing such Permitted Reorganization and an Officer's Certificate certifying that such Permitted Reorganization complied with the terms of the Indenture and did not result in a Default or Event of Default.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €50.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing that meets the following conditions: (1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary or other Subsidiary, as the case may be, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary or other Subsidiary, as the case may be, are made at fair market value (as determined in good faith by the Board of Directors of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors of the Issuer) and may include Standard Securitization Undertakings. The grant of a security interest in any accounts receivable of the Issuer or a Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, Fitch or any other Nationally Recognized Statistical Rating Organization selected by the Issuer as a replacement agency.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any Subsidiary of the Issuer pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary, or (b) any other Person (in the case of a transfer by the Issuer or any of its Subsidiaries), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions, receivable sale facilities, factoring facilities or invoice discounting facilities involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Issuer or a Restricted Subsidiary (or another Person formed for the purposes of engaging in a Qualified Receivables Financing in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or

(iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding (except in connection with a Qualified Receivables Financing) other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing*" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Summary—The Refinancing*."

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness of the Issuer and its Restricted Subsidiaries that is (x) existing on the Issue Date and/or (y) Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of a Restricted Subsidiary and Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Stated Maturity of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay fees, underwriting discounts, premia, interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or Notes Guarantees, such Refinancing Indebtedness is subordinated to the Notes or such Notes Guarantees, as applicable, on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided further, *however*, that Refinancing Indebtedness shall not include (i) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person;

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle controlled, directly or indirectly, managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any Restricted Subsidiary);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any Restricted Subsidiary;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any Restricted Subsidiary; or

(e) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the sum of the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries and the amount actually received in cash from its Unrestricted Subsidiaries

"*Relevant Testing Period*" means, for purposes of the calculation of any applicable financial covenant, test, basket or ratio (including those based on Consolidated EBITDA, Fixed Charge Coverage Ratio, Consolidated Senior Secured Leverage Ratio and/or Consolidated Leverage Ratio), the most recently completed four consecutive fiscal quarters ending on the last day of the most recent fiscal quarter (or fiscal year, if later) for which financial statements have been delivered pursuant to the "*—Certain Covenants—Reports*" covenant or, at the option of the Issuer, the most recently completed twelve consecutive months ending on the last day of a calendar month for which the Issuer has, in its sole determination, sufficient available information to be able to determine any applicable financial covenant, test, basket or ratio.

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the business of the Issuer and its Restricted Subsidiaries (including the Group's business) as of the Issue Date or any and all other businesses that in the good faith judgment of the Board of Directors or senior management of the Issuer are related thereto.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment by the Issuer or a Restricted Subsidiary other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer (other than an Unrestricted Subsidiary).

"*Revolving Credit Facility*" means the super senior revolving credit facility established pursuant to the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" means the agreement dated October 19, 2021, governing the Revolving Credit Facility, by and among, *inter alios*, the Issuer as borrower, the agent, and the Security Agent, as security agent thereunder.

"*S&P*" means Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Issuer or any Restricted Subsidiary of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, confirmed, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Security Interests*" means the security interests in the Collateral that are created by the Security Documents.

"*Senior Secured Indebtedness*" means any Indebtedness secured by a Lien on the Collateral on a basis *pari passu* with or senior to the security in favor of the Notes or the Notes Guarantees.

"*Settlement*" means the transfer of cash or other property with respect to any credit card, charge card, stored value card or debit card charge, check or other instrument, electronic funds transfer, or other type of paper based or electronic payment, transfer or charge transaction for which a Person acts as issuer, acquirer, processor, remitter, funds recipient, funds transmitter or funds receiver in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a Person in consideration for a Settlement made or arranged, or to be made or arranged, by such Person or an Affiliate of such Person.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Obligations (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement Obligations*" means any short term payment or reimbursement obligation in respect of a Settlement Payment or Settlement Receivable and other financings or liabilities due to banks or customers, in each case of the type incurred in the ordinary course of business by the Issuer and its Subsidiaries, including under any facility in respect thereof.

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a Person in consideration for and in the amount of a Settlement made or arranged, or to be made or arranged, by such Person.

"*Significant Subsidiary*" means any Restricted Subsidiary of the Issuer that meets any of the following conditions:

(1) the Issuer's and the Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and the Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and the Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates (including the Group) on the Issue Date, (b) the business management software business and (c) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Special Purpose Vehicle*" means an entity established by any Parent for the purposes of maintaining an equity incentive or compensation plan for Management Investors.

"*Specified Change of Control Event*" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that giving pro forma effect thereto (including receipt of any proceeds and repayment of any Indebtedness in connection therewith), the Consolidated Leverage Ratio of the Issuer and its Restricted Subsidiaries would have been less than 2.5 to 1.00.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any of its Subsidiaries which the Issuer has determined in good faith to be customary in a Qualified Receivables Financing, including (to the extent applicable) those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*Change of Control*" and the conditions under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means (a) any Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes and (b) any Indebtedness of a Guarantor that is expressly subordinated in right of payment to such Guarantor's Notes Guarantee.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control, asset sale or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or the terms of the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "*Subordinated Liabilities*" (as defined therein, mutatis mutandis).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

   (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

   (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture, and any arrangements or transactions made between the Issuer and/or any of its Subsidiaries and/or any Parent in order to satisfy the obligations arising under any such Tax Sharing Agreement.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority and "Tax" will be construed accordingly.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

   (a) direct obligations of, or obligations Guaranteed by, (i) the United Kingdom, the United States of America or Canada, (ii) any European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

   (b) direct obligations of any country recognized by the United States of America rated at least "*A*" by S&P, "*A*" by Fitch or "*A 1*" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

   (a) any lender under the Revolving Credit Facility Agreement;

   (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

   (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of € 250 million (or the foreign currency equivalent thereof) and whose long term debt is rated at least "*A-*" by S&P or Fitch or "*A 3*" by Moody's (or, in each case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) with respect to a jurisdiction in which (a) the Issuer or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clause (2) of this definition,

certificates of deposit, time deposits, recognized time deposits, overnight bank deposits or bankers' acceptances with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(5) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or a Restricted Subsidiary or the Issuer), with a rating at the time as of which any Investment therein is made of "*P 2*" (or higher) according to Moody's or "*A 2*" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United Kingdom, the United States of America, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "*BBB-*" by S&P or "*Baa3*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "*A-*" by S&P or Fitch or "*A 3*" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P, Fitch or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(9) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(10) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Transaction Expenses*" means any fees or expenses Incurred or paid by the Issuer or any Restricted Subsidiary in connection with the Refinancing.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or a Guarantor; and

(2) such designation and the Investment of the Issuer or the relevant Restricted Subsidiary in such Subsidiary would not be prohibited under "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions. "*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

Notes sold within the United States to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system ("**Euroclear**"), and Clearstream Banking, *société anonyme* ("**Clearstream**") and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S (the "**Regulation S Notes**") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary and registered in the name of the nominee of the Common Depositary for the accounts of Euroclear and Clearstream.

Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Restricted Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes under the Indenture for any purpose (other than for certain tax purposes).

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither we, the Trustee, any Paying Agent, Registrar or Transfer Agent nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided, however, that* no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes*." If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*," we will pay additional amounts as may be necessary in order that the net amounts received after such deduction or withholding will equal the net amounts that would have been otherwise received absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we and the Trustee will treat the registered holders of the Global Notes (i.e., the Common Depositary Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we nor the Trustee nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency and payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither we nor the Trustee nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in "*Transfer Restrictions.*"

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer Restrictions.*"

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act. Prior to 40 days after the date of initial issuance of the Notes, ownership of Regulation S Book Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such periods unless such resale or transfer is made pursuant to Rule 144A under the Securities Act.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

The Notes represented by the Global Notes are expected to be listed on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. We, the Trustee, the Paying Agent or any of our/their respective agents will not have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies us that it is unwilling or unable to continue as depositary for the Global Notes, and we fail to appoint a successor within 120 days;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised us that upon request by an owner of a Book-Entry Interest, its current procedure is to request that we issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer Restrictions*," unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agents, the Registrars and the Transfer Agents will be entitled to treat the registered holder of any Global Note as the absolute owner thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided that* no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, we will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. We or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of the Trustee and us to protect us, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. We may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by us pursuant to the provisions of the Indenture, we in our discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions.*"

So long as the Notes are listed on the Official List of and the rules of the Luxembourg Stock Exchange so require, we will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Paying Agent in Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require.

CERTAIN TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to additional or special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, Italy or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to Italy and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding Italy and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian tax considerations

The statements herein regarding certain Italian tax consequences of the purchase, holding and transfer of the Notes are based on the laws and published practices of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law and interpretation occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposal of the Notes for Italian resident and non-Italian resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to additional or special rules. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Tax treatment of Interest

Decree No. 239 sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price and any relevant make-whole premium, hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (*titoli similari alle obbligazioni*), pursuant to Article 44, paragraph 2, letter c) of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree No. 917**"), issued, *inter alia*, by:

(d) companies resident in Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States or States party to the European Economic Area Agreement ("**EEA State**") allowing a satisfactory exchange of information with the Italian tax authorities as included in the White List; or

(e) companies resident in Italy for tax purposes whose shares are not listed, issuing notes traded (*negoziati*) upon their issuance on the aforementioned regulated markets or platforms; or

(f) if not traded on the aforementioned markets or multilateral trading platforms, when such notes are subscribed and held by "qualified investors" pursuant to Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998.

For these purposes, bonds and securities similar to bonds are securities that (i) incorporate an unconditional obligation for the Issuer to pay at maturity (or at any earlier redemption/repayment of the security) an amount not lower than their nominal value or principal amount; (ii) do not provide to the holders any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which the Notes have been issued; and (iii) do not provide for a remuneration which is entirely linked to profits of the Issuer, or other companies belonging to the same group or to the business in respect of which the Notes have been issued.

Italian-resident Noteholders

<u>Noteholders not engaged in an entrepreneurial activity</u>

Where a- beneficial owner of the Notes ("Noteholder") is an Italian resident and is:

- an individual not engaged in an entrepreneurial activity to which the Notes are effectively connected;
- a non-commercial partnership (*società semplice*) (other than *società in nome collettivo* and *società in accomandita semplice* or similar partnerships), a *de facto* non-commercial partnership or a professional association;
- a non-commercial private or public institution, or a trust (other than Italian undertakings for collective investment) not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- an investor exempt from Italian corporate income taxation,

then Interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*), levied at the rate of 26% (either when Interest is paid or obtained upon disposal of the Notes), unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the *risparmio gestito* regime under Article 7 of Decree No. 461 (see also "—*Tax treatment of capital gains—Discretionary investment portfolio regime (Risparmio Gestito Regime*)" below).

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26% *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232 of December 11, 2016 ("**Law No. 232**"), in Article 1, paragraph 211-215 of Law No. 145 of December 30, 2018 ("**Law No. 145**"), in Article 13-*bis* of Law Decree No. 124 of October 26, 2019, converted into Law No. 157 of December 19, 2019 ("**Law Decree No. 124**") and in Article 136 of Law Decree No. 34 of May 19, 2020, converted into Law No. 77 of July 17, 2020 ("**Decree No. 34/2020**"), as amended and applicable from time to time.

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Where a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a non-Italian resident company to which the Notes are effectively connected, and the Notes, together with the coupons related thereto, are deposited with an authorized intermediary, Interest from the Notes will not be subject to the *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to the general Italian corporate income taxation ("**IRES**", currently levied at the rate of 24% and, if applicable, any relevant additional surcharge, such as the additional 3.5% surcharge for banks and certain financial institutions) and, in certain circumstances, depending on the status of the Noteholder and also to the Italian regional tax on productive activities ("**IRAP**", generally levied at the base rate of 3.9%, even though regional surcharges may apply) (i.e., generally in the case of banks and financial institutions).

Effective as of the fiscal year following the fiscal year that was current on December 31, 2015, Article 1(550) of Finance Act 2017 added paragraph 6-*bis* to Article 1 of Law Decree No. 201 of December 6, 2011, converted into Law No. 214 of December 22, 2011. Under this new rule, the base upon which the "*Aiuto alla Crescita Economica*" benefit set forth in Article 1 of Law Decree No. 201 of December 6, 2011 (**ACE Benefit**) is computed is reduced by an amount equal to the positive difference (if any) between (i) the aggregate book value of securities (*titoli e valori 250 uthentic*), including the Notes, other than shares reported in the taxpayer's financial statements for the relevant fiscal year and (ii) the aggregate book value of securities (*titoli e valori 250 uthentic*) other than shares reported in the taxpayer's financial statements of the fiscal year that was current on December 31, 2010. Only Italian resident persons carrying on an entrepreneurial activity (and in particular Italian resident corporations) and Italian permanent establishments of non-Italian resident persons can enjoy the ACE Benefit. The new restrictive rule enacted by Finance Act 2017 applies only to taxpayers different from those carrying out financial and insurance activities falling into section K of the ATECO classification of economic activities, other than non-financial holding companies.

Real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to Italian resident real estate investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or "**SICAFs**"), provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorized financial intermediary (or permanent establishment in Italy of non-Italian resident intermediary) Interest is subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders or shareholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund ("**Fund**") or an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAVs**") or a non-real estate SICAF established in Italy and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes, together with the coupons related thereto, are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes will not be subject to the *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF. The Fund, the non-real estate SICAF or the SICAV are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding or substitute tax of 26% will be levied, in certain circumstances, by the Fund, the non-real estate SICAF or the SICAV on income realized by unitholders or shareholders in the event of distribution, redemption or disposal of the units/shares.

Pension funds

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes, together with the coupons related thereto, and accrued during the holding period will not be subject to the *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20% substitute tax). Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232, in Article 1, paragraph 211-215 of Law No. 145, in Article 13-*bis* of Law Decree No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time.

Application of the imposta sostitutiva

Pursuant to Decree No. 239, the imposta sostitutiva is applied by Italian resident banks, brokerage companies (*società di intermediazione mobiliare*, or "**SIM**"), fiduciary companies, *società di gestione del risparmio* ("**SGR**"), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance or Italian permanent establishment of equivalent foreign entities (each, an "**Intermediary**").

An Intermediary must:

(g) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and

(h) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian Intermediary paying the Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-Italian resident corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Non-Italian resident Noteholders

If the Noteholder is a non-Italian resident for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian resident Noteholder is:

(a) a beneficial owner of the payment of the Interest and resident, for tax purposes, in a State or territory included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor," whether or not subject to tax, which is established in a State or territory included in the White List, even if it does not possess the status of a taxpayer in its own State of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owner of the Interest (or certain non-resident institutional investors) and must deposit the Notes together with any related coupons since the issue date directly or indirectly with:

(i) an Italian or non-Italian resident bank or financial institution (there is no requirement for the bank or financial institution to be an EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or the permanent establishment in Italy of a non-Italian resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. If a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank. The exemption from the *imposta sostitutiva* for non-Italian resident Noteholders is conditional upon:

    (A) the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

    (B) the timely submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by a Ministerial Decree dated December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point (b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point (d) above. Additional requirements are provided for "institutional investors" referred to in point (c) above (in this respect see Circular No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The *imposta sostitutiva* will be applicable at a rate of 26% to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules). Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013 or by any other forms approved by the respective tax authorities.

Fungibility Issues

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the relevant issuer issues a new tranche forming part of a single series with a previous tranche of notes, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new tranche of notes will be deemed to be the same amount as the issue price of the original tranche of notes. This rule applies where (a) the new tranche of notes is issued within twelve months of the issue date of the previous tranche of notes and (b) the difference between the issue price of the new tranche of notes and that of the original tranche of notes does not exceed 1% multiplied by the number of years of the duration of the Notes.

Payments Made by an Italian Resident Guarantor

With respect to payments on the Notes made to Italian resident Noteholder by an Italian resident Guarantor of the Notes, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to Interest and other proceeds from the Notes may be subject to the tax regime described above. However, there are no tax authority guidelines directly regarding the Italian tax regime of payments on notes made by an Italian resident Guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments or that the Italian courts would not support such an alternative treatment.

In particular, according to a different interpretation, if a Guarantor makes any payments in respect of Interest on the Notes, it is possible that such payments may be subject to withholding tax at applicable rates, pursuant to Presidential Decree No. 600 of September 29, 1973 (currently at domestic rate of 26%), subject to such relief as may be available under the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Tax treatment of capital gains

Italian-resident Noteholders

<u>Noteholders not engaged in an entrepreneurial activity</u>

Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva,* or "**CGT**") provided by Decree No. 461, levied at the rate of 26%. Under certain conditions and limitations, Noteholders may set off any capital losses with their capital gains.

In respect of the application of the *imposta sostitutiva*, on capital gains, an Italian resident individual may opt—under certain conditions—for any of the three regimes described below.

<u>Tax return regime (*Regime della dichiarazione*)</u>

Under the "tax return regime", which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss of the same kind) realized by the Italian resident individual holding the Notes during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss of the same kind, in their annual tax return, and pay the CGT on such gains of the same kind, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years.

<u>Non-discretionary investment portfolio regime (*Risparmio Amministrato Regime*)</u>

As an alternative to the tax return regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realized on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries (including permanent establishments in Italy of non-Italian resident intermediaries); and
- an express election for the *risparmio amministrato regime* being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years, up to the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realized within said regime in the annual tax return.

<u>Discretionary investment portfolio regime (*Risparmio Gestito Regime*)</u>

In the *Risparmio Gestito Regime*, any capital gains realized by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realized within said regime in its annual tax return. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26% CGT) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1, paragraph 100-114 of Law No. 232, in Article 1, paragraph 211-215 of Law No. 145, in Article 13-*bis* of Law Decree No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time. Pursuant to Article 1, paragraphs 219-225 of Law No. 178 of 30 December 2020 ("**Law No. 178**"), it is further provided that Italian resident individuals investing, by 31 December 2021, in long-term individual savings account compliant with Article 13-*bis*, paragraph 2-*bis* of Law Decree No. 124 may benefit from a tax credit corresponding to possible capital losses, losses and negative differences realized in respect of certain qualifying financial instruments comprised in the long-term individual savings account, provided that certain conditions and requirements are met (e.g., including the loss of the possibility to subsequently set off the relevant capital losses, losses and negative differences against future capital gains).

<u>Noteholders engaged in an entrepreneurial activity</u>

Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable business income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of net value of the production for IRAP purposes), if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of non-Italian resident entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

<u>Real estate investment funds and real estate SICAFs</u>

Any capital gains realized by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any income tax at the level of the real estate investment fund or the Real Estate SICAF (see "*Tax treatment of Interest—Real estate investment funds and real estate SICAFs*"). However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or disposal of the units or shares.

Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

<u>Funds, SICAVs and non-real estate SICAFs</u>

Any capital gains realized by a Noteholder which is a Fund, a SICAF (other than a real estate SICAF) or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the non-real estate SICAF or the SICAV, but income realized by the unitholders or shareholders in case of distributions, redemption or disposal of the units/shares may be subject to a withholding tax of 26%.

Pension funds

Any capital gains realized by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to a 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1, paragraph 100-114 of Law No. 232, in Article 1, paragraph 211-215 of Law No. 145, in Article 13-*bis* of Law Decree No. 124, and in Article 136 of Decree No. 34/2020, as amended and applicable from time to time.

Non-Italian resident Noteholders

A 26% CGT on capital gains may be payable on capital gains realized upon the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets (which term includes, for these purposes, also certain multilateral trading facilities) in Italy or abroad are not subject to the CGT, subject to the filing of required documentation in a timely fashion (in particular, a self- declaration that the Noteholder is not resident in Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected).

Pursuant to Article 5(5) of Decree No. 461, capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if the Notes are not traded on regulated markets (which term includes, for these purposes, also multilateral trading facilities), are not subject to the CGT, provided that the beneficial owner is:

(a) a resident, for tax purposes, of a State or territory included in the White List and does not have a permanent establishment in Italy to which the Notes are effectively connected; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor," whether or not subject to tax, which is established in a State or territory included in the White List, even if it does not possess the status of a taxpayer in its own State of establishment and provided that they timely file with the relevant depositary an appropriate self-declaration of being an institutional investor; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree No. 239 (see *"—Tax treatment of interest"*).

If none of the above conditions are met, capital gains realized by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets (which term includes, for these purposes, also multilateral trading facilities), may be subject to the CGT at the current rate of 26%. However, non-Italian resident Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents Noteholders file in time with the authorized financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Certain reporting obligations for Italian-resident Noteholders

Under Law Decree No. 167 of June 28, 1990, converted into law by Law No. 227/1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy for tax purposes and, during the tax year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their annual income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same term as prescribed for the annual income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Italian inheritance tax and gift tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including the Notes) (i) by reason of death or gift by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose), even if the transferred assets are held outside Italy, and (ii) by reason of death or gift by non-Italian resident persons, but limited to transferred assets held in Italy. Notes issued by an Italian resident company are deemed to be held in Italy.

Subject to certain exceptions, transfers of assets and rights (including the Notes) by reason of gift, donation or succession proceedings are generally subject to Italian gift and inheritance tax as follows:

(a) at a rate of 4% for transfers in favor of the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, exceeding, for each beneficiary, a threshold of €1.0 million;

(b) at the rate of 6% for transfers in favor of relatives up to the fourth degree or relatives in-law up to the third degree on the entire value of the transferred assets (in case of transfers in favor to brothers or sisters, the 6% rate is applicable only on the portion of the global net value of the transferred assets exceeding, for each beneficiary, a threshold of €0.1 million); and

(c) at a rate of 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress or the beneficiary is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million at the rate illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

With respect to Notes listed on regulated markets (including multilateral trading facilities), the relevant value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements set forth under Italian tax law is exempt from inheritance taxes.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for Notes issued by Italian resident companies.

Wealth tax on financial products held abroad—direct holding

According to Article 19(18) of Law Decree No. 201 of December 6, 2011, recently amended by Article 1, paragraphs 710 of Law No. 160 of December 27, 2019, Italian resident individuals, Italian non-commercial entities, Italian non-commercial partnerships and similar Italian resident entities holding certain financial products, including the Notes, outside Italy without the involvement of an Italian financial intermediary are in certain cases required to pay a wealth tax currently at the rate of 0.2% (the tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year (or at the end of the holding period) or, in the lack thereof, on the nominal value or redemption value of such financial products held outside Italy or on the purchase value of any financial product (including the Notes) held abroad by Italian resident individuals. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

The wealth tax cannot exceed €14,000 per year for Noteholders other than individuals.

The wealth tax is due only in relation to financial assets held outside the Italian territory (and not through an Italian intermediary). If the Notes are held through Italian intermediaries, the rules described in subsection "*Stamp taxes and duties—holding through financial intermediary*" apply.

Stamp taxes and duties—holding through financial intermediary

Under Article 13(2*bis*-2ter) of Decree No. 642 of October 26, 1972, as amended from time to time, a 0.2 % stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 per year for Noteholders other than individuals. The taxable base of the stamp duty is the market value or—in the lack thereof—the nominal value or the redemption amount of any financial product or in the case that the nominal value or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) resulting from any periodic reporting communication issued by the Italian financial intermediary with which the Notes are deposited (the tax being determined in proportion to the reporting period).

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on May 24, 2012, the 0.2% stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "clients" as defined in the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy. Therefore, stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with, or administered or managed through, an Italian-based financial intermediary.

Registration tax

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

(i) public deeds and private deeds with notarized signatures (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at a rate of €200.00; and

(ii) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

OECD Common Reporting Standards and EU DAC 6 reporting obligations

The EU Savings Directive adopted on June 3, 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from January 1, 2016 to prevent overlap between the Savings Directive and the new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges are expected to begin in 2017.

Italy has enacted Italian Law No. 95 of June 18, 2015 ("**Law 95/2015**"), implementing the CRS and the amended EU Directive on Administrative Cooperation, which provides for the exchange of information in relation to the calendar year 2016 and later. Law 95/2015 has been implemented by the Italian Ministerial Decree dated December 28, 2015 which has been recently amended by the Italian Ministerial Decree dated 20 June 2019 and published in the Official Gazette on 9 July 2019.

In the event that holders of the Notes hold the Notes through an Italian financial institution (as meant in the Italian Ministerial Decree dated 20 June 2019), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

As a consequence of the OECD project on "*Base erosion and Profit Shifting*" (BEPS), the EU DAC 6 Directive ("**DAC 6**") has been adopted on May 25, 2018 by the EU Council, amending Council Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. According to DAC 6, intermediaries and, in some circumstances, taxpayers are required to notify the competent tax authorities of each Member States any cross-border arrangements that have at least one of the so-called "hallmarks" designed by the EU legislator as "markers" of potential risk of international tax evasion or avoidance or circumvention of disclosure requirements on financial accounts (CRS).

On August 26, 2020, the Legislative Decree No. 100, July 30, 2020 (the "**DAC 6 Decree**"), implementing the said Directive, with disclosure obligations for intermediaries and taxpayers, was published. Italian Ministry of Finance issued a Ministerial Decree on November 20, 2020, clarifying certain criteria set by the Italian law that trigger the reporting obligations. Furthermore, on February 10, 2021 the Italian tax authorities issued Circular Letter No. 2/E in order to provide certain other clarifications regarding the application of the DAC6 Decree.

Italian Financial Transaction Tax

Pursuant to Law No. 228 of 24 December 2012, Italian financial transaction tax ("FTT") applies to (a) transfer of ownership of shares and other participating securities issued by Italian resident companies or of financial instruments representing the said shares and/or participating securities (irrespective of whether issued by Italian resident issuers or not) (the "Relevant Securities"), (b) transactions on financial derivatives (i) the main underlying assets of which are the Relevant Securities, or (ii) whose value depends mainly on one or more Relevant Securities, as well as to (c) any transaction on certain securities (i) which allow to mainly purchase or sell one or more Relevant Securities or (ii) implying a cash payment determined with main reference to one or more Relevant Securities.

Securities falling within the category of bonds (*obbligazioni*), such as the Notes, don't meet the requirements set out above and, consequently, are not included in the scope of the FTT.

The European proposed financial transactions tax

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**Participating Member States**"). On December 8, 2015, Estonia indicated that it would no longer be a Participating Member State. The Commission's Proposal is still pending before the Council of the EU and its status is regularly discussed at the European and Financial Affairs Council. Moreover, in the course of 2020, the European Commission brought to the attention of the Council of the EU and the EU Parliament the possibility to propose, by June 2024, the introduction of a reshaped EU FTT as a new EU own resource. The Commission's Proposal has very broad scope and, if introduced in its current form, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Under the Commission's Proposal, the EU FTT could apply in certain circumstances to persons both within and outside the Participating Member States. Generally, it would apply to certain dealings in the Notes provided that at least one party to the transaction is established or deemed established in a Participating Member State and that there is a financial institution established or deemed established in a Participating Member State which is party to the transaction, acting either for its own account or for the account of another person, or acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. The Commission's Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member

States may decide to participate and/or other Participating Member States may decide to withdraw. If the Commission's Proposal or any similar tax were adopted, transactions in the Notes could be subject to higher costs, and the liquidity of the market for the Notes may be diminished. Prospective investors should consult their own tax advisors in relation to the consequences of the EU FTT associated with purchasing and disposing of the Notes.

Certain United States Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at the "issue price" (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax deferred accounts, tax exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, U.S. Holders that are required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside the United States, U.S. citizens or lawful permanent residents living abroad, holders of Existing Notes that are redeemed pursuant to the Existing Notes Redemption, or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisors concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General. Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder's method of accounting for U.S. federal income tax purposes. For these purposes, interest on the Notes includes any Italian tax withheld from the interest payments you receive and any Additional Amounts paid in respect of such withholding tax. Interest paid by us on the Notes constitutes income from sources outside the United States.

Euro Denominated Interest. The amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in euro in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in euro, the accrual basis U.S. Holder may recognize U.S. source exchange gain or loss (taxable as U.S. source ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Italian income taxes withheld by the Issuer. Interest generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisors concerning the foreign tax credit implications of Italian withholding taxes.

Sale and Retirement of the Notes

A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note, in each case as determined in U.S. dollars. U.S. Holders should consult their own tax advisors about how to account for proceeds received on the sale or retirement of Notes that are not paid in U.S. dollars. A U.S. Holder's adjusted tax basis in a Note generally will be its U.S. dollar cost. The amount realized does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale or retirement. Except to the extent treated as exchange rate gain or loss as described above, any gain or loss recognized by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long term capital gain or loss if the Note was held by the U.S. Holder for more than one year.

Gain or loss realized by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilize foreign tax credits attributable to any Italian withholding tax imposed on the sale or disposition. Prospective purchasers should consult their tax advisors as to the foreign tax credit implications of the sale or retirement of Notes.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, because the Notes are denominated in euros, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S. $50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing

Form 8886 with the IRS. Prospective purchasers are urged to consult their tax advisors regarding the application of these rules.

Backup Withholding and Information Reporting

Payments of principal, interest on, and the proceeds of the sale or other disposition of Notes paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisors about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain foreign financial assets.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Notes offered hereby are governed by New York law. However, the Issuer's creation and issuance of the Notes (i.e., its corporate resolutions) are governed by Italian law.

The Issuer of the Notes is incorporated under the laws of Italy and the Guarantors are incorporated under the laws of Italy and Brazil. The documents relating to the Collateral for the Notes will be governed by the laws of Italy and Brazil. The Indenture and the Notes are or will be governed by New York law. The Intercreditor Agreement and the Revolving Credit Facility Agreement will be governed by the laws of England and Wales. All of the directors and executive officers of the Issuer are non-residents of the United States. As substantially all of the assets of the Issuer and its directors and executive officers are located outside the United States, any judgment obtained in the United States against the Issuer or any such other non-U.S. resident person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes, the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws, or other laws against us or on such other persons as mentioned above in the courts of a foreign jurisdiction. It may be possible for investors to effect service of process within other jurisdictions upon those persons, the Issuer provided that, for example, The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

If a judgment is obtained in a U.S. court against the Issuer, investors will need to enforce such judgment in jurisdictions where the Issuer has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which the Collateral is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

Italy

Recognition and enforcement in Italy of final, enforceable and conclusive judgments rendered by U.S. courts, including judgments obtained in actions predicated upon the civil liability provisions of the U.S. federal or state securities laws may not require retrial and will be enforceable in Italy, provided that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995 (*Riforma del sistema italiano di diritto internazionale privato*), among others, the following conditions are met:

- the U.S. court which rendered the final judgment had jurisdiction according to Italian law principles of jurisdiction;
- the relevant summons and complaint was appropriately served on the defendants in accordance with U.S. law and during the proceedings the essential rights of the defendant have not been violated;
- the parties to the proceeding appeared before the court in accordance with U.S. law or, in the event of the defendant party's failure to appear before the court, the U.S. court declared such default in accordance with U.S. law;
- the judgment is final and not subject to any further appeal (*passato in giudicato*) in accordance with U.S. law;
- there is no conflicting final judgment rendered by an Italian court;
- there is no action pending in Italy among the same parties for decision on the same matter which commenced prior to the action in the United States; and
- the provisions of such judgment would not violate Italian public policy (*ordine pubblico*).

In addition, pursuant to Article 67 of Italian Law No. 218 of May 31, 1995, if a judgment rendered by a U.S. court is not complied with, its recognition is challenged or its compulsory enforcement is necessary, then a proceeding shall be initiated before the competent Court of Appeal in Italy to that end. The competent Court of Appeal does not consider the merits of the case but exclusively ascertains the fulfillment of all the conditions set out above.

In original actions brought before Italian courts, the enforceability of liabilities or remedies based solely on the U.S. federal securities law is debatable. If an original action is brought before an Italian court, the Italian court may apply not only Italian rules of civil procedure, but also certain substantive provisions of Italian law that are regarded as mandatory and may refuse to apply the U.S. law provisions or grant some of the remedies sought (e.g., punitive damages) if their application violates Italian public policy and/or any mandatory provisions of Italian law.

Brazil

The Guarantors are incorporated under the laws of Brazil. All, or substantially all, of its directors and officers reside outside the United States. Substantially all of the assets of the Guarantors are located outside of the United States. As a result, it may not be possible (or it may be difficult) for you to effect service of process upon the Guarantors or these other persons within the United States or to enforce judgments obtained in United States courts against us or them, including those predicated upon the civil liability provisions of the federal securities laws of the United States.

Under Brazilian law, a judgment of a United States court for the payment of money, including for civil liabilities predicated upon the federal securities laws of the United States, may be enforced in Brazil, subject to certain requirements described below. A judgment against any Guarantor, its directors and officers thereof, or certain advisors named herein obtained in the United States would be enforceable in Brazil without retrial or reexamination of the merits of the original action including, without limitation, any final judgment for payment of a certain sum of money rendered by any such court, provided that such judgment has been previously recognized by the Superior Court of Justice (*Superior Tribunal de Justiça*), or "STJ".

In this sense, the general provision is that there will be no retrial or reexamination of the merits of the original action. However, there are cases in which there is reexamination of the merits, especially if the original action violates Brazilian public policy, as mentioned below. The recognition by the Brazilian Superior Court of Justice will be available only if the U.S. judgment:

- is issued by a competent court;
- was preceded by proper service of process is made on the parties, as required under applicable law;
- is effective in the country where it was issued and it complies with all formalities necessary for its recognition as an enforcement instrument under the laws of the jurisdiction where it was issued;
- does not violate a final and unappealable decision issued by a Brazilian Court;
- has been duly authenticated by a competent Brazilian consulate, or has been apostilled in accordance with the Convention Abolishing the Requirement of Legalization for Foreign Public Documents dated as of October 5, 1961, and is accompanied by a sworn translation in Portuguese (*tradução pública juramentada*) except if such procedure was exempted by an international treaty to which Brazil is a signatory;
- does not violate Brazilian public policy, national sovereignty or good morals;
- is final and therefore not subject to appeal; and
- does not violate the exclusive jurisdiction of the Brazilian Judiciary.

Furthermore, Brazilian law admits the exequatur of interlocutory decisions via letter rogatory. It is possible to confirm a final and unappealable judicial decision, as well as a non-judicial decision that would have a jurisdictional nature under the Brazilian law. The foreign decision may be partially confirmed.

The recognition process may be time consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that recognition would be obtained, that the recognition process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment, including for violation of the securities laws of countries other than Brazil, including the federal securities laws of the United States.

We have been further advised that original actions may be brought in connection with this offering memorandum predicated solely on the federal securities laws of the United States in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against a Guarantor or its directors and officers thereof and certain advisors named herein, provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, national sovereignty or equitable principles and provided, further, that Brazilian courts can assert jurisdiction over such actions.

In addition, a plaintiff (whether Brazilian or non-Brazilian) who resides outside Brazil or is during the course of the litigation in Brazil and who does not own real estate property in Brazil must provide a bond to guarantee the payment of the defendant's legal fees and court expenses in connection with court procedures for the collection of payments under the Notes and the Guarantee by the Guarantors. This bond must have a value sufficient to satisfy the payment of court fees and defendant attorney's fees, as determined by the Brazilian judge, except in such instances involving (i) enforcement of foreign judgments that have been duly recognized by the STJ; (ii) collection of claims based on instruments that may be enforced in Brazil without review of merit (*título executivo extrajudicial*), which does not include the Notes, (iii) counterclaims (*reconvenção*); or (iv) when this bond was exempted by an international treaty to which Brazil is a signatory. Notwithstanding the foregoing, we cannot assure you that recognition of any judgment will be obtained, that the process described above can be conducted in a timely manner, or that Brazilian courts will enforce a judgment for violation of the federal securities laws of the United States with respect to the Notes.

Under Brazilian law, if the Notes or the Indenture were to be declared void by a court applying the laws of the State of New York, a judgment obtained outside Brazil seeking to enforce the Guarantee of the a Guarantor may not be ratified by the Superior Tribunal of Justice in Brazil.

CERTAIN INSOLVENCY LAW CONSIDERATIONS AND LIMITATIONS ON THE VALIDITY AND ENFORCEABILITY OF THE GUARANTEE AND THE SECURITY INTERESTS

The following is a summary of certain insolvency law considerations in Italy, the jurisdiction where the Issuer is organized on the validity and enforceability of the Guarantee and of the security interests applicable to the Collateral. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future guarantor or a future security provider of the Notes and it does not purport to be complete or to discuss all the limitations or considerations that may affect the validity and enforceability of the Notes, the Guarantee or the security interests being provided for the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the security interests in the Collateral. Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer is incorporated under the laws of Member States of the European Union (the "**EU**").

The EC Regulation No. 2015/848 on Insolvency Proceedings (the "**Insolvency Regulation**") applies to insolvencies which commence after June 26, 2017 (subject to certain exceptions).

Pursuant to Article 3(1) of the Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU member state (other than Denmark) where the company concerned has its "**center of main interests**." The determination of where any such company has its "center of main interests" is a question of fact on which the courts of the different EU member states may have differing and conflicting views.

The term "center of main interests" is not a static concept and may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition. In the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another EU member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in an EU member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other EU member state. In that respect, the factors that courts may take into consideration when determining the center of main interests of a debtor can include where board meetings are held, the location where the debtor conducts the majority of its business or has its head office and the location where the majority of the debtor's creditors are established and where they recognize as being the center of the company's operations.

If the center of main interests of a company, at the time an insolvency application is made, is located in an EU member state (other than Denmark), only the courts of that EU member state have jurisdiction to open main insolvency proceedings in respect of that company under the Insolvency Regulation. The types of insolvency proceedings which may be opened as main proceedings in the relevant jurisdiction are listed in Annex A to the Insolvency Regulation.

If the center of main interests of a company is in one EU member state (other than Denmark), under Article 3(2) of the Insolvency Regulation, the courts of another EU member state (other than Denmark) have jurisdiction (subject to certain exceptions) to open secondary and territorial insolvency proceedings against that company only if such company has an "establishment" (within the meaning and as defined in Article 2(10) of the Insolvency Regulation) in the territory of such other EU member state. Secondary proceedings may be any insolvency proceeding listed in Annex A of the Insolvency Regulation. Territorial proceedings are, in effect, secondary proceedings which are commenced prior to the opening of main insolvency proceedings. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other EU member state are restricted to the assets of the company which are situated in such other EU member state.

Pursuant to Article 3(4) of the Insolvency Regulation, where main proceedings in the EU member state in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another EU member state where the company has an establishment and either: (i) insolvency proceedings cannot be opened in the EU member state in which the company's center of main interests is situated under that EU member state's law; or (ii) the territorial insolvency proceedings are opened at the request of a creditor whose claim arises from the operation of the establishment or a public authority has the right to request the opening of such proceedings. Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will always, subject to certain exemptions, be governed by the *Lex fori concursus*, that is, the local insolvency law of the court that has assumed jurisdiction for the insolvency proceedings of the debtor.

The courts of all EU member states (other than Denmark) must recognize the judgment of the court opening main proceedings (subject to any public policy exceptions) and give the same effect to the order in the other relevant EU member state so long as no secondary proceedings have been opened there. The insolvency officeholder appointed by a court in an EU member state that has jurisdiction to open main proceedings may exercise the powers conferred on him by the law of that EU member state in another EU member state (such as to remove assets of the company from that other EU member state), subject to certain limitations, so long as no insolvency proceedings have been opened in that other EU member state or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other EU member state where the company has assets.

The Insolvency Regulation has created a treatment for groups of companies experiencing difficulties by the commencement of group coordination proceedings and the appointment of an insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of our group's members.

In addition, the concept of "group coordination proceedings" has been introduced in the Insolvency Regulation with the aim of bolstering communication and efficiency in the insolvency of several members of a group of companies in one or more member states of the EU (other than Denmark). Under Article 61 of the Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in insolvency proceedings opened in relation to a member of the group. Participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations or plan, however, is voluntary.

In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer.

Italy

Limitation on granting of security interests and on enforcement under Italian law

Under Italian law, the entry into a transaction (including the creation of a security interest or the granting of a guarantee) by a company incorporated under Italian law must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or guarantee is being provided in the context of an acquisition, group reorganization, refinancing or restructuring, financial assistance issues may also be triggered.

Corporate benefit

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. The concept of real and adequate benefit is not defined in the applicable legislation, is assessed and determined by a factual analysis on a case by case basis and its existence is a business decision of the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for downstream guarantee or security (i.e., a guarantee guaranteeing or a security interest granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross-stream security or guarantee (i.e., security or guarantee granted to secure or guarantee (as applicable) financial obligations of the direct or indirect parent or sister companies of the relevant security provider/grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive adequate benefits or advantages from the granting of such guarantee or security. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Generally, the risk assumed by an Italian grantor of security or guarantor under a guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee entered into) by an Italian company ultra vires and potentially affected by a conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream, cross-stream and down-stream guarantees or security interests granted by Italian companies.

Upon certain conditions, the granting of guarantees may be considered as a restricted financial activity within the meaning of Article 106 of the Italian Banking Act, whose exercise is exclusively demanded by banks and authorized financial intermediaries. Non-compliance with the provisions of the Italian Banking Act may, among others, entail the relevant guarantees being considered null and void. In this respect, Italian Legislative Decree No. 53 of April 2, 2015, implementing Article 106, paragraph 3, of the Italian Banking Act, states that the issuance of guarantees or the granting of security by a company for the obligations of another company which is part of the same group does not qualify as a restricted financial activity, whereby “group” includes controlling and controlled companies within the meaning of Article 2359 of the Italian Civil Code, as well as companies which are under the control of the same entity. As a result of the above described rules, subject to the relevant guarantors and the guaranteed entity being part of the same group of companies, the provision of the guarantees would not amount to a restricted financial activity.

Financial assistance

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation of financial assistance provisions. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interests of the company.

Article 1938 of the Italian Civil Code

Pursuant to Article 1938 of the Italian Civil Code, if a guarantee granted by an Italian guarantor is issued to guarantee conditional or future obligations, the guarantee must be limited to a maximum amount. Such maximum amount should be expressly identified at the outset and expressed in figures (either in the guarantee deed or by reference to a separate document, such as the Indenture). In addition, as mentioned above, the guarantees granted by an Italian guarantor must be supported by corporate benefit; in other words, the maximum guaranteed amount must be indicated in the guarantee and shall not exceed the financial capabilities of the relevant Italian guarantor. It has been held that such determination must be proportionate to the relevant Italian guarantor’s assets. If such determination is deemed disproportional to the assets of the relevant Italian guarantor, there is the risk that the guarantee could be declared void.

Limitations to the Guarantees and Collateral

In order to comply with the above corporate law requirements on corporate benefit and financial assistance, the maximum amount that any Guarantor incorporated under the laws of Italy (each, an "**Italian Guarantor**") may be required to pay in respect of its obligations as Guarantor under the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement and any other transaction documents related thereto, will be subject to limitations. By virtue of these limitations, an Italian Guarantor's obligation under its Guarantee will be significantly less than amounts payable with respect to the Notes, or an Italian Guarantor may have effectively no obligation under its Guarantee.

Trust

The Collateral will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment of the Security Agent in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of paragraph 3 of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Moreover, it is uncertain and untested in the Italian courts whether, under Italian law, a security interest can be created and perfected: (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of a "trustee," since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as trustee under security interests granted over Italian assets is uncertain under Italian law.

Certain considerations in relation to guarantees and security interests

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "*undercapitalized companies*" and provides for remedies in respect thereof. In this respect, in case of a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, will be subordinated to all other creditors of that borrower and rank senior only to the equity in that borrower, if the loan is made when, taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("*undercapitalization*"). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower. The above rules apply to shareholders' loans "made in any form" and scholars generally conclude that such provisions should be interpreted broadly and apply to any form of financial support provided to a company by its shareholders, either directly or indirectly.

As of the date hereof, there are several court precedents interpreting the provisions summarized above. Some of such precedents have held that article 2467 of the Italian Civil Code also applies to companies incorporated as *società per azioni*, hence potentially to the borrowers under the intercompany loans that are a *società per azioni*.

Therefore, upon the occurrence of the requirements provided for by the relevant provisions, Italian courts may apply such provisions of the Italian Civil Code to the Issuer's relationship with Italian subsidiaries under the relevant intercompany loans. Accordingly, an Italian court may conclude that the obligations of any Italian subsidiary under any intercompany loan are subordinated to all its obligations towards other creditors. Should any of the obligations of any subsidiary under any intercompany loan or note be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to the equity, the Issuer may not be able to recover any amounts under any intercompany loan or note granted to the Italian subsidiaries, which could have a material adverse effect on the Issuer's ability to meet its payment obligations under the Notes.

Moreover, in circumstances where any obligations of an Italian subsidiary under any intercompany loans or notes is subordinated by operation of law, the ability of the holders of the Notes to recover under any Collateral created over such intercompany loans or notes or any guarantees and/or security interests granted by such Italian subsidiaries may be impaired or restricted.

However, due to the COVID-19 emergency, the Law Decree No. 23 of 8 April 2020 (the "**Liquidity Decree**") according to which the provisions summarized above are temporarily frozen and therefore loans granted by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that borrowing company or (ii) any entity subject to the management and coordination powers of the same person or (iii) a quotaholder in the case of a company incorporated in Italy as a limited liability company (*società a responsabilità limitata*) during the period between April 9, 2020 and December 31, 2020 are exempted from the application of the so-called "*equitable subordination*" rule.

Certain limitations on enforcement

The enforcement of security interests by creditors in Italy can be complex and time consuming, especially in a liquidation scenario, given that Italian courts maintain a significant role in the enforcement process in comparison to other jurisdictions with which the holders of the Notes may be familiar. The two primary goals of the Italian law are first, to maintain employment, and second, to liquidate the debtor's assets for the satisfaction of creditors. These competing goals often have been balanced by the sale of businesses as going concerns and by ensuring that employees are transferred along with the businesses being sold.

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantee or the security interests given by it or by way of a trust or parallel debt obligation could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "*suspect period*").

For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "—*Certain Italian insolvency law considerations*" below. If challenged successfully, the guarantee and/or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

Furthermore, in the event that the limitations on the guarantee issued by an Italian guarantor apply and/or there are payment obligations under any Notes other than in respect of principal or interest, the noteholders could have a reduced claim against the relevant guarantor.

According to Italian law, the enforcement of any claims, obligations, security interest and rights in general may be subject to, inter alia, the following aspects:

- the enforcement of obligations may be limited by the insolvency proceedings listed below relating to or affecting the rights of creditors;
- an Italian court will not necessarily grant any specific enforcement or precautionary measures, the availability of which is subject to the discretion of the Court;

- with respect to contracts providing for mutual obligations (*contratti a prestazioni corrispettive*), each party can refuse to perform its obligation if the other party does not perform or does not offer to perform its own obligation thereunder, in accordance with and subject to the provisions of Article 1460 of the Italian Civil Code;
- claims arising under Italian law governed documents may become barred under the provision of Italian law concerning prescriptions and limitations by the lapse of time (*prescrizioni e decadenze*) or may be or become subject to a claim of set-off (*compensazione*) or to counterclaim;
- pursuant to Article 1241 of the Italian Civil Code concerning set-off of reciprocal obligations (*compensazione*), persons who have reciprocal debt obligations may set-off such obligations for the correspondent amount when both such debt obligations have as an object a pecuniary obligation or fungible assets of the same kind and are equally liquid and payable;
- where any party to any agreement or instrument is vested with discretion or may determine a matter in its opinion, Italian law may require that such discretion is exercised reasonably or that such opinion is based on reasonable grounds;
- the enforceability in Italy of obligations or contractual provisions governed by a foreign law may be limited by the application of Italian overriding mandatory provisions (*norme di applicazione necessaria*) and by the fact that the relevant provisions of foreign laws may be deemed contrary to Italian public policy principles and there is no case law setting out specific criteria for the application of such legal concepts under Italian law;
- there is some possibility that an Italian court could hold that a judgment on a particular agreement or instrument, whether given in an Italian court or elsewhere, would supersede such agreement or instrument to all intents and purposes, so that any obligation thereunder which by its terms would survive such judgment might not be held to do so;
- enforcement of obligations may be invalidated by reason of fraud or abuse of the law (*abuso del diritto*);
- the enforceability of an obligation pursuant to the terms set forth in any agreement or instrument may be subject to the interpretation of an Italian court which may carry out such interpretation pursuant to the provisions of Articles 1362 and following of the Italian Civil Code;
- any question as to whether or not any provision of any agreement or instrument which is illegal, invalid, not binding, unenforceable or void may be severed from the other provisions thereof in order to save those other provisions would be determined by an Italian court on the basis of the interpretation of intention of the parties, taking also into account the conduct of the parties following the execution of such agreement or instrument (Article 1419 of the Italian Civil Code);
- an Italian company, either directly or indirectly, cannot grant loans or provide security interest for the purchase or subscription of its own shares unless the strict requirements provided for the Italian Civil Code are satisfied;
- an Italian company must have a specific corporate interest in guaranteeing or securing financial obligations of its parent company or any other companies, whether related or unrelated, such interest being determined by the relevant company on a case-by-case basis;
- in case of bankruptcy, a receiver in bankruptcy is appointed by the court to administer the proceeding under the supervision of the bankruptcy court and creditors' committee and creditors cannot start or continue individual foreclosure actions (including the enforcement of security interests) against the debtor (automatic stay). Furthermore, the sale of the relevant pledged assets is carried out by such receiver unless the pledgee is expressly authorized by the bankruptcy court;
- the preemption rights (*prelazione*) granted by a pledge extend to interest accrued in the year in which the date of the relevant seizure/attachment or adjudication in bankruptcy falls (or, in the absence of seizure/attachment, at the date of the notification of the payment demand (*precetto*) and extend, moreover, to interest accrued and to accrue thereafter, but only to the extent of legal interest and until the date of the forced sale occurred in the context of the relevant foreclosure proceeding/bankruptcy proceedings;
- in order to oppose an assignment to any third party, it will be necessary to notify such assignment to the relevant debtor or make such debtor to accept it by an instrument bearing an undisputable date (*data certa*); the priority of such assignment will be determined accordingly. One way of ensuring that a document has an indisputable date is that of ensuring that the execution of the relevant document by one of the parties to it is witnessed by a notary who states the date of witnessing on the document;

- there could be circumstances in which Italian law would not give effect to provisions concerning advance waivers or forfeitures;
- the effectiveness of terms exculpating a party from liability or duties otherwise owed is prevented by Italian law in the event of gross negligence (*colpa grave*), willful misconduct (*dolo*) or the violation of mandatory provisions;
- penalties and liquidated damages (*penali*) may be equitably reduced by a court;
- any obligation of an Italian company and/or any obligation secured by an Italian company, which is in violation of certain Italian mandatory or public policy rules (including, among others, any obligation to pay: (i) any portion of interest exceeding the thresholds of the interest rate permitted under Italian law no. 108 of March 7, 1996 (i.e., the Italian usury law), as amended from time to time and related implementing rules and regulations; and (ii) any portion of interest deriving from any compounding of interest which does not comply with Italian law, including Article 1283 of the Italian Civil Code, according to which, accrued and unpaid interest can be capitalized only after legal proceedings to recover the debt were started or in the event the interest were unpaid and capitalized for not less than six months based on an agreement executed after the relevant maturity date and Article 120 of the Italian Legislative Decree no. 385/1993 (i.e., the Italian Banking Act)) may not be enforceable;
- if a party to an agreement is aware of the invalidity of that agreement and does not inform the other parties to that agreement of such invalidity, it is liable for the damages suffered by such other parties as a consequence of having relied upon the validity of the agreement;
- Italian courts do not necessarily give full effect to an indemnity for the costs of enforcement or litigation;
- a security interest does not prevent creditors of the relevant debtor other than the pledge from continuing enforcement or enforcement proceedings on the assets secured by the relevant pledge; and
- in case of bankruptcy of the grantor of the pledge over quotas or shares, the assets secured by the pledge could be freely sold to any third party in the context of the relevant bankruptcy proceeding and, as a consequence, the proceeds would be set aside for the prior satisfaction of the pledgee but the pledge would be terminated and, therefore, the latter would lose entitlement to the voting rights on the pledged quotas/shares.

In addition, under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years of the date in which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, in order to seek a claw-back action (*azione revocatoria ordinaria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit; and
- that, in the case of non-gratuitous acts, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Certain Italian insolvency law considerations

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor does it provide a comprehensive description of insolvency laws application where public companies are involved.

Insolvency laws and regulations have recently been substantially reviewed and significant amendments are expected in the near future. In particular, the Italian government approved on January 12, 2019 the Legislative

Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017 contending the scheme of a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (the "**Legislative Decree**"), which substantially reforms the Royal Decree No. 267 of March 16, 1942, as subsequently amended and supplemented and currently in force (the "**Italian Bankruptcy Law**") and enacts a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (so called "Code of Business Crisis and Insolvency", hereinafter the "**Insolvency Code**"). The Legislative Decree was published in the Gazzetta Ufficiale on February 14, 2019 no. 38—Suppl. Ordinario no. 6. The main innovations introduced by the Insolvency Code include: (i) the elimination of the term "bankrupt" (*fallito*) due to its negative connotation and the replacement of bankruptcy proceedings (*fallimento*) with a judicial liquidation (*liquidazione giudiziale*); (ii) a new definition of "state of crisis"; (iii) the adoption of the same procedural framework in order to ascertain such state of crisis and to access the different judicial insolvency proceedings provided for by the same Insolvency Code; (iv) a new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going concern proceedings; (vi) a new preventive alert and mediation phase to avoid insolvency; (vii) jurisdiction of specialized courts over proceedings involving large debtors; (viii) amendments to certain provisions of the Italian Civil Code aimed at ensuring the general effectiveness of the reform.

Except for minor changes in some provisions of the Italian Civil Code, which already entered into force on March 16, 2019, in response to the Covid-19 pandemic, the entry into force of the Insolvency Code has been postponed to September 1, 2021 by the Liquidity Decree, and is now scheduled for May 16, 2022, except for the section named *Parte Prima-Titolo II* ("*Procedure di allerta e di composizione assistita della crisi*" - i.e., the new preventive alert and mediation phase), which will enter into force on December 31, 2023, pursuant to Article 1 of the Law Decree No. 118 dated August 24, 2021 published in the *Gazzetta Ufficiale* No. 202 of August 24, 2021 as converted into law pursuant to law No. 147 of October 21, 2021 published in the Gazzetta Ufficiale No. 253 of October 23, 2021 (the "**Law Decree 118/2021**").

Considering the above, the following is a brief description of certain aspects of insolvency law in Italy as it stands now.

The main innovations of the Law Decree 118/2021 are the following:

(i) additional postponement of the entry into force of the Insolvency Code;

(ii) introduction of a new negotiated composition proceeding (*composizione negoziata della crisi*) and of a simplified court-supervised pre-bankruptcy composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*);

(iii) amendments to the Italian Bankruptcy Law, which anticipate certain provisions of the Insolvency Code.

The postponement of the entry into force of the Insolvency Code, and the amendments to the Italian Bankruptcy Law, are effective as of August 25, 2021 (i.e., the day following the publication of the Law Decree 118/2021 in the *Gazzetta Ufficiale*), while the *composizione negoziata della crisi* and the *concordato semplificato per la liquidazione del patrimonio* are effective as of November 15, 2021. Accordingly, the practical consequences of the implementation of such reforms cannot to date be foreseen in their entirety.

The *composizione negoziata della crisi* is an out-of-court proceeding, but the court can be involved in the two following circumstances: (i) when the entrepreneur files a petition pursuant to Article 7 of the Law Decree 118/2021 requesting the court to confirm or modify the protective measures (the "**Protective Measures**"), and, if necessary, to enact the *interim* measures necessary to complete the negotiations (the "**Interim Measures**"), and (ii) when the entrepreneur files a petition pursuant to Article 10 of the Law Decree 118/2021 asking the court to authorize certain acts, or to modify the conditions of certain contracts if, as a consequence of the COVID-19 pandemic, such contracts pose an excessive burden on the entrepreneur.

The *composizione negoziata della crisi* can be pursued by enterprises, either commercial (*imprenditore commerciale*) and agricultural (*imprenditore agricolo*), which are in a distressed situation with reference to their assets, their business and/or their finance, such that it is likely that a crisis or insolvency will follow, notwithstanding the general thresholds for the application of Italian Bankruptcy Law are not met.

Pursuant to Article 13 of the Law Decree 118/2021, the *composizione negoziata della crisi* may also apply to corporate groups.

The *composizione negoziata della crisi* is commenced by the enterprises, on a voluntary basis only, with the filing of a petition for the appointment of third party and an independent expert (the "**Expert**").

If the Expert finds that there are concrete chances of recovery (*risanamento*), he/she meets with the parties involved in the entrepreneur's recovery process and presents the possible strategies, scheduling periodic meetings close in time to one another. During the negotiations, all the parties involved must act in good faith and with fairness, must cooperate and are bound by confidentiality on the entrepreneur's situation, on the actions carried out or planned by the entrepreneur and on the information received in the course of the negotiations.

If the Expert finds that there are not concrete chances of recovery (*risanamento*), after the meeting with the entrepreneur or thereafter, he/she notifies the entrepreneur and the secretary general of the chamber of commerce, which provides for the dismissal of the entrepreneur's petition.

The Expert's appointment is considered terminated if, after 180 days from its appointment, the parties have not agreed on a solution (that can also be proposed by the Expert) for overcoming the entrepreneur's distressed situation. However, the Expert's appointment can continue up to further 180 days if (i) all the parties involved in the negotiations require so and the Expert agrees, or (ii) the prosecution of the appointment is required by the fact that the entrepreneur has filed a petition to the court pursuant to Article 7 and/or Article 10 of the Law Decree 118/2021.

Pursuant to Article 5, Paragraph 8 of the Law Decree 118/2021, at the end of his/her appointment the Expert issues a final report (the "**Final Report**"), uploads it on the Platform, and notifies it to the entrepreneur and to the court that has granted the Protective Measures and Interim Measures (if any).

Pursuant to Article 6 of the Law Decree 118/2021, together with the petition for appointment of the Expert, or with a subsequent petition, the entrepreneur can request the application of Protective Measures. The Protective Measures consist of the following: from the date of publication of the relevant petition, preexisting creditors cannot obtain preemption rights (*diritti di prelazione*) unless agreed upon by the entrepreneur and all enforcement and interim actions are stayed. However, as opposed to what happens in the *concordato preventivo*, payment of preexisting creditors is not forbidden. The Protective Measures do not apply to employees' claims.

From the date of publication of the petition requesting the application of the Protective Measures until the date of conclusion of the negotiations or dismissal of the petition for appointment of the Expert, the entrepreneur cannot be declared bankrupt nor insolvent.

The creditors whose rights are affected by the Protective Measures cannot unilaterally refuse to perform their obligations under the contracts in place with the entrepreneur, nor terminate such contracts, nor anticipate their expiration date, nor amend them with detrimental consequences for the entrepreneur, solely on the ground of the missed payment of claims arisen prior to the publication of the petition requesting the application of the Protective Measures.

If the entrepreneur applies for the Protective Measures (which, as said, are immediately effective), he must simultaneously file the same request to the competent court, in order to allow a judge to check the said measures and to confirm them or, if necessary, to modify them. In the absence of this request, the Protective Measures will be ineffective.

The duration of the Protective Measures and, if necessary, the Interim Measures, is established by an order of the court in a range between 30 and 120 days, and, upon request of the parties and after obtaining the opinion of the Expert, can be extended for the time required to positively finalize the negotiations up to a maximum of 240 days.

Upon request of the entrepreneur or of one or more creditors, or upon report of the Expert, the Protective Measures and the Interim Measures can be revoked, or their duration can be reduced, if they do not satisfy the purpose of a positive finalization of the negotiations, or appear to be disproportionate compared to the prejudice caused to the creditors that file the relevant request.

Pending the negotiations, the entrepreneur may carry out acts pertaining to ordinary activity, and, upon written notice to the Expert, carry out acts pertaining to extraordinary activity or make payments non-consistent with the negotiations nor with the perspectives of recovery in such a way as to avoid prejudicing the economic and financial sustainability of the business. Furthermore, if during the course of the negotiations, it appears that the entrepreneur is insolvent but there are real prospects of recovery, the entrepreneur shall manage the enterprise in the best interests of the creditors, subject to his liabilities.

If the Expert believes that a certain act causes prejudice to the creditors, to the negotiations or to the perspectives of recovery, he/she reports it in writing to the entrepreneur and to the enterprise's control body.

If, notwithstanding the Expert's report, the entrepreneur carries out the relevant act, the entrepreneur gives immediate notice to the Expert, who may file his/her dissent for the registration with in the companies' register. When Protective Measures and/or Interim Measures have been granted, the Expert also reports to the court which may revoke such measures or reduce their duration pursuant to Article 7, Paragraph 6 of the Law Decree 118/2021.

Pursuant to Article 10 of the Law Decree 118/2021, the court, upon the entrepreneur's request and to the extent that this is consistent with the continuation of the business as a going concern and with the maximization of the creditors' recovery, may authorize:

(i) the entrepreneur or one or more companies belonging to the same group to incur new super-senior indebtedness (*prededucibile*) pursuant to Article 111 of the Italian Bankruptcy Law;

(ii) the entrepreneur to incur new super-senior indebtedness (so-called *prededucibile*) via shareholders' financing pursuant to Article 111 of the Italian Bankruptcy Law;

(iii) the entrepreneur to transfer its business, or certain business branches, without the effects provided under Article 2560, Paragraph 2, of the Italian Civil Code.

Pursuant to Article 11 of the Law Decree 118/2021, the *composizione negoziata della crisi* can terminate as follows:

(i) execution of an agreement between the entrepreneur and one or more creditors, which constitutes cause for application of the reward measures provided under Article 14 of the Law Decree 118/2021 if, according to the Expert's Final Report, such agreement ensures the continuation of the business as a going concern for at least two years;

(ii) execution of a standstill agreement (*convenzione di moratoria*) pursuant to Article 182 *octies* of the Italian Bankruptcy Law; and/or

(iii) execution of an agreement signed by the entrepreneur, by the creditors and by the Expert, with the effects provided under Article 67, Paragraph 3, letter d) of the Italian Bankruptcy Law without the need for an independent expert's report (*attestazione*) provided thereby.

At the end of the negotiations, the entrepreneur can also file a petition requesting the sanctioning of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*) pursuant to Article 182-*bis*, Article 182 *septies* or Article 182 *novies* of the Italian Bankruptcy Law.

Alternatively, the entrepreneur may:

(i) arrange an out-of-court reorganization plan (*piano attestato di risanamento*) pursuant to Article 67, Paragraph 3, letter d) of the Italian Bankruptcy Law;

(ii) file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio* pursuant to Article 18 of the Law Decree 118/2021; and/or

(iii) enter into one of the insolvency proceedings provided under the Italian Bankruptcy Law or in the so-called *Prodi-bis procedure* or *Marzano procedure*.

Pursuant to Article 12 of the Law Decree 118/2021:

(i) the acts authorized by the court pursuant to Article 10 of the Law Decree 118/2021 maintain their effects in the event of subsequent sanctioned debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti omologato*), sanctioned court-supervised pre-bankruptcy composition with creditors (*concordato preventivo omologato*), bankruptcy (*fallimento*), compulsory administrative winding-up (*liquidazione coatta amministrativa*), extraordinary administration for large insolvent companies (*amministrazione straordinaria*) or *concordato semplificato per la liquidazione del patrimonio*;

(ii) the payments of debts that are immediately due and payable, any onerous transactions and the granting of security interests made after the Expert accepted its appointment, are exempted from claw-back actions pursuant to Article 67, Paragraph 2, of the Italian Bankruptcy Law if they are consistent with the development and the status of the negotiations and with the perspectives of recovery (*risanamento*) in place at the time the payment/transaction/granting of security interest was made;

(iii) acts pertaining to the entrepreneur's extraordinary activity and payment made after the Expert accepted its appointment are subject to claw-back actions pursuant to Article 66 and Article 67 of the Italian

Bankruptcy Law if the Expert has registered his/her dissent in the companies' register or if the court has denied its authorization pursuant to Article 10 of the Law Decree 118/2021;

(iv) payment and transactions made after the Expert accepted its appointment, which the Expert assesses to be consistent with the development of the negotiations and with the perspectives of recovery (*risanamento*) of the enterprise, or which have been authorized by the court pursuant to Article 10 of the Law Decree 118/2021, benefit of exemptions from the potential application of certain criminal sanctions.

Article 18 of the Law Decree 118/2021 introduces a simplified court-supervised pre-bankruptcy composition with creditors with liquidation purpose (*concordato semplificato per la liquidazione del patrimonio*).

If, in its Final Report, the Expert states that the negotiations did not have a positive outcome, and that the options provided under Article 11, Paragraphs 1 and 2, of the Law Decree 118/2021 are not feasible, within 60 days following the notification of the Final Report the entrepreneur may file a petition for admission to the *concordato semplificato per la liquidazione del patrimonio*, together with a liquidation plan and the documents listed under Article 161, Paragraph 2, letters *a)*, *b)*, *c)* and *d)* of the Italian Bankruptcy Law. The petition for *concordato semplificato per la liquidazione del patrimonio* is then published in the companies' register within the day following the filing with the court. From the date of such publication, the effects provided under Articles 111, 167, 168 and 169 of the Italian Bankruptcy Law apply.

The court issues a decree approval (*omologazione*) the *concordato semplificato per la liquidazione del patrimonio* when it finds that (i) the proceeding has been carried out in accordance with relevant laws and regulations and the adversarial principle among the parties (*contradditorio*); (ii) the proposal is compliant with preemption rights (*cause di prelazione*) and the liquidation plan is feasible, and (iii) the proposal does not cause a prejudice to the creditors compared to what they would receive in case of insolvent liquidation of the entrepreneur, and in any case ensures that each creditor receives a certain recovery.

The parties may file an objection (*opposizione*) to the above-mentioned decree within 30 days of having been notified of the same.

Apart from the Law Decree 118/2021 and the Insolvency Code, the most recent reforms that have been implemented by the Italian government on the main Italian bankruptcy legislation as defined below are: (i) the reform approved on June 23, 2015, through a Law Decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the "**Decree 83/2015**"). The Decree 83/2015 entered into force in June 2015 (the date of its publication in the *Gazzetta Ufficiale*) and has been converted into law by Italian Law No. 132 of August 6, 2015, entered into force on August 21, 2015 (the date of its publication in the *Gazzetta Ufficiale*) and (ii) the amendments implemented by means of the adoption of (a) the Law Decree No. 59 of May 3, 2016, converted into law by Italian Law No. 119 of June 30, 2016, and (b) Italian Law No. 232 of December 11, 2016.

The two primary aims of the Italian Bankruptcy Law are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claim as well as, in case of the "*Prodi-bis*" procedure or "*Marzano*" procedure, to maintain employment. These competing aims have often been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy (*fallimento*) must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency, as defined under Article 5 of the Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, rather than a temporary status of insolvency, in order for a court to hold that a company is insolvent. In cases where a company is facing financial difficulties or temporary cash shortfall and, in general, financial distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

In addition to the *composizione negoziata della crisi* and to the *concordato semplificato per la liquidazione del patrimonio* described above, the following debt restructuring and bankruptcy alternatives are available under Italian law for companies in a state of crisis and for insolvent companies. The amendments to the Italian Bankruptcy law introduced by the Law Decree 118/2021, which anticipate certain provisions of the Insolvency Code, will be examined in the following sections.

Restructuring outside a judicial process (accordi stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal out-of-court arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions, and may trigger liabilities in the event of a subsequent bankruptcy. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-court reorganization plans (piani attestati di risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the debtor must verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company. There is no need to obtain court approval to appoint the expert. The expert must possess certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

Out-of-court debt restructuring arrangements are not under any form of judicial control or approval and, therefore, no application is required to be filed with the court or supervising authority. Out-of-court debt restructuring arrangements are not required to be approved and consented to by a specific majority of all outstanding claims.

The terms and conditions of these plans are freely negotiable, provided that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike court-supervised pre-bankruptcy composition with creditors and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/ or acts carried out, and/or security interest granted for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to claw-back action; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow to certain tax benefits), and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

*Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (*accordi di ristrutturazione dei debiti*)*

The debtor may negotiate debt restructuring agreements with creditors holding at least 60% of the total amount of claims or debts outstanding, subject to court's approval (*omologazione*). An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare and that the agreement is feasible and that it ensures that the non-participating creditors can be fully satisfied within the following terms: (i) 120 days from the date of approval of the agreement by the court (*omologazione*), in the case of debts which are due and payable to the non-participating creditors as of the date of the approval (*omologazione*) of the debt restructuring agreement by the court; and (ii) 120 days from the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as at the date of the approval (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a situation of "financial distress" (i.e., facing financial crisis which does not yet amount to insolvency) can initiate this process and request the court's approval (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and becomes effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any conservative or enforcement actions against the assets of the debtor in relation to pre-existing receivables and cannot obtain any security interest (unless agreed) in relation to pre-existing debts. The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement.

The plan can therefore provide, among others, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The 60-day moratorium can also be requested by the debtor, pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law, while negotiations with creditors are pending (i.e., prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation filed by the debtor, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. Pending such deadline, creditors and other interested parties may file an opposition to the agreement. At such hearing, the court decides upon any opposition and assesses whether the conditions for anticipating the moratorium are in place and, in such case, orders that no conservative or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited.

The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium. Creditors and other interested parties may oppose the agreement within 30 days of the publication of the agreement in the companies' register. After having settled the oppositions (if any) the court will validate the agreement by issuing a decree, which can be appealed within 15 days of its publication.

The Decree 83/2015, as amended by Law 132/2015 modified the basis for calculation of the 60% of the outstanding debtor's debt threshold required for courts' sanctioning of debt restructuring agreements (*accordi di ristrutturazione dei debiti*), easing the requirements with respect to financial creditors.

The new Article 182-*bis*, Paragraph 8 of the Italian Bankruptcy Law, as amended by Italian Law No. 69 of May 21, 2021, and subsequently replaced by the Law Decree 118/2021, sets the rule for when substantial amendments are made to the plan.

Pursuant to the new Article 182 *novies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, the percentage of 60% provided under Article 182-*bis*, Paragraph 1, of the Italian Bankruptcy Law is reduced to 30% if the debtor (i) waives the 120-day term for the satisfaction of its creditors provided for under Article 182-*bis*, Paragraph 1, letters (a) and (b) of the Italian Bankruptcy Law; and (ii) does not previously file a petition for admission to the *concordato in bianco* pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law, and does not request the 60-day moratorium pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law.

The Law Decree 118/2021 significantly amended Article 182 *septies* of the Italian Bankruptcy Law and introduced in the Italian Bankruptcy Law the new Article 182 *octies*, Article 182 *novies* and Article 182 *decies*, thus anticipating some of the provisions of the Insolvency Code.

Pursuant to the new Article 182-*septies* of the Italian Bankruptcy Law, debtors are entitled to enter into debt restructuring agreements by obtaining the approval of creditors representing at least 75% of the credits belonging to the same category (with respect to the homogeneity of their legal status and economic interests), and can request the court to declare that agreement binding on non-adhering creditors of the same category (a so-called "cram-down"), provided that certain conditions are met, including that non-participating creditors. The law also provides that (i) the hall be satisfied to a no lesser extent than the liquidation agreement shall be of a non-liquidating nature, (ii) the agreement shall contemplate the direct or indirect continuation of the business activity as a going concern, and (iii) all the creditors affected by the proceeding belonging to the relevant category have been duly notified of the beginning of the negotiations, have been kept informed and have been notified of the debt restructuring agreement and the sanctioning decree (*decreto di omologa*). If these conditions are met, the remaining 25% of non-participating creditors belonging to the same class of creditors are crammed down; however, non-participating crammed-down creditors can challenge the deal and refuse to be forced into it.

The percentage of 75% is lowered to 60% if the reach of the debt restructuring agreement results from the Final Report issued by the Expert at the end of the negotiations pertaining to the *composizione negoziata della crisi*.

Pursuant to the new Article 182 *septies,* Paragraph 5, of the Italian Bankruptcy Law, a special provision is set forth for debtors whose financial indebtedness is at least 50% of their total indebtedness: in this situation, the debt restructuring agreement may identify one or more categories of creditors which are banks and financial intermediaries and have a homogeneous legal position and economic interests and extend the effects of the agreement to non-participating creditors who are part of the same category. In such instance, the agreement is valid even if it does not contemplate the direct or indirect continuation of the business activity as a going concern. However, in such case the rights of creditors who are not banks or financial intermediaries remain valid.

Similarly, pursuant to the new Article 182 *octies* of the Italian Bankruptcy Law, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and creditors representing 75% of the same class would also bind the non-participating creditors, provided that (i) an independent expert meeting the requirements provided under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law certifies (a) the truthfulness of the business data, (b) the attitude of the standstill agreement to temporarily regulate the effects of the crisis and (c) the fact that the non-adhering creditors suffer a prejudice that is proportionate and consistent with the recovery strategies undertaken by the debtor, and (ii) certain further conditions are met (e.g., all the creditors belonging to the relevant category have been duly noticed of the beginning of the negotiations have been made able to participate in the negotiations and have been kept informed). Non-adhering crammed-down creditors can challenge the standstill agreement within 30 days of having been notified of the same.

The debt restructuring agreement provided under Article 182 *septies* of the Italian Bankruptcy Law and the standstill agreement provided under Article 182 *octies* of the Italian Bankruptcy Law shall not impose new obligations, the granting of new overdraft facilities, the maintenance of the possibility to utilize the existing facilities or the utilization of new facilities on non-participating creditors.

Pursuant to the new Article 182 *decies* of the Italian Bankruptcy Law, introduced by the Law Decree 118/2021, Article 1239 of the Italian Civil Code applies to the creditors that have adhered to the debt restructuring agreements. Non-participating creditors maintain their claims towards (i) those who are jointly and severally liable with the debtor, (ii) the debtor's guarantors and (iii) debtors by way of right of recourse (*regresso*). Unless agreed otherwise, debt restructuring agreements produce effect towards the shareholders who are jointly liable with non-limited liability companies, provided that, if such shareholders have granted guarantees, they will remain liable as guarantors.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, financing granted to the debtor pursuant to the approved debt restructuring agreement (or a court-supervised pre-bankruptcy composition with creditors) enjoy priority status in cases of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80% of such financing). Financing granted "in view of" (i.e., before) presentation of a petition for a debt restructuring agreement or a court-supervised pre-bankruptcy composition with creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time of approval of the plan or approval (*omologazione*) of the agreement or the approval of the *concordato preventivo*. The same provisions apply to financings granted by shareholders up to 80% of their amount.

Moreover, pursuant to Article 182-*quinquies* of the Italian Bankruptcy Law, the Court, pending the approval (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1, of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law (in relation to the court supervised pre-bankruptcy composition with creditors described below) may authorize the debtor, if so expressly requested to: (i) incur in new super senior indebtedness subject to authorization by the court; (ii) secure such indebtedness with *in rem* security (*garanzie reali*), or by assigning claims, provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the approval (*omologazione*), declares that the new financing aims at providing a better satisfaction of the rights of the creditors, and (iii) pay pre-existing debts deriving from the supply of services or goods, to the extent already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. The aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-*quinquies* of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) outlined below.

Furthermore, according to the Article 182-*quinquies*, Paragraph 3 of the Italian Bankruptcy Law, pending the approval(*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the

Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so called *prededucibile*) indebtedness, aimed at supporting urgent financial needs related to the company's business. The company, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company.

Court supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of crisis (i.e., financial distress which does not yet amount to insolvency) and that has not been declared insolvent by the court has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can file a petition with the court for a *concordato preventivo* (together with, among others, a restructuring plan and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of *the concordato preventivo* by the court) are stayed. During this time, all enforcement, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. Preexisting creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it will ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-*bis* of the Italian Bankruptcy Law, including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes; and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so called *concordato in bianco*, pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law. The debtor company may file such petition along with: (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension (*giustificati motivi*). In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182- *bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (a) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (e.g., concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), will report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (b) set forth reporting and information duties of the company during the abovementioned period. The statutory provisions providing for the stay of enforcement and interim relief actions by the creditors referred to in respect of the *concordato preventivo* also apply to preliminary petitions for *concordato preventivo* (so called *concordato in bianco*).

The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the *concordato preventivo* having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company will file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register.

Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, *ex officio*, after hearing the debtor and, if appointed, the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company and new super-senior indebtedness authorized by the court, pending the *concordato in bianco*, as well as the approval (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business, are treated as super-senior (so called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw- back action provided under Article 67 of the Italian Bankruptcy Law. Italian Law No. 9/2014 specified that the superseniority of the claims, which arise out of loans granted with a view to allowing the filing of the preliminary petition for the composition with creditors (*domanda di pre-concordato*), is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the *concordato preventivo* within the same proceeding opened with the filing of the preliminary petition.

The composition proposal may propose that: (i) the debtor's company's business continues to be run by the debtor's company as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenue that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert will also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented. Furthermore, the going concern-based arrangements with creditors can provide for, among others, the winding up of those assets that are not functional to the business being allowed.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its corporate bodies (usually its board of directors), but is supervised by the appointed judicial officers and judge. The debtor is allowed to carry out urgent extraordinary transactions only upon the court's prior authorization, while ordinary transactions may be carried out without authorization. Third-party claims, related to the interim acts legally carried out by the debtor, are super-senior (so called *prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of (i) the creditors representing the majority of the receivables admitted to vote and, also in the event that the plan provides for more classes of creditors, and (ii) the majority of the classes. The *concordato preventivo*is approved only if the required majorities of creditors expressly voted in favor of the proposal. Creditors who did not exercise their voting rights in the creditors' meeting can do so (even via e-mail) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have not exercised their voting right will be deemed not to approve the *concordato preventivo* proposal. In relation to voting by the holder of the Notes in the *concordato* proceedings, the interactions between (a) the provisions set forth under the Indenture with respect to meetings of holders of the Notes, the applicable majorities and the rights of each holder of the Notes to vote in the relevant meeting and (b) applicable Italian law provisions relating to quorum and majorities in meetings of holders of notes issued by Italian companies are largely untested in the Italian courts (recent case law has, however, affirmed the right of noteholders whose vote may be tainted by conflict of interest, as could be the case of disenfranchised noteholders—to be computed for the purposes of relevant quora and be admitted to vote, albeit in a specific class). Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected to it) if: (I) the majority of classes has approved it; and (II) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a dissenting class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor does not ensure recovery of at least (i) 40% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, a pre-bankruptcy court-supervised composition with creditors agreement proposal with liquidation purpose (*concordato liquidatorio*) (i.e., a pre-bankruptcy agreement court-supervised composition with creditors aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims.

This provision does not apply to pre-bankruptcy court-supervised composition with creditors proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and approved (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-*bis* of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening of a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Pursuant to Article 169-*bis* of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), except for certain agreements which are excluded from the scope of the above provision (e.g., employment agreements (*rapporti di lavoro subordinato*), residential real estate preliminary sale agreements (*contratti preliminari di vendita aventi ad oggetto immobili ad uso abitativo*) and real estate lease agreements (*contratti di locazione di immobili*)). The request may be filed with the competent court at the time of the filing of the application for the *concordato preventivo* or to the judge (*giudice delegato*), if the application is made after admission to the procedure. Upon the debtor's request, the pending agreements can also be suspended for a period of time not exceeding 60 days, renewable just once. In such circumstances, the other party has the right to receive an indemnification equivalent to the damages suffered for the non-fulfillment of the agreement. Such indemnification would be paid prior to and outside the admission to the pre-bankruptcy composition.

Impacts of the Covid-19 emergency on Insolvency Proceedings

In response to the Covid-19 pandemic, the Italian Government adopted new urgent measures, *inter alia*, on insolvency matters (in addition to the Law Decree 118/2021 mentioned above) in order to (i) preserve the continuity of companies throughout the Covid-19 pandemic and after its end, with particular regard to those that were trading on a going concern basis before the Covid-19 pandemic, and (ii) ensure the successful outcome of certain insolvency proceedings already pending during the Covid-19 pandemic or already approved by the beginning of the Covid-19 pandemic.

Among such legislative measures, the Italian Government enacted the Liquidity Decree.

Article 9 of the Liquidity Decree provides, among other things, the extension of six months of the deadlines for fulfilment of the obligations provided in an approved *concordato preventivo* or *accordo di ristrutturazione dei debiti* based on a plan) expiring after February 23, 2020. In the procedures for the approval (*omologazione*) of a *concordato preventivo* and of a debt restructuring agreement with creditors (*accordo di ristrutturazione dei debiti*), pending on February 23, 2020, the debtor may submit, until the hearing, a petition for the grant of an extension up to 90 days for the deposit of a new plan and a new proposal for a *concordato preventivo* in accordance with Article 161 of the Italian Bankruptcy Law or a new debt restructuring agreement pursuant to Article 182-*bis* of the Italian Bankruptcy Law. The period starts from the date of the decree by which the court assigns the term, and it shall not be extended. The request is inadmissible if submitted in the context of a *concordato preventivo* in the course of which it has already been held at the meeting of creditors but the majorities were not reached according to Article 177 of the Italian Bankruptcy Law.

Also, a set of measures is aimed at "relaxing" directors' duties in connection with insolvency/pre-insolvency scenarios. The rules requiring the recapitalization (or liquidation or transformation into a different company type) of companies whose losses have substantially eroded the share capital will not apply with respect to losses arisen in the financial year ended on December 31, 2020 and until the five subsequent financial years. This measure, originally provided for by Article 6 of the Liquidity Decree, subsequently replaced by Article 1, Paragraph 266, of Law No. 178 of December 30, 2020, is intended to address the risk that the impact of losses arising from the Covid-19 pandemic on the share capital of companies push directors into the unsustainable position of choosing between the following: (i) putting the company into liquidation or into a bankruptcy or insolvency proceedings or (ii) facing potential personal liability as a result of the delay in complying with such obligations.

Bankruptcy proceedings (fallimento)

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed by the debtor, any of its creditors and, in certain cases, the public prosecutor when a debtor is insolvent. Insolvency, as defined under Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. Bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met: the company (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings, amongst other things:

- subject to certain exceptions, all actions of creditors, actions are stayed and creditors must file claims within a defined period;
- under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of liquidation of the secured assets, together with the applicable interest and subject to any relevant expenses. In case the sale price is not high enough to determine a full satisfaction of their credits, any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt's other unsecured debt. Secured creditors may sell the secured assets only with the court's authorization. After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditors' committee, the court decides whether to authorize the sale, and sets forth the relevant timing in his or her decision;
- the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*);
- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors;

- any act (including payments, pledges, and issuance of guarantees) made by the debtor after (and in certain cases even before for a limited period of time) the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors; and
- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over.

Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. In this respect, Law 132/2015 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requirements applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social authorities. Such priority of payment is provided under mandatory provisions of law (as a consequence it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). Unsecured creditors are satisfied after payment of preferential and secure creditors, out of available funds and assets (if any) as below indicated.

- Bankruptcy composition with creditors (*concordato fallimentare*). Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors, third parties or the receiver starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The petition may provide that secured claims are paid only in part, provided that they do not receive less than the fair market value of their secured assets (such value being assessed by an independent expert). The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in a majority of the classes). Final court confirmation is also required.
- Statutory priorities. The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "predeductible" claims (i.e., claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including, *inter alia*, a claim whose priority is legally acquired (i.e., repayment of rescue or interim financing) the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*), pledges (*creditori pignoratizi*) and, lastly, unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the bankrupt's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset. In particular, article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (a) for payments of "predeductible" claims (i.e., claims

originated in the insolvency proceeding, such as costs related to the procedure); (b) for payment of claims which are privileged, such as claims of secured creditors; and (c) for the payment of unsecured creditors' claims.

- Avoidance powers in insolvency. Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

  In bankruptcy proceedings, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six months in certain circumstances) and a two-year ineffectiveness period for certain other transactions. In the context of extraordinary administration procedures (as described below), the claw-back period may last up to three or five years in certain circumstances. The Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below.

- Acts ineffective by operation of law. Under (i) Article 64 of the Italian Bankruptcy Law, subject to certain limited exception, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without the need to await the ineffectiveness of the transaction as sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and (ii) Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis-à-vis creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

- Acts that may be avoided at the request of the bankruptcy receiver / court commissioner.

(i) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) *vis-à-vis* the bankruptcy as provided for by article 67 of the Italian Bankruptcy Law and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

  (a) onerous transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeded 25% of the value of the consideration received by and/or promised to the debtor;

  (b) payments of debts, due and payable, which were not made by the debtor in cash or by other customary means of payment in the year prior to the insolvency declaration;

  (c) pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which were not yet due at the time the new security was granted; and

  (d) pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

(ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective if the bankruptcy receiver proves that the non-insolvent party knew that the bankrupt entity was insolvent at the time of the act or transaction:

  (a) payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and

  (b) granting of security interest for debts incurred in the six months prior to the insolvency declaration.

(iii) The following transactions are exempt from claw-back actions:

  (a) payments for goods or services made in the ordinary course of business according to market practice;

  (b) a remittance on a bank account; provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;

(c) the sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;

(d) transactions entered into, payments made and guarantees granted by the debtor pursuant to a plan (*piano attestato*) under Article 67, Paragraph 3(d) of the Italian Bankruptcy Law;

(e) a transaction entered into, payment made or guarantee granted in the context of "*concordato preventivo*" under Article 161 of the Italian Bankruptcy Law or an "*accordo di ristrutturazione del debito*" under Article 182-*bis* of the Italian Bankruptcy Law;

(f) remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them; and

(g) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared ineffective within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). The burden of proof is entirely with the receiver.

Article 2929-*bis* of the Italian Civil Code provides for a "simplified" clawback action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors. In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (e.g., gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale* or "family trust"). In case of gratuitous transfers, the enforcement action can also be carried out by the creditor against the third-party purchaser.

Finally, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza).

The extraordinary administration procedure is available under Italian law for large industrial and commercial enterprises; this procedure is commonly referred to as the "*Prodi-bis* procedure." To be eligible, companies must be insolvent although able to demonstrate serious recovery prospects, have employed at least 200 employees in the previous year preceding the commencement of the procedure, and have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income deriving from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Preferential payment is granted to those credits (even unsecured) accrued to allow the conduct of the company's business activity. Extraordinary administration procedures involve two main phases: a judicial phase and an administrative phase. In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submit(s) a report to the court within 30 days, and within 10 days of such filing, the Italian Ministry of Economic Development (the "**Ministry**") may release an opinion on the admission of the company to the extraordinary administration proceeding. The court then decides /within 30 days of the filing of the judicial receiver's report) whether to admit the company to the procedure or place it into bankruptcy.

In addition, the extraordinary commissioner draws up a report every six months on the financial condition and interim management of the company and sends it to the Ministry.

If the company is admitted to the extraordinary administration procedure, the administrative phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include a composition with creditors (*concordato*). The plan must be approved by the Ministry within 30 days from submission by the extraordinary commissioner(s). The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however, should either plan fail, the company will be declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003, pursuant to Italian Law Decree No. 347 of December 23, 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure is also known as the "*Marzano procedure*." It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the Prodi-*bis* procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt (including those from outstanding guarantees). The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is special insolvency proceedings in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up.

Interim financing

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for debtors to also obtain authorization to receive urgent interim financing and to continue to use existing trade receivables credit lines (*linee di credito autoliquidanti*) necessary for their business needs before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, among others, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within 10 days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of the Decree 83/2015, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case, that the court approved such priority status.

Hardening period/clawback and fraudulent transfer

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six-months in certain circumstances). In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years (*revocatoria ordinaria*).

Under Italian law, in the event that the relevant guarantor and/or security provider enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral and any future security interests or guarantees could be subject to potential challenges by an insolvency administrator or by other creditors of such guarantor and/or security provider under the rules of avoidance or claw-back of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during a certain legally specified period (the "suspect period"). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, (ii) security granted within six months prior to the declaration of insolvency with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, if the bankruptcy receiver proves that the creditor was aware of the insolvency of the debtor. The transactions potentially subject to avoidance also include those contemplated by the Guarantor's Guarantee or the granting of security interests under the Security Documents by a Guarantor and/or security provider. If they are challenged successfully, the rights granted under the guarantees or in connection with security interests under the relevant Security Documents may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related Security Documents.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions carried out by the insolvent debtor for no consideration are ineffective *vis-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration, and (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective *vis-à-vis* creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, the Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

Brazil

The Brazilian Insolvency Law

The Guarantors of the Notes, Almaviva do Brasil Telemarketing e Informática S.A. and Chain Servicos e Contact Center S.A., are companies organized under the laws of Brazil. Accordingly, insolvency proceedings with respect to the Guarantors will proceed under, and be governed by, Brazilian insolvency law.

The Brazilian Federal Law 11,101, dated February 9, 2005, (the "**Brazilian Insolvency Law**") provides the legal regime applicable to judicial and extrajudicial (out of court) reorganization and bankruptcy liquidation in Brazil.

Judicial reorganization under Brazilian Insolvency Law

Among the various key provisions of Brazilian Insolvency Law relating to judicial reorganization, the most significant are those providing more control over the judicial reorganization process to the general creditor's meeting. All existing credits prior to the filing for judicial reorganization are subject to the proceeding, even if not yet due at the date of filing of the judicial reorganization (pursuant to Article 49 of Brazilian Insolvency Law). However, there are certain credits, which are not subject to the effects of the judicial reorganization proceedings, such as credits secured by fiduciary assignment/transfer (*cessão/alienação fiduciária*) and tax debts.

The judicial reorganization request must be filed by the debtor—under the Brazilian Insolvency Law, creditors are not entitled to file for a judicial reorganization of a debtor—along with an analysis of the debtor's financial and economic condition and some other documents established in the Brazilian Insolvency Law. After the processing of the judicial reorganization proceeding is accepted by the court and the respective decision is published, the debtor must present a recovery plan to creditors within 60 days (according to Article 53 of Brazilian Insolvency Law).

Under Brazilian Insolvency Law, the decision that authorizes the processing of the judicial reorganization proceeding suspends the course of all lawsuits filed against the debtor for a period of 180 days, extendable for an equal period, counted from the date of acceptance of the processing of the judicial reorganization request (the "**Stand Still Period**") (pursuant to §4 of Article 6 of the Brazilian Insolvency Law), with exception to those demanding illiquid amounts. During the Stand Still Period, foreclosure of collateral may be subject to certain restrictions, even in relation to creditors that are not subject to the judicial reorganization proceeding. For instance, Article 49, §3 restricts the foreclosure of assets that are deemed to be essential to carry out the debtor's activities. Also, Article 49, §5 establishes that any credit rights and receivables pledged on behalf of creditors shall be deposited into a judicial account and shall not be withdrawn during the Stand Still Period, if not renovated or substituted.

During a judicial reorganization proceeding, the general principle is that shareholders maintain their voting and political powers and participation in the company. Also, managers of a debtor typically retain their positions, although under the supervision of the judicial administrator. However, if they also have claims against the company under reorganization, shareholders and the general principal shall not be allowed to vote for the reorganization plan in a general creditors meeting.

The judicial reorganization plan must be approved by the following classes of creditors during a general creditors' meeting: (i) labor creditors (considering the majority of voting creditors present at the meeting); (ii) secured creditors (considering the majority of both credit amount and voting creditors present at the meeting); (iii) unsecured, subordinated creditors (as defined in Article 83, VIII "a)" and "b)" of Brazilian Insolvency Law, as determined by law or contract or the credits held by the stakeholders and managers of the debtor) and special and general privilege creditors (considering a majority of both credit amount and voting creditors present at the meeting); (iv) microenterprises, small sized companies' creditors (considering the majority of voting creditors present at the meeting). However, the plan may be approved in a "cram-down" proceeding (pursuant to Article 58, §1 of Brazilian Insolvency Law) even though it was rejected in the general meeting of creditors if it: (a) was approved by the vote of creditors that represent more than 50% of the total amount of the claims present in the creditors' meeting, regardless of the class of creditors; (b) was approved by at least two classes of creditors; and (c) received a favorable vote of more than one-third of the creditors in the class in which it was rejected. The cram-down will only be possible if the plan does not provide differentiated treatment for creditors that belong to the class that has rejected the plan in the general creditors meeting. In the event that the debtor's plan is rejected or if it is not put into a vote timely (i.e. during the Stand Still Period), creditors may be entitled to submit an alternative reorganization plan. If the creditors plan is rejected or if the creditors decide not to present such alternative plan, the judge will decree the debtor's bankruptcy (liquidation). As a rule, during the two-year supervision period, the judicial reorganization may also be converted into a bankruptcy liquidation if any obligation under the reorganization plan is not complied with by the debtor.

The approval of a reorganization plan is considered a novation and it is mandatory for the debtor and all creditors subject to it—however, if the reorganization is converted into a liquidation bankruptcy the credits will be reverted to their original conditions, regardless of the reorganization plan. The parties are free to negotiate how the restructuring of the company is to be implemented, including, for instance, the reduction of liability (haircuts), debt rescheduling and priority of repayment. Debtors may also carry out corporate actions as provided in the judicial reorganization plan to facilitate recovery. Examples include spin offs, mergers, transfers or leases, conclusion of collective labor agreements, sale of assets, issuance of debentures and other analogous measures (according to Article 50 of the Brazilian Insolvency Law). In addition, under the Brazilian Insolvency Law, the acquirer of assets of the debtor will not be held liable for any liabilities (including tax and labor liabilities) of the debtor selling the assets, as long as the sale takes the form of an auction, if carried out through proposals submitted in sealed envelopes (or a combination of both methods) or any other competitive proceeding with arms-length. In theory, this rule is only applicable in a case of the sale of branches or isolated production units and does not apply to the sale of the whole business (according to Article 60, sole paragraph of Brazilian Insolvency Law), unless in case of a sale of the whole business the creditors and claims not subject to the reorganization are offered, at least, equivalent conditions of a bankruptcy liquidation scenario.

Out of court reorganization under Brazilian Insolvency Law

The out of court reorganization may affect participating or non-participating creditors if the claims of the non-participating creditors are dealt with in the out of court reorganization plan and such plan is duly signed by creditors representing at least 50% of each class of claims treated therein. Claims arising from tax matters, certain post-petition credits (such as the ones mentioned in Article 49, §3°) and those resulting from an advance on an export exchange agreement are not subject to reorganization plans. As for the labor-related claims, the out of court reorganization requires the participation of the union of the respective category. Once ratified by the court, the plan will apply to all creditors who adhered to it and will be binding on all creditors included within its scope, whether or not such creditors executed the out of court reorganization plan, exclusively with respect to claims constituted up to the date of the filing for ratification.

Bankruptcy Liquidation under Brazilian Insolvency Law

Bankruptcy liquidation is a procedure carried out in the collective interest of the creditors of a certain debtor and culminates with a court liquidation, in which the main purpose is to wind up and sell the assets of the debtor in order to satisfy the credits held by each creditor.

In the event of bankruptcy liquidation of a Guarantor, all of its debt obligations, including any Guarantee for the Notes, which are denominated in foreign currency, will be converted into Brazilian reais at the prevailing exchange rate on the date of decree of the bankruptcy liquidation by the court. We cannot assure investors that such rate of exchange will afford full compensation of the amount invested in the Notes plus any accrued interest. In addition, companies in Brazil may only remit funds out of Brazil and/or convert such funds into hard currency in strict compliance with foreign exchange rules, and there can be no assurance that such companies would have the ability to convert Brazilian real into dollars or euro, nor that such companies would be able to remit such funds out of Brazil.

In addition, if the value of a Guarantor's assets is insufficient to pay all creditors, no interest accrues on claims after the decree of bankruptcy liquidation, except interest on debentures and secured claims, which can be paid with the proceeds resulting from the sale of the underlying security.

Moreover, if a Guarantor is declared bankrupt, its obligations under any Guarantee will be subordinated to the statutory preferences established by the Brazilian Insolvency Law. According to Brazilian Insolvency Law, in case of bankruptcy, payments of any amounts due by the debtor shall follow the following priority ranking:

(i) labor related claims up to 150 minimum monthly wages (as determined by the Federal Government of Brazil) per creditor plus claims for damages arising from labor related accidents;

(ii) secured credits (up to the value of the collateral), such as credits secured by pledges and mortgages;

(iii) tax claims (except for fines);

(vi) unsecured credits (including labor related claims in excess of the amount mentioned in clause (ii) above and claims of secured creditors with a value exceeding that of the collateral);

(vii) contractual penalties and fines for breach of criminal or administrative law (including tax related fines); and

(viii)subordinated credits, as defined by law or pursuant to the relevant agreement.

The foregoing priority is established by law and may not be modified by a court.

There are certain credits that are senior to and are excluded from the priority order above, such as (a) costs of the proceedings and the payment of the labor-related claims of a strictly salary nature maturing in the three months prior to the bankruptcy declaration (up to five minimum wages per employee); (b) claims arising from credit facilities extended undergoing judicial reorganization; (c) motions for restitution; (d) the judicial administrator's fees; (e) post-petition claims held by creditors that granted credit or maintained business with the debtor during the judicial reorganization.

Creditors secured by fiduciary assignment/transfer (*cessão/alienacão fiduciária*), for instance, may claim for restitution of the asset over which the security has been constituted, pursuant to Article 85 of the Brazilian Insolvency Law; as well as credits arising from an advance against exchange contracts pursuant to Article 86, II of the Brazilian Insolvency Law.

Also, obligations assumed before any clearings systems pursuant to Article 193 § 3 of the Brazilian Insolvency Law, amongst other specific cases established in the Brazilian Insolvency Law, are not affected by the bankruptcy liquidation.

Enforceability of the Guarantee

Under the Brazilian law, if not characterized as a credit instrument (like promissory notes governed by the Brazilian law), which could be enforced independently from the main obligation, any Guarantee is considered supplementary to the underlying or principal obligation and the nullity of the principal obligation results in the invalidity of the accessory obligation. Therefore, should our obligations under the Notes or the Indenture be rendered invalid, any Guarantee would, under the Brazilian law, also be deemed invalid.

Hardening Period / Clawback and Fraudulent Transfer

The validity and enforceability of any Guarantee granted by the Guarantors of our obligations under the Notes depends upon the best interests of such Guarantor and whether the Guarantor receives fair and adequate consideration for the granting of any Guarantee. In the event a Guarantor has its bankruptcy liquidation decreed under Brazilian Insolvency Law, the relevant security will be deemed null and void if granted within the so called suspect period in relation to an already existent debt, under the argument that the transaction could have harmed other creditors, pursuant to Article 129, III, of the Brazilian Insolvency Law and the Guarantee may be deemed to have been fraudulent and declared void, under the argument that the Guarantor has not received fair consideration in exchange for such Guarantee, pursuant to Article 129, IV, of the Brazilian Insolvency Law.

Perfection of Security Interests

Under the Brazilian law, the perfection of security interests over assets depends on certain registration requirements to be considered existent, valid and/or binding against third parties, as applicable. Depending on the assets over which the security interest is to be created, the relevant security agreement (translated into Portuguese by a sworn translator, if executed in a foreign language and executed abroad must be either duly legalized by a Brazilian Consulate or, for countries that are party to the Hague convention of 1961 ("*Apostille Convention*"), duly apostilled) must be registered with the Registry of Titles and Deeds or with the Registry of Real Estate, as applicable. In addition, the perfection of security interests over certain assets may require additional formalities. This is the case for the perfection of security interests created over shares issued by a Brazilian company, which depends on the registration of the relevant liens in the company's shares registration books, with the relevant shares registration agent (if that is the case) or in the company's articles of incorporation (in the case of limited liability companies).

Until such registrations occur, the security agreement is binding upon the parties but not binding against third parties. In the case of security interests which are required to be registered with the Registry of Titles and Deeds, if the relevant security agreement is registered within 20 days of its execution date, the security interest created thereby shall be deemed effective against third parties as of the date of execution of such security agreement; otherwise, it shall be deemed effective against third parties as of the date the relevant security agreement is submitted for registration at the Registry of Titles and Deeds.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement dated October 26, 2021 (the "**Purchase Agreement**"), by and among, *inter alios*, the Issuer and the Initial Purchasers, we have agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, the Notes.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel. The Issuer has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, without having received prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer that are substantially similar to the Notes.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and outside the United States in reliance on Regulation S under the Securities Act (and, if investors are resident in a member state of the EEA or in the UK, they are not "retail investors" (as defined below). Resales of the Notes are restricted as described under "*Notice to Investors*." Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "*Notice to Investors*." The Initial Purchasers have agreed that they will only offer or sell the Notes (a) outside the United States in offshore transactions in reliance on Regulation S and (b) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the Offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering of the Notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

Each Initial Purchaser has, severally and not jointly, represented and agreed that it will not offer, sell or otherwise make available any Notes to any "retail investor" in the European Economic Area or the United Kingdom. The expression "retail investor" means a person who is one (or more) of the following:

- a retail client (with respect to the European Economic Area, as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") and, with respect to the United Kingdom, as defined in point (11) of Article 4(1) of MiFID II as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"));
- a customer, with respect to the European Economic Area, within the meaning of Directive 2016/97/EU, as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II and, with respect to the United Kingdom, within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (10) of Article 4(1) of MiFID II as it forms part of domestic law by virtue of the EUWA; or
- not a "qualified" investor (with respect to the European Economic Area, as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and with respect to the United Kingdom, as defined in the EU Prospectus Regulation as it forms part of domestic law by virtue of the EUWA).

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes are a new issue of securities for which there currently is no market. The Issuer will make an application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Euro MTF Market of the Luxembourg Stock Exchange. However, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market making activity will be subject to the limits imposed by the Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you.

In connection with the Offering of the Notes, Goldman Sachs International (the "**Stabilizing Manager**"), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering of the Notes, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers may offer and sell the Notes through certain of their affiliates, including in respect of sales into the United States. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission. Banca Akros S.p.A. - Gruppo Banco BPM will effect offers and sales of the Notes solely outside of the United States. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Each of the Initial Purchasers has also agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to communicate any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States or Italy, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us, the Group or the Notes in any jurisdiction where action for the purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resales of the Notes. Please see the sections entitled "*Notice to Investors.*" The Issuer has agreed to indemnify each Initial Purchaser against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that any Initial Purchaser may be required to make in respect thereof. The Issuer will pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes.

It is expected that delivery of the Notes will be made against payment therefor on the Issue Date as specified on the cover page of this Offering Memorandum, which will be the fifth business day following the date of pricing of the Notes (such settlement being herein referred to as "T+5). Under Rule 15(c)6-l under the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next two succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

Certain of the Initial Purchasers and their affiliates (including their parent companies) have from time to time performed, and in the future may perform, investment banking, commercial banking, financial advisory and other services for us, our affiliates or our former affiliates, in the ordinary course of business to the Issuer (including its parent and group companies) for which they have received, and in the future may receive, customary fees and reimbursement of expenses. In connection with the Offering, the Initial Purchasers are not acting for anyone other than the Issuer in an arm's length transaction and will not be responsible to anyone other than the Issuer for providing the protections attached to their clients, nor for providing advice in relation to the Offering.

In the ordinary course of their various business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Company or any of the Guarantors, including the Notes.

In addition, certain of the Initial Purchasers or their affiliates were mandated lead arrangers, bookrunners, lenders or subparticipants under the Existing Revolving Credit Facility and certain of the Initial Purchasers or their affiliates are mandated lead arrangers, bookrunners, lenders or subparticipants under the Revolving Credit Facility, and have or will receive customary fees for their services in such capacities. Certain proceeds from the Offering will be used to repay all outstanding amounts due under the Existing Notes and the Existing Revolving Credit Facility, for which certain of the Initial Purchasers or their affiliates acted as mandated lead arrangers, underwriters and lenders. In connection with their services in such capacity, they have or will receive customary fees and commissions.

NOTICE TO INVESTORS

The following restrictions will apply to the Notes. You are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other applicable jurisdiction. Accordingly, the Notes are being offered and sold only (1) to qualified institutional buyers (as defined in Rule 144A, "**QIBs**") in reliance on Rule 144A and (2) outside the United States in an offshore transaction (as defined in Regulation S) in reliance on Regulation S.

We have not registered and will not register the Notes under the Securities Act and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to QIBs in compliance with Rule 144A; and
- outside the United States in an offshore transaction in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of the Notes hereunder (other than each of the Initial Purchasers) will be deemed to have acknowledged, represented, warranted and agreed with the Issuer and the Initial Purchasers as follows (terms used in this paragraph that are defined in Rule 144A and Regulation S are used herein as defined therein):

(1) it understands and acknowledges that (i) the Notes have not been registered under the Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and (ii) unless so registered, the Notes may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws or pursuant to an exemption therefrom, or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below;

(2) it is either (i) a QIB and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB, or (ii) it is purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S;

(3) it acknowledges that none of the Issuer, the Target, the Initial Purchasers, or any person representing any of the foregoing, has made any representation to it with respect to us or the offer or sale of any Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum;

(4) it is purchasing the Notes for its own account, or for an account with respect to which it exercises sole investment discretion and for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any other applicable securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes to a QIB pursuant to Rule 144A or in offshore transactions pursuant to Regulation S or any other exemption from registration available under the Securities Act;

(5) it understands and agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, that if in the future it decides to resell, pledge or otherwise transfer any Notes or any beneficial interests in any Notes, it will not do so prior to the date which is, in the case of Notes offered to QIBs, one year after the later of the original issue date of such Notes, the original issue date of the issuance of any additional securities and the last date on which the Issuer or any affiliate of the Issuer was the owner of

such Note (or any predecessor of such Note) only (i) to the Issuer or any subsidiary thereof, (ii) pursuant to a registration statement which has been declared effective under the Securities Act, (iii) for so long as such Note is eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's right prior to any such offer, sale or transfer pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to it, including a certificate of transfer in the form appearing on the reverse of such Security.

(6) it understands that the 144A Notes will bear a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. BY ITS ACQUISITION HEREOF, THE HOLDER OF THIS NOTE (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) ("**QIB**"); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED NOTES TO OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE OR A BENEFICIAL INTEREST IN THIS SECURITY, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE OF SUCH NOTES, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH NOTE (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO IT, INCLUDING A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS SECURITY; AND (3) AGREES THAT IT WILL TRANSFER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes:

(7) it agrees that it will, and each subsequent holder is required to, give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes, if then applicable;

(8) it acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with;

(9) it acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of its acknowledgments, representations, warranties and agreements and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such investor account;

(10) it understands that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Notice to U.S. Investors*," "*Notice to Investors*" and "*Plan of Distribution*;"

(11) it agrees to indemnify and hold us, the Trustee, the Initial Purchasers and their respective affiliates harmless from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false; and

(12) it acknowledges that any purported acquisition or transfer of the Notes or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of the above provisions shall be null and void *ab initio*.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon for us by Linklaters LLP with respect to matters of U.S. federal, New York state, English and Italian law, by Studio Legale Associato in association with Linklaters LLP with respect to matters of Italian taxation law and by Machado Meyer Sendacz e Opice Advogados with respect to matters of Brazilian law.

Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP with respect to matters of U.S. federal and New York state law, English law and Italian law, by Maisto e Associati with respect to matters of Italian taxation law and by Machado Meyer Sendacz e Opice Advogados with respect to matters of Brazilian law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as of and for the years ended December 31, 2020, 2019 and 2018 for which English translations are included in this Offering Memorandum have been audited by EY S.p.A., independent auditors, as stated in the English translation of their audit reports included herein. The interim condensed consolidated financial statements of the Group as of and for the six months ended June 30, 2021 and 2020 for which English translations is included in this Offering Memorandum have been reviewed by EY S.p.A., independent auditors, as stated in the English translation of their review report included herein.

EY S.p.A.'s registered address is Via Lombardia, 31 - 00187, Rome, Italy.

WHERE YOU CAN FIND OTHER INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to paragraph (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

While any of the Notes remain outstanding and are "restricted securities" within the meaning of the Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request with respect to the Notes should be directed to the Issuer at Via Montebello 21, Milan, 20121, Italy.

We are currently not, and do not expect to be in the future, subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture, we will agree to furnish periodic information to holders of the Notes, as further described under "*Description of the Notes—Certain Covenants—Reports*."

Copies of the Issuer's organizational documents, the Indenture, the Intercreditor Agreement, the Security Documents and our most recent financial statements published by us will be available from the Issuer upon written request to the address of the Issuer specified above on and after the grant of listing of the Notes.

LISTING AND GENERAL INFORMATION

Listing

We intend to apply to list the Notes on the Official List of the Luxembourg Stock Exchange and for the admission of the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, each Issuer will publish notices (including financial notices) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained free of charge at the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- this Offering Memorandum;
- the organizational documents of the Company and each of the Guarantors;
- the financial statements including those set out in this Offering Memorandum;
- the Indenture relating to the Notes (which includes the form of the Notes);
- the Intercreditor Agreement;
- the Security Documents; and
- other material agreements described in this Offering Memorandum as to which we specify that copies thereof will be made available.

We will maintain a paying agent, registrar and transfer agent in Luxembourg for as long as any of the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

We accept responsibility for the information contained in this Offering Memorandum. We declare that, to the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. This Offering Memorandum may only be used for the purposes for which it has been published.

Clearing information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	Notes	
	ISIN	Common Code
Rule 144A	XS2403514552	240351455
Regulation S	XS2403514479	240351447

Company's Legal information

The Issuer was incorporated as a *società per azioni* under the laws of the Republic of Italy on March 23, 2005. As of June 30, 2021, the Issuer had a total share capital of €154,899,065.00, fully subscribed and paid up, comprising 154,899,065 shares of a nominal value of €1.00 each. As of the date of this Offering Memorandum, the share capital of the Issuer has not changed since June 30, 2021. The Issuer's corporate seat and principal executive offices are located at Via di Casal Boccone 188/190, 00137, Rome, Italy. The Issuer is registered with the Companies' Register of Rome (*Registro Imprese di Roma*) with registered number and *codice fiscale* 08450891000. The Issuer's legal entity identifier marker (LEI) is 815600A862DA4DD9E211.

Pursuant to Article 3 of its articles of incorporation, the corporate purpose of the Issuer is, among other things, to directly or indirectly undertake and carry out projects as well as provide industrial services in the information technologies sector, to design and create software and information systems and to implement the related logistic infrastructures, hardware systems and machineries, and to provide technical assistance in order to efficiently organize and manage the implementation of information technologies systems by enterprises, persons and other administrations and public entities. The Issuer's financial year is from January 1 to December 31. It prepares and publishes annual audited consolidated financial statements.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes was authorized by the Issuer's board of directors on October 14, 2021 and October 21, 2021.

Guarantors' legal information

The Notes Guarantee of each Guarantor will be unconditional and in respect of the full issued amount of the Notes. The Group companies that are also expected to become Guarantors have the following corporate information:

Almaviva do Brasil Telemarketing e Informática S/A is a joint stock company which was originally organized as a corporation on July 6, 2006 under the laws of the Federative Republic of Brazil. It is registered with the Taxpayers` Registry of the Brazilian Ministry of Finance (CNPJ/MF) under No. 08.174.089/0001-14 and registered in the Board of Trade of the State of Minas Gerais (JUCEMG) under NIRE No. 31.3.0010053-7. It is headquartered in Av. Solferina Ricci Pace, no. 779, Jatoba, Belo Horizonte—Minas Gerais, CEP. 30.664-000.

Chain Serviços e Contact Center S/A is a joint stock company (*sociedade anônima*) which was incorporated on October 22, 2015 under the laws of Brazil. It is registered with the Companies' Register of the State of Sao Paulo under No. 35.3.00490096 and Brazilian Corporate Taxpayer Registry under No. 25.532.312/0001-41. It is headquartered in Avenida Antônio Frederico Ozanan, 1440, Bloco XI (COIII e Mezanino COIII), Vila Santana II, in the City of Jundiaí, State of São Paulo, CEP 13219-001.

Financial year and accounts

Except as otherwise disclosed in this Offering Memorandum:

- we refer to AlmavivA do Brasil Telemarketing e Informatica S.A. in our financial statements as AlmavivA do Brasil S.A;
- there has been no material adverse change in our consolidated financial and trading position or prospects since June 30, 2021; and
- neither we nor any of the Guarantors nor any of our/their respective subsidiaries is involved, or has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes, and, so far as we and each of the Guarantors are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

INDEX TO FINANCIAL STATEMENTS

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

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

(in thousands of Euro)	Note	At June 30, 2021	At December 31, 2020
Intangible assets	7	66,850	65,358
Goodwill		39,492	39,461
Property, plant and equipment	8	88,152	81,918
Investments accounted for using the equity method	9	237	1,106
Non-current financial assets	10	1,240	1,229
Deferred tax assets	11	23,719	14,770
Other non-current assets	12	1,646	1,491
Total non-current assets		**221,337**	**205,332**
Inventories	13	8,874	8,137
Amount due from customers	13	0	0
Contract assets	14	41,169	37,322
Trade receivables	15	382,836	351,030
Current financial assets	16	3,594	4,152
Other current assets	17	162,068	133,147
Cash and cash equivalents	18	88,002	98,569
Total current assets		**686,542**	**632,357**
Non-current assets held for sale	19	2,459	2,459
Total assets		**910,338**	**840,148**
Share capital		154,899	154,899
Share premium reserve		17,788	17,788
Other reserves		(138,002)	(187,602)
Profit/(loss) for the period		33,208	35,143
Total group shareholders' equity		*67,893*	*20,228*
Non-controlling interests		*15,481*	*5,168*
Total shareholders' equity	20	**83,374**	**25,396**
Non-current liabilities for employee benefits	21	47,120	48,531
Non-current provisions	22	6,132	5,836
Non-current financial liabilities	23	317,928	317,233
Deferred tax liabilities	24	2	2
Other non-current liabilities	25	679	808
Total non-current liabilities		**371,861**	**372,410**
Current provisions	22	7,704	11,249
Trade payables	26	275,631	270,844
Current financial liabilities	27	19,635	22,937
Current tax liabilities	28	30,635	27,650
Other current liabilities	29	121,500	109,663
Total current liabilities		**455,104**	**442,342**
Total liabilities		**826,965**	**814,752**
Total equity and liabilities		**910,338**	**840,148**

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

		For the six months ended June 30,	
(in thousands of Euro)	**Note**	**2021**	**2020**
Revenues from contracts with customers	30	451,424	431,767
Other Income	31	9,718	8,089
Total revenues and other income		**461,142**	**439,856**
Cost of raw materials and services	32	(169,551)	(156,594)
Personnel expenses	33	(214,379)	(222,358)
Depreciation and amortization	34	(17,716)	(19,670)
Losses from sale of non-current assets	34	90	56
Other expenses	35	(5,387)	(4,421)
Operating profit/(loss)		**54,200**	**36,869**
Financial income	36	297	436
Financial expenses	36	(15,432)	(15,624)
Exchange gains/(losses)	36	(105)	(858)
Profit/(loss) from investments accounted for using equity method	37	(869)	0
Profit/(Loss) before taxes		**38,091**	**20,823**
Income taxes	38	(4,044)	(938)
Profit/(Loss) from continuing operations		**34,048**	**19,885**
Profit/(Loss) for the period		**34,048**	**19,885**
of which:			
Profit/(loss) pertaining to the group		33,208	19,129
Profit/(loss) pertaining to non-controlling interests		840	756

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

		For the six months ended June 30,	
(in thousands of Euro)	**Note**	**2021**	**2020**
Profit/(loss) for the period		**34,048**	**19,885**
Other components of comprehensive income that may be subsequently reclassified to profit or loss, after taxes:			
Exchange differences on translation of foreign operations	**20**	7,695	(27,402)
Gains/(losses) on cash flow hedging instruments		0	0
Total		**7,695**	**(27,402)**
Other components of comprehensive income that will not be subsequently reclassified to profit or loss, after taxes:			
Actuarial gains/(losses) on valuation of liabilities for employee benefits	**21**	(1,039)	0
Total		**(1,039)**	**0**
Comprehensive income/(loss) for the period		**40,704**	**(7,517)**
of which:			
Comprehensive income/(loss) pertaining to the group		39,808	(6,866)
Comprehensive income/(loss) pertaining to non-controlling interests		896	(652)

ALMAVIVA S.P.A. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDE

(in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Pr fo
Shareholders' Equity at December 31, 2020	**154,899**	**17,788**	**(187,605)**	**35,143**	**20,228**	**4,162**	
Profit/(loss) for the year				**33,208**	**33,208**		
Exchange differences on translation of foreign operations			7,639		7,639	56	
Gains/(losses) on cash flow hedging instruments					0		
Actuarial gains/(losses) on valuation of liabilities for employee benefits			(1,039)		(1,039)		
Comprehensive income/(loss) for the year	**0**	**0**	**6,600**	**33,208**	**39,808**	**56**	
Allocation of prior year's profit/(loss)			35,143	(35,143)	0	1,006	
Distribution of Reserves			(10,400)		(10,400)		
Net effect of Almawave listing			19,975		19,975	10,025	
Almawave listing fees			(1,724)		(1,724)	(609)	
Other movements			6		6		
Shareholders' Equity at June 30, 2021	**154,899**	**17,788**	**(138,004)**	**33,208**	**67,893**	**14,641**	

Note 20.

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

(in thousands of Euro)	Share capital	Share premium reserve	Other reserves	Profit/(loss) for the year	Total Group shareholders' equity	Reserves pertaining to NCIs	Pr fo
Shareholders' Equity at December 31, 2019	**154,899**	**17,788**	**(170,300)**	**12,131**	**14,520**	**4,901**	
Profit/(loss) for the year				**19,129**	**19,129**		
Exchange differences on translation of foreign operations			(25,994)		(25,994)	(1,408)	
Gains/(losses) on cash flow hedging instruments					0		
Actuarial gains/(losses) on valuation of liabilities for employee benefits			0		0		
Comprehensive income/(loss) for the year	**0**	**0**	**(25,994)**	**19,129**	**(6,865)**	**(1,408)**	
Allocation of prior year's profit/(loss)			12,131	(12,131)	0	1,550	
Dividends					0	(704)	
Other movements			17		17	(241)	
Shareholders' Equity at June 30, 2020	**154,899**	**17,788**	**(184,146)**	**19,129**	**7,671**	**4,098**	

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

(in thousands of Euro)	Note	At June 30, 2021	At June 30, 2020
Profit/(loss) for the period		**34.048**	**19.885**
Adjustments to reconcile profit before tax to net cash flows:			
Income Taxes	38	4.044	938
Financial income	36	(297)	(436)
Financial expenses	36	15.432	15.624
Exchange (gains)/losses	36	105	858
Depreciation, amortization and write-downs	34	17.716	19.670
Write-downs/(revaluations) of non-current financial assets and equity investments	37	869	0
Losses from sale of non-current assets	34	(90)	(56)
Interest received		297	436
Interest paid		(12.213)	(10.140)
Income taxes paid		(4.042)	(1.973)
Cash flows generated from operating activities before changes in working capital		*55.869*	*44.806*
Change in trade receivables excluding of the exchange rate effect and consolidation scope changes	15	(28.641)	8.695
Change in inventories excluding of the exchange rate effect and consolidation scope changes	13	(737)	0
Change in contract assets excluding of the exchange rate effect and consolidation scope changes	14	(3.847)	(893)
Change in trade payables excluding of the exchange rate effect and consolidation scope changes	26	3.947	22.850
Change in other assets excluding of the exchange rate effect and consolidation scope changes	12-17	(26.231)	(21.590)
Change in other liabilities excluding of the exchange rate effect and consolidation scope changes	25-29	112	4.627
Change in liabilities for employee benefits and provisions gross of exchange rate effect	20-21	(5.841)	(3.163)
Change in deferred tax liabilities (assets) excluding of exchange rate effect and consolidation scope changes	22	0	(7.683)
Cash flows generated from operating activities changes in working capital		*(61.238)*	*2.844*
Cash-flow generated from/(absorbed by) operating activities (A)		**(5.369)**	**47.650**
Investments in property, plant and equipment		(5.497)	(2.830)
Investments in intangible assets	8	(8.466)	(8.266)
Acquisition of investments accounted for using the equity method	7	(11)	0
Proceeds from divestments of PP&E, intangible assets and investments accounted for using the equity mehod		0	20
Acquisition of subsidiaries net of cash and cash equivalents	19	(6)	(10.215)
Change in non-current financial asset	10	0	2
Cash-flow generated from/(absorbed by) investing activities (B)		**(13.980)**	**(21.289)**
Dividends		(10.105)	0
Proceeds from borrowings	23	2.674	10.990
Repaymant of medium/long-term loans and non-current financial liabilities	23	(5.728)	(13.219)
Repayment of lease liabilities		(7.905)	(3.902)
Change in current and non - current financial liabilities		(1.660)	(4.745)
Change in current financial assets	23	559	0
Proceeds deriving from Almawave's share capital quotation		30.000	0
Fees paid for the Almawave listing		(1.947)	0
Cash-flow generated from/(absorbed by) financing activities (C)		**5.887**	**(10.876)**
NET CASH FLOW BEFORE EXCHANGE RATE DIFFERENCES (A + B + C)		**(13.462)**	**15.485**
Effect of foreign exchange rates on cash and cash equivalents (D)	16	2.896	(13.100)
Cash flow of the year (A+B+C+D)		**(10.567)**	**2.385**
Opening cash and cash equivalents		98.569	89.446
Closing cash and cash equivalents		88.002	91.830

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. 44.926 employees and several offices around Italy and abroad.

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

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

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

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

The Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on August 4, 2021.

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

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

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

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

In any case, 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:

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

On the other hand, as regards trade receivables, no particular criticalities are deduced from the usual assessment of the risk of recoverability based on the subdivision of receivables by overdue bands and on the average collection time from customers. The trend of the latter appears to be in line with the previous year ended December 31, 2020 while showing, as detailed in Note 15 to which reference should be made, an increase in absolute value of the 30-120 days overdue bands. The range of past due over 120 days, on the other hand, shows a slight improvement. Lastly, stranded situations do not provide significantly worse evidence, even considering the developments described in the aforementioned Note 15.

In the end, it should be noted that the Group, where applicable, has adhered to the support measures issued by the Italian Government (i.e. FIS Covid, cancellation or postponement of tax payments etc.). Adhesions to other forms of subsidy (i.e. subsidized loans) provided for by the regulations in force are not envisaged.
Overall, the direct effects produced by the Covid-19 pandemic on the aforementioned items and on the economic result of the recurring 2021 operations of the AlmavivA Group are not to be considered significant. There are no significant impacts on liquidity risk, also after the entry of additional financial resources following the completion of the listing operation which took place in March 2021.

2. BASIS OF PREPARATION

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

The Interim Condensed Consolidated Financial Statements of the AlmavivA Group were drawn up in compliance with the IFRS issued by the IASB and adopted by the European Commission pursuant to the procedure as per Art. 6 of the (EC) Regulation no. 1606/2002 of the European Parliament and Council dated July 19, 2002. The 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.

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

The layouts adopted for the preparation of the 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:

Exact exchange rates Amount of currency for 1 Euro					
Country	**Currency**	**ISO**	**At June 30, 2021**	**At December 31, 2020**	**At June 30, 2020**
Saudi Arabia	Real	SAR	4.4565	4.6016	-
Brazilian	Real	BRL	5.9050	6.3735	6.1118
China	Yuan	CNY	7.6742	8.0225	7.9219
Colombian	Peso	COP	4474.1800	4202.3400	4203.4500
Indonesia	Rupiah	IDR	-	17240.7600	16184.4100
Europe	Leu	RON	4.9280	4.8683	4.8397
United States	Dollar	USD	1.1884	1.2271	1.1198
Tunisian	Dinar	TND	3.3054	3.2943	3.2013

Average exchange rates Amount of currency for 1 Euro					
Country	**Currency**	**ISO**	**At June 30, 2021**	**At December 31, 2020**	**At June 30, 2020**
Saudi Arabia	Real	SAR	4.5213	4.4602	-
Brazilian	Real	BRL	6.4917	5.8943	5.4170
China	Yuan	CNY	7.7980	7.8747	7.7480
Colombian	Peso	COP	4369.3633	4217.0600	4066.1650
Indonesia	Rupiah	IDR	-	16627.3700	16080.6850
Europe	Leu	RON	4.9014	4.8383	4.8174
United States	Dollar	USD	1.2057	1.1422	1.1015
Tunisian	Dinar	TND	3.2978	3.1997	3.1503

2.1 Going Concern

During the first six months of 2021, AlmavivA Group consolidated the growth trends in revenues achieved in previous periods (reaching Euro 451 million, increased Euro 19.6 million at current exchange rates, increased Euro 36.9 million or 8.9% at constant exchange rates, compared to the same period of the previous year). The result as at June 30, 2021 shows a profit at the level of consolidated operating result in sharp growth compared to the previous year and equal to Euro 54,200 thousand (increased Euro 17,330 thousand compared to June 30, 2020 at current exchange rates and by Euro 19,959 thousand at constant exchange rates). At the level of Net Profit there is a positive result of Euro 34,048 thousand with an increase of Euro 14,163 thousand compared to the consolidated profit of the same period of the previous year. It should be noted that growth was strongly influenced, and negatively, by the exchange rate effect, as highlighted above.

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

Each company of the Group has promptly adopted and continues to maintain all the necessary precautions for the management of the emergency, in line with the regulatory provisions issued by the various countries and local authorities and with a view to always guaranteeing maximum safety with regard to its employees, suppliers and workplaces. In particular, the modalities of temporary agile working (so-called smart working) have been adopted both in the IT and CRM 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 + 17% 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 (+ 8% 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).

As regards the Finance sector, the growth of the positioning in the market is highlighted thanks to the completion of the acquisition, through the transfer of assets, of a majority percentage in the company Kline Srl, a leading company in IT services to SGR, SIM and Private Banking in the field wealth management, asset management and family office.
Growth is also expected in the activities on the International Market 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.
Certain actions continue to be carried out in all Group companies with the utmost attention and intensity of control, concerning, in particular:

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

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

As regard CRM Europe, the financial statements as at 30.06.2021, show a reduction at revenues level of 1.6% compared to the previous half year and 8.9% compared to the same period of the previous year
The decrease at costs level, of 8.4% compared to the previous half year and 13.8% compared to the same period of the previous year, made it possible to fully offset the impact, recording a positive Ebitda of Euro 413 thousand with an improvement compared to the previous half year of Euro 2,556 thousand and Euro 2,115 thousand compared to the same period of the previous year.

These first six months show a decrease in labor costs, due to lower FTE compared to the previous period, in external costs, in the face of the efficiency of the logistics structure, and financial charges, together with the implementation of the effects of the new "Smart Working" model.
The initiatives already adopted, the actions in progress and the new operating models under evaluation make it possible to foresee, for the conclusion of the 2021 Financial Statements, a level of cost containment and a recovery of operating efficiency such as to consolidate the result obtained so far.

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

Brazil, more than other markets in which the Group is present, is experiencing a phase of consolidation and restructuring of the companies operating in the BPO-call center sector. In this scenario, further opportunities open up for AlmavivA, 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.

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

The Almawave Group in the first six months of 2021 had a growth in revenues of + 19.8% 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 the Italian market, the Group aims to strengthen its leadership in the information governance & analytics sector, proposing a distinctive vision based on its own complex technological assets, for the advanced interpretation of unstructured data and information. Furthermore, the strengthening of the value proposition and the consolidation of the distinctive positioning in the area of self-automated solutions (voice and textual conversational virtual agents), towards all the reference markets, will continue, through the proposition of a technologically advanced convergent text-to-voice platform. and functionally complete.
Some initiatives are also underway aimed at creating vertical AI solutions for connected health (RicovAI project) and E-Health (project with the Rome Biomedical Campus) for the innovation of hospital and home management.
As regards big data & digital transformation services, the growth path in activities towards the Public Administration is expected to continue, linked to the development of contracts with the Central and Local Public Administration, in particular on the basis of the framework agreements SPC Lot 3 and Lot 4.

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

On January 11, 2021 Almawave concluded the entry into the share capital of the innovative startup of Sapienza University of Rome Obda Systems, with a 60% share. Obda Systems offers state-of-the-art solutions based on the latest innovations in the field of semantic technologies to provide its customers with a direct and effective method to extract key information from complex and large datasets. The basis of these solutions is representation and reasoning through ontological modeling.

On the international market, the development of the Brazilian market and in the Latin America area continues, with an offer characterized by solutions that include the integration of Almawave products and commercial synergy with AlmavivA do Brasil.
As part of the market expansion process, also through non-organic, vertical and transversal growth, the AlmavivA Group is considering investment projects to accelerate growth both in the IT sector (and in the field of products and integrated solutions for transport and in the area of market development, products and services for the industry, public administration and finance sectors, both in Italy and abroad) and in the Foreign CRM sector (focused on expanding and differentiating the current positioning).

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

On March 9, 2021 AlmavivA completed the IPO process at AIM Italia of its subsidiary Almawave SpA. The operation, for a total of € 30 million (including the greenshoe option 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 Almawave 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 Almawave to accelerate the development of products and know-how, strengthen the go-to-market by investing in marketing and partnership strategies and expand its geographical positioning through possible M&A operations in complementary markets in Europe and Brazil. Part of the placement was also used to repay the long-term loan with the parent company AlmavivA.

From a financial point of view, there is a senior secured bond debt (Senior Secured Notes) for a value of € 250 million, maturing in five years (October 2022) and coupon at 7.25%.
The first half-yearly coupon was paid in 2021 (15.04.2021) and the second one (expected to be paid on 15.10.2021) is regularly set aside, each for an amount equal to € 9.063 million, for a total annual amount of 18.1 mln €.

In December 2020, a corporate reorganization was carried out which involved AlmavivA do Brasil; as a result, the debt was concentrated on the parent company AlmavivA SpA with the consequent annulment of the Intercompany credit items and an increase in the Net Financial Position of the parent company itself.
For 2021, financial management is expected to lead to a reduction in the Group's Net Financial Position.

2.2 Basis of consolidation

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

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.
  Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

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

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

- due to the entry, in January, of Almawave 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 Almawave 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 Almawave S.p.A. received the admission of its ordinary shares to trading on AIM Italia, a multilateral trading system organized and managed by Borsa Italiana S.p.A. On March 11, 2021, trading of Almawave shares began on AIM Italia. The shares placed on the market, as of March 31,2021, were n. 6,423,529 (which will become 7,058,823 including the shares relating to the total exercise of the greenshoe which took place in April 2021). Following this transaction, the share of AlmavivA S.p.A. in the capital of Almawave S.p.A. it changes from 100% to 75.69% as at March 31, 2021 to become 73.91% in April after the full exercise of the greenshoe option.

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 Almawave S.p.A.

Compared to the Consolidated financial statements ad of June 30, 2020, the consolidation area has changed:

- Due to the entry of Obda Systems S.r.l., as mentioned above;
- Due to the Listing of Almawave, 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 AlmavivA Digitaltec S.r.l. and Almawave 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 AlmavivA 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 AlmavivA S.p.A.;
- Due to the completion of the merger by acquisition of AlmavivA Participações and Serviços Ltda. ("AvPart") into AlmavivA do Brasil Telemarketing and Informática S.A.;
- Due to the exit of the PT. AlmavivA Indonesia Kontakt.

Compared to the Consolidated financial statements ad of June 30, 2020, the consolidation area has changed due to the entry of Obda Systems S.r.l., Spin Data S.r.l. and AlmavivA Saudi Arabia L.L.C., due to the change in the percentage of ownership of Almawave S.p.A. and due to the exit of the PT. AlmavivA Indonesia Kontakt, as well as for the incorporation of AlmavivA Participações into AlmavivA do Brasil.

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

Companies and method of consolidation	**Currency**	**Share held**	**At June 30, 2021**	**At December 31, 2020**	**At June 30, 2020**
AlmavivA S.p.A. (Parent Company) Rome, Italy	Euro	100,00%	Parent	Parent	Parent
Lombardia Gestione S.r.l. Milan, Italy	Euro	51,00%	Full	Full	Full
AlmavivA de Belgique S.A. Brussels, Belgium	Euro	100,00%	Full	Full	Full
Almaviva Digitaltec S.r.l. Naples, Italy	Euro	100,00%	Full	Full	Full
Wave S.r.l Pianoro, Italy	Euro	100,00%	Full	Full	Full
Sadel S.p.A. Castel Maggiore, Italy	Euro	84,05%	Full	Full	Full
Wedoo Holding S.r.l. Torino, Italy	Euro	55,00%	Full	Full	Full
Wedoo S.r.l. Torino, Italy	Euro	55,00%	Full	Full	Full
Wedoo LLC Michigan, U.S.	US Dollar	55,00%	Full	Full	Full
Spin Data (ex Arte) S.r.l. * Napoli, Italy	Euro	80,00%	Full	-	-
Almaviva Saudi Arabia LLC * Riyad, Saudi Arabia	Saudi Riyal	100,00%	Full	-	-
AlmavivA 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
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 Bogotà, Colombia	Colombian Peso	99,58%	Full	Full	Full
Italy Call S.r.l. Rome, Italy	Euro	100,00%	Full	Full	Full
AlmavivA Tunisie S.A. Ville de Tunisi, Tunisie	Tunisian Dinar	56,25%	Full	Full	Full
AlmavivA Services S.r.l. Iasi, Romania	Romanian Leu	100,00%	Full	Full	Full
Almawave S.p.A. Rome, Italy	Euro	73,91%	Full	Full	Full
Almawave do Brasil Ltda. San Paolo, Brazil	Brazilian Real	73,91%	Full	Full	Full
Pervoice S.r.l. Trento, Italy	Euro	73,91%	Full	Full	Full
Almawave USA Inc. San Francisco, U.S.	US Dollar	73,91%	Full	Full	Full
OBDA Systems S.r.l. *** Rome, Italy	Euro	44,35%	Full	-	-
Agrisian S.C.p.A. in liquidazione Rome, Italy	Euro	50,86%	Full	Full	Full

*Established in 2020

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

***Acquiered in 2021

Companies and method of consolidation (continued)	**Currency**	**Share held**	**At June 30, 2021**	**At December 31, 2020**	**At June 30, 2020**
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

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 June 30, 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 December 31, 2020, except for the adoption of new standards effective as of January 1st, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

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

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

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

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

Management judgement mainly refers to aspects such as:

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

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

Capitalization of development costs

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

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

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

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

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

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

Non-current assets (or disposal groups) whose carrying amount will be recovered through sale, rather than through ongoing use, are classified as held for sale and shown separately from the other assets in the statement of financial position. The liabilities associated with assets held for sale are also shown separately from the other liabilities in the statement of financial position. This only occurs when the sale is highly probable and the non-current assets (or disposal groups) are

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

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

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

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

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

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

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

Identification of cash-generating units (CGUs)
In application of IAS 36, the goodwill recognized in the 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: AlmavivA Contact S.p.A.; Alicos; AlmavivA do Brasil SA.; In Action; Atesia; AlmavivA Finance; Pervoice; Gempliss; Wave; Wedoo.

Recognition of government grants and other activities
As part of its research and development activities, the group incurs costs which may be fully or partially facilitated in the form of tax credit by virtue of the incentive mechanisms for technological innovation introduced first through art. 1, paragraph 35, of the law of 23 December 2014, n. 190 and recently reaffirmed with art. 1, paragraph 198-209, of the law of 27 December 2019, n. 160.
The recognition in the financial statements of these public grants is subject to reasonable certainty as to its reliable determination and recognition. These requirements are considered satisfied upon the release of specific technical reports commissioned by the companies of the group to specifically appointed professional firms with specific expertise in the matter. Where these reports are issued within the terms of preparation of the financial statements, the contribution is

recorded in the closing financial statements in compliance with the accrual criterion, thus also ensuring full correlation of the same with the costs incurred in the year against which itself is recognized.
As part of the Other Activities, the group also takes over an activity against a well-known insurance company for the recovery of which action has been initiated. At present, the Management assumes - also on the basis of the assessments made by the defense board of the Company regarding the full traceability of the claim to a contractual right protected in the insurance policy - that it has valid arguments to be able to support its position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.

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

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

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

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

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

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

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

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

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

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

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

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.

For the six months ended June 30, 2021

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	306,229	41,350	91,502	12,343	451,424	(0)	451,424
Inter-segment	1,736	2,247	79	2,410	6,472	(6,472)	0
Total revenues from contracts with customers	**307,965**	**43,597**	**91,581**	**14,753**	**457,896**	**(6,472)**	**451,424**
Income/(Expenses)							
Cost of raw materials and services	(139,890)	(8,439)	(22,422)	(6,577)	(177,327)	7,776	(169,551)
Personnel expenses	(123,098)	(35,072)	(51,633)	(4,824)	(214,628)	249	(214,379)
Depreciation and amortization and write-downs	(10,634)	(962)	(4,793)	(1,536)	(17,925)	209	(17,716)
Losses from sale of non-current assets	83	1	0	6	90	0	90
Other operating income	9,120	728	722	604	11,174	(1,456)	9,718
Other operating expenses	(5,068)	(400)	(26)	(41)	(5,536)	149	(5,387)
Operating Profit	**38,479**	**(548)**	**13,428**	**2,386**	**53,745**	**455**	**54,200**
% Revenue	*12.5%*	*n.d.*	*14.7%*	*16.2%*			*12.0%*
At June 30, 2021							
Total assets	**554,518**	**130,366**	**173,783**	**64,564**	**923,231**	**(43,905)**	**879,326**
Total liabilities	**386,803**	**52,676**	**34,986**	**25,675**	**500,140**	**(41,374)**	**458,765**

For the six months ended June 30, 2020

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Revenue							
Revenues from contracts with customers	262,009	45,384	114,620	9,753	431,767	(0)	431,767
Inter-segment	1,736	3,477	59	2,561	7,833	(13,103)	0
Total revenues from contracts with customers	**263,745**	**48,861**	**114,679**	**12,314**	**439,600**	**(13,103)**	**431,767**
Income/(Expenses)							
Cost of raw materials and services	(117,558)	(10,684)	(32,080)	(5,411)	(165,733)	9,139	(156,594)
Personnel expenses	(112,040)	(39,801)	(66,500)	(4,206)	(222,547)	189	(222,358)
Depreciation and amortization and write-downs	(11,270)	(1,628)	(5,685)	(1,296)	(19,879)	209	(19,670)
Losses from sale of non-current assets	0	56	0	0	56	0	56
Other operating income	8,396	343	423	259	9,421	(1,332)	8,089
Other operating expenses	(4,032)	(420)	(39)	(91)	(4,582)	161	(4,421)
Operating Profit	**27,241**	**(3,274)**	**10,800**	**1,569**	**36,336**	**533**	**36,869**
% Revenue	*10.3%*	*-6.7%*	*9.4%*	*12.7%*			*8.5%*
At December 31, 2020							
Total assets	**528,460**	**133,042**	**149,541**	**47,942**	**858,985**	**(41,447)**	**817,538**
Total liabilities	**377,040**	**54,712**	**30,657**	**23,124**	**485,533**	**(38,602)**	**446,930**

Reconciliation of Operating profit/(loss)

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

	For the six months ended June 30,	
(in thousands of Euro)	**2021**	**2020**
Segment profit	**54,200**	**36,869**
Finance income	297	436
Finance costs	(15,432)	(15,624)
Exchange gains/(losses)	(105)	(858)
Gains/(losses) on equity investments	0	0
Profit/(loss) from investments accounted for using equity method	(869)	0
Inter-segment income/expenses (elimination)	0	0
Profit/(loss) before taxes	**38,091**	**20,823**

Reconciliation of Total assets

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Segment operating assets	**879,326**	**817,538**
Deferred tax assets	23,719	14,770
Current financial assets	3,594	4,152
Non-current financial assets	1,240	1,229
Non-current assets held for sale	2,459	2,459
Total assets	**910,338**	**840,148**

Reconciliation of Total liabilities

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Segment operating liabilities	**458,765**	**446,930**
Non-current financial liabilities	317,928	317,233
Current financial liabilities	19,635	22,937
Current tax liabilities	30,635	27,650
Deferred tax liabilities	2	2
Total liabilities	**826,964**	**814,752**

Reconciliation of EBITDA

For the six months ended June 30, 2021

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	**38,479**	**(548)**	**13,428**	**2,386**	**53,745**	**455**	**54,200**
(+) Depreciation and amortization	10,634	962	4,793	1,536	17,925	(209)	17,716
(+) Losses from sale of non-current assets	(83)	(1)	0	(6)	(90)	0	(90)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**49,030**	**413**	**18,222**	**3,915**	**71,580**	**246**	**71,826**
% Revenue	*15.9%*	*n.d.*	*19.9%*	*26.5%*	*15.6%*		*15.9%*

For the six months ended June 30, 2020

(in thousands of Euro)	IT Services	CRM Europe	CRM International	Almawave New Technology	Total Segments	Adjustments, eliminations and other	Consolidated
Operating profit	**27,241**	**(3,274)**	**10,800**	**1,569**	**36,336**	**533**	**36,869**
(+) Depreciation and amortization	11,270	1,628	5,685	1,296	19,879	(209)	19,670
(+) Losses from sale of non-current assets	0	(56)	0	0	(56)	0	(56)
Earning before intersts, taxes, depreciation and amortization (EBITDA)	**38,511**	**(1,702)**	**16,485**	**2,865**	**56,159**	**324**	**56,483**
% Revenue	*14.6%*	*n.d.*	*14.4%*	*23.3%*	*12.8%*		*13.1%*

Geographic information

(in thousands of Euro)	At June 30, 2021	At June 30, 2020
Revenues from external customers		
Italy	355,448	313,775
Brazil	83,387	108,129
Tunisia	1,124	1,080
Colombia	7,082	5,473
Europe	3,133	2,980
Other	1,250	330
Total	**451,424**	**431,437**
Of which:		
Revenues recognized over the time	**441,303**	**422,389**
Revenues detected at a point in time	**6,062**	**7,763**

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

During the period ended June 30, 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:

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

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 60 thousand to Group revenues and a positive value of Euro 17 thousand to the Group's pre-tax profit.

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:

(in thousands of Euro)	Goodwill	Industrial patent and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible assets	Assets under construction	Total
At December 31, 2020	**39,461**	**26,402**	**732**	**19,888**	**18,336**	**104,818**
Additions	0	1,243	693	5	125	2,066
Capitalisation for internal projects	0	258	0	150	5,992	6,400
Amortization	0	(3,551)	(111)	(3,936)	0	(7,598)
Disposals	0	0	0	0	0	0
Reclassifications and other	0	5,467	0	6,708	(12,175)	0
Change in consolidation areea	0	0	0	0	0	0
Foreign exchange differences	31	499	104	0	21	655
At June 30, 2021	**39,492**	**30,318**	**1,418**	**22,815**	**12,299**	**106,342**

Group investments as at June 30, 2021 amounted to Euro 2,066 thousand, essentially related 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 6,400 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 30,318 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 7,598 thousand. The main amortisation rates adopted as at June 30, 2021 are included in the following intervals:

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

The exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro areas, amounting to Euro 655 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 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.

(in thousands of Euro)	At December 31, 2020	Exchange differences	Additions	Disposals	At June 30, 2021
Alicos	**2.007**				**2.007**
Almaviva Contact	**26.533**				**26.533**
Almaviva do Brasil	**1.748**				**1.748**
Almaviva Finance	**745**				**745**
Atesia	**44**				**44**
Gempliss	**198**				**198**
In Action	**1.017**				**1.017**
Pervoice	**314**				**314**
Wave	**5.121**				**5.121**
Wedoo	**630**				**630**
Third	**1.104**	31			**1.135**
Total	**39.461**	**31**			**39.492**

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

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

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

(in thousands of Euro)	Land and buildings	Plant and machinery owned and leased	Industrial and commercial equipment owned and leased	Other assets owned and leased	ROU Asset	Assets under construction and payments on account	Total
At December 31, 2020	**7,428**	**9,206**	**383**	**26,006**	**38,844**	**52**	**81,918**
Additions	0	1,919	61	3,027	17,049	481	22,535
Capitalisation for internal projects	0	0	0	10	0	0	10
Depreciation	(392)	(1,212)	(65)	(3,336)	(5,113)	0	(10,118)
Disposals	0	(2)	0	(64)	(8,303)	0	(8,369)
Reclassifications and other	0	0	0	32	198	(32)	198
Change in consolidation area	0	0	0	0	0	0	0
Foreign exchange differences	0	674	0	978	323	0	1,975
Historical cost	19,145	212,984	3,727	166,730	58,127	501	**461,214**
Accumulated amortization	(12,109)	(202,399)	(3,348)	(140,077)	(15,129)	0	**(373,062)**
At June 30, 2021	**7,036**	**10,585**	**379**	**26,653**	**42,998**	**501**	**88,152**

Property, plant and equipment amount to Euro 88,152 thousand as at June 30, 2021 compared to an amount of Euro 81,918 thousand as at December 31, 2020.

In the period, the line item increased by Euro 22.535 thousand due to the investments of the period and Euro 17,049 thousand due to the adoption of IFRS 16.

Depreciation in 2021 amounts to Euro 10,118 thousand.

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

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

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

The disposals amount to Euro 8,369 thousand and concern divestments in ROU asset.

The reclassifications and other are Euro 198 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 1,975 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 7,036 thousand related to the building located in Rome at Via dello Scalo Prenestino, owned by the IT Services.

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

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

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

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

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 June 30, 2021:

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Long-term loans	1,188	1,188
Others Equity investments	52	41
Non-current financial assets	**1,240**	**1,229**

Non-current financial receivables

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

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Amount failling due within 12 months	0	0
Amount failling due between 1-5 years	1,188	1,188
Non-current financial receivables	**1,188**	**1,188**

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

Investments on equity instruments

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

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

Other Equity investments

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Conai	1	1
Calpark	5	5
Banca Brutia	5	5
Uirnet	5	5
Consorzio Namex	3	3
Other	33	22
Total	**52**	**41**

Due to irrelevance of the investments in question, the Directors have measured these investments at cost and therefore the fair value has not been determined as reported in drafting criteria to which reference is made.
At June 30, 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 52 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 AlmavivA Group's Deferred tax assets as at June 30, 2021 and December 31, 2020:

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Deferred Tax Assets	**23,719**	**14,770**

The table below shows a breakdown of deferred tax assets by Italian and foreign subsidiaries for years ended June 30, 2021 and December 31, 2020:

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Italian subsidiaries	17,137	8,225
Foreign subsidiaries	6,582	6,545
Total Deferred Tax Assets	**23,719**	**14,770**

The Deferred tax assets related to Italian subsidiaries do not include tax losses due to inclusion in tax consolidation of parent company AlmavivA 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:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Balance at the beginning of the year	**14,770**	**12,833**
Increases	8,452	3,612
Decreases	0	0
Effect of currency translation	484	(1,885)
Other changes	13	210
Balance at the end of the year	**23,719**	**14,770**

The increase is mainly due to the deferred tax assets' provision (for Euro 8,537 thousand) related to the tax realignment of the goodwill in AlmavivA SpA, pursuant to Law Decree no. 104 - *Urgent measures to support and relaunch the economy* - Article 110 "*General revaluation of business assets and shareholdings 2020*".

Deferred tax assets amounted to Euro 23,719 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 1,646 thousand as at June 30, 2021 compared to an amount of Euro 1,491 thousand as at December 31, 2020, as illustrated in the table below:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Security deposits	1,088	805
Prepaid expenses	554	682
Other receivables	4	4
Other non-current assets	**1,646**	**1,491**

Prepaid expenses mainly refer to the training of AlmavivA Contact (Euro 211 thousand), AlmavivA Services (Euro 339 thousand) and AlmavivA Digitaltec (Euro 4 thousand).

13. INVENTORIES

Inventories of the Group are equal to Euro 8,874 thousand and are composed as follows:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Raw materials (at cost)	2,716	2,382
Work in progress (at cost)	1,713	2,055
Finished goods (at lower of cost and net realizable value)	4,445	3,700
Total inventories at the lower of cost and net realizable value	**8,874**	**8,137**

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 6,879 thousand, to AlmavivA S.p.A.is Euro 1,990 thousand and to Pervoice Euro 5 thousand.

14. CONTRACT ASSETS

On June 30, 2021, the Group had contract assets totalling Euro 41,169 thousand (Amount due from customers were Euro 37,322 thousand at December 31, 2020).

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Amount due from customers (gross)	30,274	26,408
Amount due from customers due to IFRS 15	10,895	10,914
Inventories and Amount due from customers	**41,169**	**37,322**

The overall increase of Euro 3,847 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 AlmavivA Group's Trade receivables as at June 30, 2021, and December 31,2020 together with the related gross amount, the amount retained as a guarantee and the bad debt provision.

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Trade receivables, gross amount	400,461	368,303
Trade receivables, amount retained as a guarantee	3,506	3,833
Bad debt provision	(21,131)	(21,106)
Trade receivables	**382,836**	**351,030**

Trade receivables increased by Euro 31,806 thousand in 2021, from an amount of Euro 351,030 thousand as at December 31, 2020 to an amount of Euro 382,836 thousand as at June 30, 2021.
Starting from 2018 financial year, the bad debt provision was determined by the practical expedient of the Provision Matrix for private customers. For customers in the public sector, the ECL (Expected Credit Loss) was determined based on information obtained from external info-providers.
The following table shows the ageing of the gross amount of trade receivables, excluding the portion retained by customers as a guarantee, as at June 30, 2021 and December 31, 2020:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Amount not yet due	318,086	308,966
Amount due by less than 30 days	16,439	9,292
Amount due between 30-60 days	6,241	3,687
Amount due between 61-90 days	8,903	1,235
Amount due between 91-120 days	4,586	943
Amount due by more than 120 days	46,206	44,180
Trade receivables, gross amount	**400,461**	**368,303**

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

The entity – supported by an internal and external legal opinion further substantiated by recent case-law – considers pre-deductible the net receivables from Alitalia Società Aerea Italiana S,p,A, (for an amount equal to Euro 5,999 thousand).

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

It should be noted that Note 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 June 30, 2021 and December 31, 2020:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Balance at the beginning of the year	**21,106**	**21,037**
Provisions	26	85
Uses	0	(22)
Other	(1)	6
Balance at the end of the year	**21,131**	**21,106**

16. CURRENT FINANCIAL ASSETS

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

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Current financial assets	**3,594**	**4,152**

The current financial assets are all instrumental for operating activities and refer primarily to AlmavivA 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 162,068 thousand as at June 30, 2021 compared to Euro 133,147 thousand as at December 31, 2020.
The amount is composed as follow:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Receivables due from personnel	3,669	3,578
Receivables due from social security institutions	2,105	1,987
Receivables due from tax autorithies	55,022	39,601
Receivables related to tax consolidation	32,529	32,177
Prepaid expenses	19,385	11,468
Advances to suppliers	4,946	3,686
Sundry items	44,412	40,650
Other current assets	**162,068**	**133,147**

Other current assets increase by Euro 28,921 thousand in 2021, corresponding to a 21,7 % 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 2,105 thousand (Euro 1,987 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 AlmavivA Contact employees.

Tax consolidation credits for Euro 32,529 thousand derive from the transfer to the parent company AlmavivA Technologies S.r.l. of the tax positions of the companies adhering to the institution in question.

Prepayments for Euro 19,385 thousand include future costs mainly of AlmavivA SpA (Euro 19,058 thousand), AlmavivA Services (Euro 272 thousand), AlmavivA Contact (Euro 733 thousand), Almawave (Euro 90 thousand) and to a lesser extent of the other Group companies.

Receivables from the tax authorities are divided into (i) credits for direct taxes equal to Euro 4,795 thousand relating to AlmavivA S.p.A. for Euro 3,844 thousand, AlmavivA Contact for Euro 286 thousand, Agrisian for Euro 345 thousand, Almawave Euro 187 thousand and to a lesser extent to the other Group companies; (ii) receivables for indirect taxes equal to Euro 50,227 thousand relating mainly to AlmavivA S.p.A., AlmavivA Services and the Brazilian companies. Related to the receivables of AlmavivA SpA for indirect taxes, the credit for the Group VAT equal to Euro 35,407 thousand (Euro 21,007 thousand as at December 31, 2020) is included.

Advances to suppliers increased by Euro 1,260 thousand, passing from Euro 3,686 thousand as at December 31, 2020 to Euro 4,946 thousand as at June 30, 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 AlmavivA Contact to former employees in respect of a reinstatement judgment readily contested through an appeal in the process of being settled;
    - the credit for the request for reimbursement, submitted to a well-known insurance company, of the legal costs incurred in the context of a dispute initiated in the United States by an American company (the "US Litigation") against some of the companies of the AlmavivA Group (collectively the “AlmavivA Companies”), as well as third parties. The US litigation ended - both at first and second instance - with the rejection, also confirmed by the Supreme Court of the United States of America, of all the claims made by the American company, with compensation of the expenses. In order to obtain reimbursement of the legal expenses incurred in the US Litigation, the AlmavivA Companies, by virtue of a policy called "Directors' Civil Liability Insurance" signed with a well-known insurance company, took action against the contracting insurance company. Currently, the request for reimbursement of legal costs and damages is pending an appeal judgment proposed by the AlmavivA Companies.
      The AlmavivA Companies currently believe - also on the basis of the assessments made by their defense board regarding the full traceability of the claim to a contractual right protected in the insurance policy - that they have valid arguments to be able to support their position, the instrumentality of the reserves and exceptions moved by the insurance company and, consequently, to be able to subvert the outcome of the first degree sentence.
      In consideration of these aspects, the receivable from the insurance company continues to be considered deriving from a contractual right and, at present, fully recoverable.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 88.002 thousand as at June 30, 2021 compared to Euro 98,569 thousand as at December 31, 2020. The line item refers to credit balances at banks in existence at the end of each period and the amounts held at the Group treasuries. These voices are not subject to any restriction and are not foresee disinvestment costs.

19. NON-CURRENT ASSETS HELD FOR SALE

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

20. SHAREHOLDERS' EQUITY

The total Shareholders' equity amount to Euro 83,374 thousand as at June 30, 2021 compared to Euro 25,397 thousand as at December 31, 2020.
The composition of the Shareholders' equity is as follows:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Share capital	154,899	154,899
Share premium reserve	17,788	17,788
Legal reserve	*12,465*	*7,619*
Other reserves:		
FTA reserve	*4,493*	*4,493*
OCI reserve	*2,153*	*3,192*
Translation reserve	*(46,709)*	*(54,348)*
Other reserves	*(110,407)*	*(148,561)*
	(150,470)	(195,223)
Profit/(loss) for the year	33,208	35,143
Total group shareholders' equity	***67,893***	***20,228***
Reserves pertaining to NCIs:		
Translation reserve	*(1,032)*	*(1,088)*
Other reserves	*15,673*	*5,250*
	14,641	4,162
Profit/(loss) for the year pertaining to NCIs	840	1,006
Total non-controlling interests	***15,481***	***5,168***
Total Shareholders' equity	**83,374**	**25,396**

The increase in Equity of the AlmavivA Group, equal to Euro 57,978 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 Almawave which resulted in an increase of the share capital of the subsidiary and the recognition of the share premium reserve net of the listing costs incurred (all equal to Euro 27,667 thousand), (ii) by the distribution of reserves approved by AlmavivA SpA in March 2021 (for an amount of Euro 10,400 thousand).

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

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

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

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

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

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

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

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

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

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

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

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

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

Translation reserve
The Translation reserve concerns the exchange differences from the translation to Euro of the financial statements of companies operating in non-Euro value.
As at June 30, 2021, it totalled negative Euro 47,741 thousand (of which the Group's share was a negative Euro 46,709 thousand and the portion pertaining to non-controlling interests amounted to negative Euro 1,032 thousand).

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

Other reserves
The Other reserves equalled to a negative Euro 110,407 thousand as at June 30, 2021 (negative Euro 148,561 thousand as at December 31, 2020) and the portion pertaining to non-controlling interests amounted Euro 15,673 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 June 30, 2021 is summarised in the following table.

(Thousand of Euro)	*Nota*	al 30.06.2021	al 31.12.2020
Total non-current financial debt	*23*	(317,928)	(317,233)
Total current financial debt	*16-18-27*	71,961	79,784
Non-current financial receivables	*10*	1,240	1,229
Total financial net debt ("Debt")		**(244,727)**	**(236,220)**
Total Group shareholders' equity	*20*	67,893	20,228
Total non-controlling interests	*20*	15,481	5,168
Total shareholders' equity ("Equity")	*20*	**83,374**	**25,397**
Debt/Equity Index		**(2.94)**	**(9.30)**

21. LIABILITIES FOR EMPLOYEE BENEFITS

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

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Liabilities for employee benefits	**47,120**	**48,531**

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

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Balance at the beginning of the year	**48,531**	**51,286**
Change of the consolidatement area	0	0
Service cost	450	756
Interest cost	640	1,371
Payments / Utilizations	(3,540)	(4,611)
Actuarial gains/(losses) recognized in OCI	1,039	(271)
Balance at the end of the year	**47,120**	**48,531**
of which:		
Non-current portion	46,904	45,413
Current portion	216	3,118

22. PROVISIONS

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

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Non-current portion of provisions for risks and charges	6,132	5,836
Current portion of provisions for risks and charges	7,704	11,249
Provisions for risks and charges	**13,836**	**17,085**

The line item decreased by Euro 3,249 thousand in 2021, from Euro 17,085 thousand as at December 31, 2020 to Euro 13,836 thousand as at June 30, 2021.

(in thousands of Euro)	Provision for taxes	Provision for redundacy incentives	Provision for guarantees granted	Provisions for legal disputes	Other provisions for risks and charges	Total
Balance as at January 1, 2021	**66**	**4.443**	**134**	**3.211**	**9.231**	**17.085**
Accruals	0	0	0	138	2.129	2.267
Utilizations	0	0	0	0	(1.833)	(1.833)
Decreases	0	(3.421)	0	(327)	(78)	(3.826)
Other changes not recorded through income statement	0	0	0	143	0	143
Balance as at June 30, 2021	**66**	**1.022**	**134**	**3.165**	**9.449**	**13.836**
of which:						
Non-current portion	66	22	134	0	5.910	6.132
Current portion	0	1.000	0	3.165	3.539	7.704

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

Information and comments on the various provisions are provided below.

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

Provisions for redundancy incentives
"Redundancy fund" equal to Euro 1,022 thousand (at December 31, 2020 Euro 4,443 thousand) mainly relating to employees of AlmavivA SpA who have accrued in 2020 the pension requirement through "quota 100", early retirement, woman option (in this last case, the requirements must be completed by December 31, 2020) and that they had voluntarily decided to join the exit from the company.

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

Provisions for legal disputes
Provision for legal disputes of Euro 3,166 thousand registered by the IT Services Sector for Euro 1,082 thousand, by the CRM Europe Sector for Euro 124 thousand, by the CRM International Sector for Euro 1.949 thousand and Euro 10 thousand by the Almawave Sector - New Technology.

Other provisions
The line items, including non-current and current portion, for a total of Euro 9,449 thousand (Euro 9,231 thousand at December 31, 2020) relating to prudential provisions on commercial risks relating to penalties for Euro 2,338 thousand of AlmavivA SpA, for Euro 65 thousand of AlmavivA Contact for Euro 89 thousand of Lombardia Gestione; the Project Workers stabilization fund for Euro 557 thousand of AlmavivA Contact, provisions for disputes both towards personnel and for other civil disputes for Euro 98 thousand of AlmavivA Contact, commercial guarantee funds for Euro 4,491 thousand of AlmavivA SpA and Euro 490 thousand of Sadel, the liquidation costs provision recorded for Euro 1,321 thousand from Agrisian by virtue of current obligations under the law. The change in other provisions for risks refers to the provision for the emergence of new risks and charges.

23. NON-CURRENT FINANCIAL LIABILITIES

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

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Banks	21,718	26,320
Bond	244,792	242,973
Amounts due to other lenders	15,184	14,358
Financial liabilities associated with leasing	36,234	33,582
Non-current financial liabilities	**317,928**	**317,233**

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

(in thousands of Euro)	At January 1, 2021	Proceeds from borrowings	Repayements of borrowings	Reclassification and other adjustments	At June 30, 2021
AlmavivA S.p.A.	266,332	1,374	(5,556)	1,819	263,969
Sadel S.p.A.	290	1,300	(172)	(114)	1,304
AlmavivA do Brasil	5,929	0	0	(564)	5,365
SIMEST Operation	11,000	0	0	0	11,000
Wedoo S.r.l.	100	0	0	(52)	48
Obda Systems S.r.l.	0	0	0	8	8
Financial liabilities associated with leasing	33,582	13,255	(1,779)	(8,824)	36,234
Non-current financial liabilities	**317,233**	**15,929**	**(7,507)**	**(7,727)**	**317,928**

As regards the monetary movements of the period, it should be noted that as at June 30, 2021 the opening of loans amounted to Euro 15,929 thousand and the repayments of loans amounted to Euro 7,507 thousand.

Long-term financial liabilities of Euro 317,928 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 June 30, 2021 of Euro 244,792 thousand.
Liabilities to banks equal to Euro 21,718 thousand relate to AlmavivA SpA (Euro 15,001 thousand) for the drawing of the Revolving line, to AlmavivA do Brasil (Euro 5,365 thousand), Wedoo Srl (Euro 48 thousand), and to Sadel (Euro 1,343 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 15,184 thousand mainly refer to subsidized loans received on projects financed by AlmavivA SpA (Euro 4,176 thousand), by Obda Sustems (Euro 8 thousand) and for Euro 11,000 thousand relating to the debt to Simest.
In particular, Non-current financial liabilities to Simest, in the amount of Euro 11,000 thousand, relate to the portion of share capital and the share premium of AlmavivA do Brasil subscribed by SIMEST. This transaction makes provision, inter alia, for the irrevocable obligation of the subsidiary AlmavivA Contact to acquire from SIMEST (which has committed to sell) the shares subscribed by the latter by June 30, 2023. There are several conditions that can anticipate the date of exercise of the options, which in any case cannot fall before June 30, 2019. As the conditions laid out in IAS 32 "Financial instruments: presentation" were met, the entire amount subscribed by Simest was classified under financial liabilities and measured in accordance with the requirements laid out in IAS 39 "Financial instruments: recognition and measurement".

Non-current financial liabilities deriving from the adoption of IFRS 16 are equal to Euro 36,234 thousand, the reclassifications for Euro 8,824 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.

(in thousands of Euro)	> 12 months	< 5 years	> 5 years
Banks	21,718	21,718	0
Bond	244,792	244,792	0
Amounts due to other lenders	15,184	15,184	0
Financial liabilities associated with leasing	36,234	36,234	0
	317,928	**317,928**	**0**

24. DEFERRED TAX LIABILITIES

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

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Deferred tax liabilities	**2**	**2**

	For the six months ended June 30, 2021	**At December 31, 2020**
Balance at the beginning of the year	**2**	**1.394**
Increases	0	0
Decreases	0	(1.392)
Balance at the end of the year	**2**	**2**

Deferred tax liabilities refer exclusively to AlmavivA 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 LIABILITES

Other non-current liabilities amount to Euro 679 thousand as at June 30, 2021 compared to an amount of Euro 808 thousand as at December 31, 2020, as illustrated in the table below:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Deferred income on capital grants	679	808
Other non-current liabilities	**679**	**808**

The fully amount refers to deferred income on capital grants.

26. TRADE PAYABLES

Trade payables amounts to Euro 275,631 thousand as at June 30, 2021 compared to an amount of Euro 270,844 thousand as at December 31, 2020 as illustrated in the table below:

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Trade payables	**275,631**	**270,844**

They mainly include payables for the provision of services, as well as those relating to various services for activities carried out in the year. More specifically, trade-related payables past due amounted to Euro 75,932 thousand (Euro 69,093 thousand in 2020), while those falling due in under 12 months amounted to Euro 199,699 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:

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Payables due to banks	5,639	6,719
Current portion bonds	3,764	3,834
Payables due to other lenders	452	725
Financial lease payables	0	2
Accrued liabilities from financial expenses	281	251
Other financial payables	25	0
Financial liabilities for leasing IFRS 16	9,474	11,406
Current financial liabilities	**19,635**	**22,937**

Short-term financial liabilities of Euro 19,635 thousand refer to payables for short-term loans taken out with banks, the portion of payables for interest accrued vis-à-vis bondholders whose payment is set for October 15, 2021.
The item includes payables for the financial leases, primarily AlmavivA do Brasil, financial accruals and sundry short-term payables.

28. TAX PAYABLES

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

(in thousands of Euro)	At June 30, 2021	At December 31, 2020
Income taxes	3,048	1,422
Other taxes	27,587	26,228
Tax payables	**30,635**	**27,650**

Tax payables amount to Euro 30,635 thousand as at June 30, 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 June 30, 2021 are reported below:

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
Payables due to social security institutions	12,362	18,700
Payables due to personnel	50,825	34,850
Miscellaneous payables	41,924	38,474
Deferred income	16,389	17,639
Other current liabilities	**121,500**	**109,663**

The line item increments by Euro 11,837 thousand in 2021, from an amount of Euro 109,663 thousand at December 31, 2020 to an amount of Euro 121,500 thousand at June 30, 2021. The increment of the period is around 10.8%.

The payables due to social security and welfare institutions amounted to Euro 12,362 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 June, which was paid in the first few days of July 2021, as per the ordinary management of the payments of wages and salaries.

Miscellaneous payables of Euro 41,924 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 AlmavivA Technologies S.r.l.

Deferred income of Euro 16,389 thousand related to the economic components pertaining to future years.

30. REVENUE

Revenue from contracts with customers for each of the periods ended on June 30, 2021, and 2020 are reported in the following table:
Please consider that label "Revenue" has to be read as "Revenues from contracts with customers" as defined in IFRS 15.

	For the six months ended June 30,	
(in thousands of Euro)	**2021**	**2020**
Revenues from sales and services	441,303	422,389
Revenues from sale of goods	6,062	7,763
Revenues from contract work in progress	4,059	1,615
Revenues from contracts with customers	**451,424**	**431,767**

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.

(in thousands of Euro)	For the six months ended June 30, 2021	2020
Type of goods or service		
ICT Services rendered	312,510	263,999
CRM Services rendered	132,852	160,004
Goods transferred in Transportation business	6,062	7,763
Total revenue from contracts with customers	**451,424**	**431,767**

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

Revenues increased by Euro 19,657 thousand from Euro 431,767 thousand for the period ended June 30, 2020 to Euro 451,424 thousand for the period ended June 30, 2021.

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

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

(in thousands of Euro)	For the six months ended June 30, 2021	2020
IT Services	306,229	262,009
CRM Europe	41,350	45,384
CRM International	91,502	114,620
Almawave – New Technology	12,343	9,753
Revenues from contracts with customers	**451,424**	**431,767**

The revenues of the IT Services segment as at June 30, 2021 arose by Euro 306,229 thousand, with a growth equal to 16.9% compared to the previous year. This increase is due mainly to the growth in revenues, the increase in demand for services, with respect to customers of Transport, Welfare, International – UE Activities, Heatlh, Treasury and Public Finance, Banking and Insurance business areas. This growth was partially offset by a reduction in revenues attributable to Ministries, Agriculture-Environment area and in other areas.

The revenues of the CRM Europe segment recorded a decrease of Euro 4,034 thousand (8,9 %) in the period ended as at June 30, 2021 compared to the previous period. The decrease mainly concerned the Telco, Transport and Utilities areas, partially offset by an increase in Government and Other areas.

The revenues of the CRM International segment recorded a decrease of Euro 23,118 thousand, 20.2% as at June 30, 2021 when compared to the previous period. The decrease is related to Telco/Media and Finance areas, partially offset by an increase in other areas.

The revenues of the Almawave-New Technology segment rose by Euro 2,590 thousand, 26,6% 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.

AlmavivA 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 June 30, 2021, based on the contracts already acquired by the Group, amount to Euro 1,369.943 thousand, of which Euro 458,342 thousand to be absorbed within the current year and of which Euro 911,601 thousand to be absorbed beyond the current year.

31. OTHER INCOME

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

(in thousands of Euro)	For the six months ended June 30,	
	2021	**2020**
Recovery of personnel costs	618	430
Recovery of costs of service provision	1,789	1,092
Recovery of costs of use of assets	11	24
Reversal of provisions	1,833	2,333
Other income	3,768	3,081
Operating grants	745	517
Reversal of over-accruals of trade payables	954	612
Other income	**9,718**	**8,089**

Other income are equal to Euro 9,718 thousand (Euro 8,089 thousand at June 30.2020) and are mainly related to: (i) the absorption of other ordinary provisions for guarantees; (ii) to the recovery of personnel costs; (iii) to the recovery of costs of service provision (equal to respectively Euro 1,833 thousand, Euro 618 thousand, Euro 1,789 thousand) connected to personnel seconded to third parties and to the complex of activities and services rendered to third parties; (iv) to other proceeds for adjustments of items allocated in previous years.

32. COST OF RAW MATERIALS AND SERVICES

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

(in thousands of Euro)	For the six months ended June 30,	
	2021	**2020**
Raw materials, consumables, supplies and goods	20,460	16,023
Costs for services	148,169	139,750
Costs of use of third party assets	2,562	3,101
Costs for services capitalised for assets created internally	(1,096)	(2,122)
Changes in inventories	(544)	(158)
Cost of raw materials and services	**169,551**	**156,594**

The item increased by Euro 12,957 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 22,332 thousand, from an amount of Euro 117,558 thousand in 2020 to Euro 139,890 thousand in 2021), in the CRM Europe segment (in which the costs for services decrease by Euro- 2,246 thousand from Euro 10,684 thousand in 2020 to Euro 8,439 thousand in 2021), in Almawave-New Technology segment (increase in costs of Euro 1,166 thousand, up from Euro 5,411 thousand in 2020 to Euro 6,577 thousand in 2021) and in the CRM International segment (due to the decrease of the costs for services for Euro 9,658 thousand from Euro 32,080 thousand in 2020 to Euro 22,422 thousand in 2021). Other changes are related to intersectoral costs of Euro 1,363 thousand.

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

(in thousands of Euro)	**For the six months ended June 30,**	
	2021	**2020**
Maintenance	18,693	14,101
Insurance	1,446	1,260
Consultancy and professional services	77,580	63,215
Advertising, promotion and entertainment	432	126
Telephone expenses	2,135	2,588
Travel and stays	709	1,182
Energy and fluids	3,498	4,370
Distribution and warehousing	1,344	2,576
Other costs for services	42,332	50,328
Costs for services	**148,169**	**139,746**

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 June 30, 2021 and 2020 are broken down as follows:

(in thousands of Euro)	**For the six months ended June 30,**	
	2021	**2020**
Salaries and wages	173,900	182,310
Social security contributions	34,357	34,151
Employee benefit expenses	7,996	8,587
Other costs	1,435	1,269
Agency work	2,005	1,498
Personnel expenses capitalised for assets created internally	(5,314)	(5,478)
Personnel expenses	**214,379**	**222,358**

Personnel expenses decreased by Euro 7,979 thousand, or 3.6%, from Euro 222,358 thousand in the period ended June 30, 2020 to Euro 214,379 thousand in the period ended June 30, 2021.

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

	At June 30, 2021	At June 30, 2020
Executives	258.8	252.7
Middle managers	926.7	880.0
White-collar employees	42,975.0	45,989.8
Total Group average employees	***44,160.5***	***47,122.5***
Agency workers	111.0	96.5
Total workforce	***44,271.5***	***47,219.0***

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

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

(in thousands of Euro)	For the six months ended June 30,	
	2021	2020
Industrial patent and intellectual property rights	3,551	3,352
Concession, licence and trademarks	111	474
Other	3,936	3,016
Total Amortisation	***7,598***	***6,841***
Civil and industrial buildings	392	391
Industrial and commercial equipment	65	58
Plants and machinery owned	1,212	1,529
Other assets owned and leased	3,336	3,223
ROU Asset - Civil and industrial buildings IFRS16	4,555	7,097
ROU Asset - Other assets owned and leased IFRS16	558	530
Total Depreciation	***10,118***	***12,828***
Total Depreciation and Amortisation	**17,716**	**19,670**

(in thousands of Euro)	For the six months ended June 30,	
	2021	2020
Disposals of Intangible Assets	1	(52)
Disposals of Tangible Assets	89	108
Total losses from sale on non-current assets	**90**	**56**

35. OTHER EXPENSES

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

(in thousands of Euro)	For the six months ended June 30,	
	2021	**2020**
Provisions for risks	2,129	1,671
Taxes and duties	118	166
Membership fees	370	356
Other expenses	2,645	1,795
Other operating expenses	**5,387**	**4,421**

Other operating expenses increased by Euro 966 thousand, or 21.9%, from Euro 4,421 thousand in the period ended on June 30, 2020 to Euro 5,387 thousand in the period ended on June 30, 2021. Net allocations to provisions for risks and charges were booked by the IT Services segment. Information on the provisions for risks and charges is provided in Note 22, to which the reader is referred. Other operating costs which include almost exclusively the economic effect recorded due to the settlement of previous receivables.

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

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

	For the six months ended June 30,	
(in thousands of Euro)	**2021**	**2020**
Financial income	297	436
Financial expenses	(13,541)	(13,272)
Exchange gains/(losses)	(105)	(858)
Financial expenses for leasing IFRS 16	(1,891)	(2,352)
Net financial result	**(15,240)**	**(16,047)**

As per the previous table, the result of financial income and expenses was negative Euro 16,047 thousand as at June 30, 2020, compared to a negative result of Euro 15,240 thousand as at June 30, 2021.

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 June 30, 2020 and 2021.

(in thousands of Euro)	For the six months ended June	
	2021	2020
Other gains on equity investments	0	0
Share of lossesa from investments accounted for using equity method	(869)	0
Net result from equity investments	**(869)**	**0**

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

38. INCOME TAXES

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

(in thousands of Euro)	For the six months ended June 30,	
	2021	2020
Italian Companies		
IRAP (Regional business tax)	2,048	1,382
IRES (Corporate income tax)	6,704	5,604
(Income) expenses from compliance with tax consolidation	(432)	(914)
	8,320	**6,072**
Foreign companies		
Other current taxes	4,171	3,263
	4,171	**3,263**
Current Taxes	**12,491**	**9,335**
Italian Companies		
IRAP (Regional business tax)	(1)	137
IRES (Corporate income tax)	(8,899)	(560)
	(8,900)	**(423)**
Foreign companies		
Other deferred taxes	448	(7,725)
	448	**(7,725)**
Deferred taxes	**(8,452)**	**(8,148)**
Income taxes for the year - Non recurring portion	**5**	**(249)**
Total Income taxes	**4,044**	**938**

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

39. INCOME TAXES RECONCILIATION

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

(in thousands of Euro)		For the six months ended June 30,			
		2021		2020	
Income before taxes		**38,091**	**100.0%**	**20,823**	**100.0%**
Theoretical taxes (*)		***9,142***	***24.0%***	***4,997***	***24.0%***
Effective tax charge		**4,044**	**10.6%**	**938**	**4.5%**
differences between theoretical and effective tax charge		**(5,098)**	**-13.4%**	**(4,059)**	**-19.5%**
1) different foreign tax rates		1,273	3.3%	(1,290)	-6.2%
2) permanent differences:					
	2a) IRAP and other italian regional taxes	2,048	5.4%	1,382	6.6%
	2b) taxes of prior periods	5	0.0%	(249)	-1.2%
	2c) tax credit R&D	0	0.0%	0	0.0%
	2d) consolidation adjustments	98	0.3%	98	0.5%
	2e) IAS 19	0	0.0%	0	0.0%
	2f) other differences (**)	(8,522)	-22.4%	1,568	7.5%
Total differences		**(5,098)**	**-13.4%**	**1,509**	**7.2%**

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

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

40. GUARANTEES AND COMMITTMENTS

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

- personal guarantees of Euro 219,627 thousand (Euro 218,697 thousand as at December 31, 2020), which are "in favour of subsidiaries" recorded by AlmavivA S.p.A. for co-obligations issued to various insurance companies in the interest of Agrisian S.C.p.A. in Liquidation amounting to Euro 206,583 thousand and relative to the contract with the Ministry of Agricultural and Forest Resources; "in favour of other parties" in the amount of Euro 13.044 thousand, guarantees recorded by Lombardia Gestione of Euro 89 thousand for the execution of the service agreement and AlmavivA Contact S.p.A. in the amount of Euro 11,741 thousand; Sadel S.p.A.in the amount of Euro 284 thousand.
- collateral given of Euro 88,385 thousand refers to 100% pledges of shares held by AlmavivA S.p.A. in AlmavivA Contact S.p.A. (Euro 3,000 thousand); Euro 67,771 thousand pledges on the shares held by AlmavivA S.p.a. in AlmavivA do Brasil Telemarketing Informatica S.A.; Euro 17,614 thousand pledges on the shares held by AlmavivA Contact S.p.A. in AlmavivA do Brasil. In order to guarantee the fulfilment of the secured credits, the following have been established: a pledge agreement on the Commercial Credits and intra-group items of AlmavivA SpA and any other credit that AlmavivA SpA owns towards AlmavivA Technologies; a pledge agreement on trade receivables

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

Other guarantees, commitments and risks

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

41. RISKS AND OTHER INFORMATION

Credit risk

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

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

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

(in thousands of Euro)	**At June 30, 2021**	**At December 31, 2020**
- Amount falling due	318,086	308,966
- Past due	61,244	38,231
Trade receivables net of Bad debt provision	**379,330**	**347,197**

Liquidity risk

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

Exchange rate risk

Exposure to the risk of exchange rates changing derives from the company's transactions in Non-Euro currencies (mainly the Brazilian Real) and affects the consolidated financial statements (economic result and shareholders' equity) due to translating assets and liabilities of companies that draft their financial statements with functional currency other than the Euro. The risk arising from translating assets and liabilities of companies that draft their financial statements with Non-Euro functional currency is not usually subject to hedging, barring another specific assessment. The consolidated financial statements at June 30, 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 AlmavivA Group's competent departments that provided, for the drafting of the financial statements, a comprehensive and exhaustive overview of the different proceedings in progress. In respect of these disputes, the company, also with the help of the opinions provided by the Group's external legal representatives, carried out an accurate assessment of the risk of being the losing party which determined the recognition of the appropriate provisions for disputes likely to have a negative outcome and, which could be reasonably quantified, as represented and commented on in these notes, under "Provisions for risks and charges" - Note 22. For those proceedings whose negative outcome, owing to the different case law positions, was only considered possible, no specific allocations were made in accordance with the regulations governing the drafting of the financial statements.

Contingent liabilities

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

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

AlmavivA S.p.A.

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

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

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

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

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

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

TAR partially accepted the appeal, ruling positively on the request for compensation. 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 AlmavivA S.p.A. (Agent of RTI with Engineering Ingegneria Informatica S.p.A. and Sistemi Informativi Geografici S.r.l.)/ Consip S.p.A./ RTI Agriconsulting S.p.A. (Agent of RTI Consorzio Stabile Arcodrea Engineering Soc. Consortile a r.l., Consorzio Stabile Reply Public Sector, Agrifuturo Soc. Coop. a mutualità prevalente, CGR Compagnia Generale Ripreseaeree S.p.A.) / Ministero delle politiche agricole alimentari e forestali/ Ministero dell'economia e finanze/ Agenzia per le erogazioni in agricoltura/ Autorità nazionale anticorruzione

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

RTI AlmavivA S.p.A. (Agent of RTI with Fastweb S.p.A. and Consorzio Reply Public Sector)/ Consip S.p.A./ Ministero dell'Istruzione/ Ministero dell'Università e della Ricerca/ Enterprise Services Italia S.r.l. (Agent of RTI with Leonardo S.p.A.)/ Engineering Ingegneria Informatica S.p.A. (Agemt of RTI with Accenture 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.. At the outcome of the hearing in the council chamber on July 14, 2021, the case was withheld for decision.

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./ AlmavivA 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 AlmavivA 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. The hearing date was held on May 26, 2021. With a sentence of July 12, 2021, the Campania's TAR rejected the appeal of the RTI SETI.

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

Engineering lodged an appeal at Sardegna TAR for the cancellation, after the adoption of precautionary measures, of the award provision in favor of the RTI AlmavivA 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 AlmavivA (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 AlmavivA of lot 1 of the tender for the acquisition of services relating to software production and maintenance in a Microsoft environment and PHP - ID 2225, adopted by Consip. With a sentence of 19 July 2021, the Lazio's TAR accepted the appeal of the RTI NTT DATA. The terms for the appeal are pending.

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

TLS lodge an appeal at Lazio TAR for the cancellation of the award provision in favor of AlmavivA 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. The hearing date was set for 29 September 2021.

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

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

AlmavivA Contact S.p.A.

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

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

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

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

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

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

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

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

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

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

AlmavivA Digitaltec S.r.l.

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

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

The RTI Exprivia and Telecom Italia, with independent appeals, lodged an appeal to the Lazio's TAR for the cancellation, upon the adoption of precautionary measures, of the award provision in favor, among other things, of the AlmavivA RTI of lot 3 of the "tender open procedure divided into n. 9 lots pursuant to Legislative Decree no. 50/2016 and subsequent amendments for the conclusion of a Framework Agreement pursuant to Legislative Decree no. 50/2015 concerning the assignment of application services from a cloud perspective and the assignment of PMO services for Public

Administrations - ID 2212 ", adopted by Consip. The precautionary hearing in the council chamber was held on 23 June 2021. The hearing on the merits was set for 17 November 2021.

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

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

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

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 6 months of 2021, hearings were held for discussion of more than half of the registered cases. The Attorney General at the Court of Cassation concluded for the rejection of all the appeals discussed (for inadmissibility and / or groundlessness).
On May 6, 2021, the sentences that rejected the appeals of over 680 workers were filed by the Court of Cassation, confirming the sentences of appeal.
The appeals still pending concern on the whole the same reasons already decided by the Court of Cassation.

44. TRANSACTIONS WITH RELATED PARTIES

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

shareholders of the company preparing the financial statements and companies that have a manager with strategic responsibilities in common with the company preparing the financial statements.

Jointly controlled companies, associated companies and subsidiaries excluded from the consolidation area are indicated in the annex "Companies and significant equity investments at June 30, 2021" which is considered an integral part of these notes;
The amounts of commercial, other and financial relationships with related parties and the nature of the most significant transactions are indicated below.

Trade and other relations

Trade and other relations are analysed as follows:

(in thousands of Euro)	At June 30, 2021		For the six months ended June 30,, 2021			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	32,671	29,998	150	0	0	2
Relationships with the controlling companies valued at equity method						
Consorzio Hypertix	68	0	0	0	0	0
Sin Srl	15,408	167	0	0	21,794	382
TVEyes L.T.	5	0	0	0	0	8
Almaviva CCID	119	0	0	0	0	0
Consorzio Namex	0	0	11	0	0	0
Other						
Elvit Consultoria e Partcipacoes LTDA	0	0	21	0	0	0
Totale	**48,271**	**30,165**	**182**	**0**	**21,794**	**392**

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

(in thousands of Euro)	At June 30, 2020		For the six months ended June 30,, 2020			
	Receivables	Payables	Costs of Services	Other Costs	Revenues from Services	Other Income
Relationships with the controlling company of AlmavivA S.p.A.						
AlmavivA Technologies Srl	28,441	13,180	75	0	0	1
Relationships with the controlling companies valued at equity method						
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
Almaviva CCID	112	1	0	0	0	2
PT Almaviva Indonesia Kontak	3	0	0	0	0	0
Other						
Elvit Consultoria e Partcipacoes LTDA	0	0	14	0	0	0
Totale	**47,168**	**13,439**	**180**	**0**	**6,474**	**195**

45. SUBSEQUENT EVENTS

- The use of smart working, which has affected most of the employees of Italian companies, is still ongoing.

- KLINE S.r.l. - ACQUISITION OF SHAREHOLDING

  On July 20, 2021, AlmavivA S.p.A. has subscribed of the share capital (approximately 70%) of Kline S.r.l., a company active in the sector of development and production of integrated software platforms, technological solutions and services for financial intermediaries.
  The share was paid through the transfer of the business unit organized for the offer of outsourcing services and ICT solutions for institutions operating mainly in the banking and fiduciary sector.
  The transfer of the business unit is effective from August 1, 2021.

AlmavivA The Italian Innovation Company S.p.A.

Review report on the interim condensed consolidated financial statements as of June 30, 2021

(Translation from the original Italian text)

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

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows and the related explanatory notes of AlmavivA The Italian Innovation Company S.p.A. and its subsidiaries (the "AlmavivA Group") as of June 30, 2021 and for the six months then ended. The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of AlmavivA Group as of June 30, 2021 and for the six months then ended are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Roma, August 5, 2021

EY S.p.A.
Signed by: Paolo Pambuffetti, Statutory Auditor

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

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

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AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as of December 31, 2020

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

Translation from the original Italian text

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

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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Report on compliance with other legal and regulatory requirements

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

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

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

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

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

Rome, April 13, 2021

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

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

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

AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as of December 31, 2019

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

Translation from the original Italian text

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

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

Report on the Audit of the Consolidated Financial Statements

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

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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Report on compliance with other legal and regulatory requirements

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

The Directors of AlmavivA The Italian Innovation Company S.p.A. are responsible for the preparation of the Report on Operations of AlmavivA Group as at December 31, 2019 including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

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

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

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

Rome, 6th March 2020

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

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

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

AlmavivA The Italian Innovation Company S.p.A.

Consolidated financial statements as at December 31, 2018

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

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

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of AlmavivA Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

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

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

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

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

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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Report on compliance with other legal and regulatory requirements

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

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

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

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

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

Rome, 27th March 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ALMAVIVA S.P.A. AND SUBSIDIARIES
EXPLANATORY NOTES

1. GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION

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

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

The Group has also applied the new definition of relevance introduced with the amendments to IAS 1 and IAS 8, which states that information is relevant if it is reasonable to assume that its omission, incorrect indication or concealment could influence the decisions Principal users of general purpose financial statements take on the basis of such financial statements, which provide financial information about the specific entity preparing the financial statements. The relevance depends on the nature or extent of the information, or both. The Group assesses whether the information, individually or in combination with other information, is relevant in the context of the financial statements, considered as a whole.

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

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

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

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

Exact exchange rates Amount of currency for 1 Euro					
Country	**Currency**	**ISO**	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Saudi Arabia	Real	SAR	4.6016	-	-
Brazilian	Real	BRL	6.3735	4.5160	4.4440
China	Yuan	CNY	8.0225	7.8210	7.8750
Colombian	Peso	COP	4202.3400	3688.6600	3721.8100
Indonesia	Rupiah	IDR	17240.7600	15595.6000	16500.0000
Europe	Leu	RON	4.8683	4.7830	4.6640
United States	Dollar	USD	1.2271	1.1230	1.1450
Tunisian	Dinar	TND	3.2943	3.1390	3.4300

Average exchange rates Amount of currency for 1 Euro					
Country	**Currency**	**ISO**	**At December 31, 2020**	**At December 31, 2019**	**At December 31, 2018**
Saudi Arabia	Real	SAR	4.4602	-	-
Brazilian	Real	BRL	5.8943	4.4140	4.3090
China	Yuan	CNY	7.8747	7.7340	7.8070
Colombian	Peso	COP	4217.0600	3673.0730	3488.4230
Indonesia	Rupiah	IDR	16627.3700	15835.9480	16512.1500
Europe	Leu	RON	4.8383	4.7460	4.6540
United States	Dollar	USD	1.1422	1.1200	1.1820
Tunisian	Dinar	TND	3.1997	3.2820	3.1100

2.1 Going Concern

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

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

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

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

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

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

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

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

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

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

2.2 Basis of consolidation

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

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

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

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

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

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

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

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

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

Consolidation criteria adopted for subsidiaries

The main consolidation criteria are the following:

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

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

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

Business combinations and goodwill

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

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

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

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

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

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

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

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

Changes in the investment held in subsidiaries without loss of control

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

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

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

Consolidation Area

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

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

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

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

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

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

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

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

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

The ultimate parent Company

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

Subsidiaries with significant minority interests

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

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

Accumulated balances of material non-controlling interest:

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

Profit allocated to material non-controlling interest:

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

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

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

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting policies and measurement criteria

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

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

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

Financial instruments – Initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
Fur purposes of subsequent measurement, financial assets are classified in four categories:

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

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from

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

Derecognition

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

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

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

Impairment of financial assets

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

Financial liabilities
Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss.

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

Loans and borrowings

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

Derecognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax Credit according to Law 194/2014
The tax credit deriving from Art. 1, paragraph 198-209, of the law of 27 December 2019, n. 160 was assimilated, in the absence of specific indications, to a public grant and as such treaty pursuant to IAS 20. The latter is recognized in the financial statements only where there is reasonable certainty about its reliable determination and recognition and, in in particular, the latter requirement is considered satisfied upon the release of the specific technical report drawn up by specifically appointed professional firms.
The amount of the grant is determined on the basis of specific expenses recognized in the income statement and on the basis of development costs then capitalized among intangible assets.
The Company, in accounting for contributions pursuant to IAS 20, applies the income method and the systematic recognition criterion can be summarized as follows: the amount of accrued credit passes to the income statement up to the total of the specific expenses that generated it and only on a residual basis it refers to development costs capitalized among intangible assets. In the latter case, the benefit deriving from the tax credit is accrued in the income statement in the years in which the amortization of the aforementioned intangible assets is charged and in the same proportion.

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

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

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

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

Costs

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

Income taxes

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

Tax consolidation

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

Consolidating company

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

Consolidated company

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

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

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

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

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

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

3.2 New standards, interpretations and amendments adopted by the Group

Amendments to IFRS 3: Definition of a Business

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

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

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

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

Conceptual Framework for Financial Reporting issued on 29 March 2018

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

Amendment to IFRS 16 Covid-19 Related Rent Concessions

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

4. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

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

Management judgement mainly refers to aspects such as:

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

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

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

<u>*Capitalization of development costs*</u>
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

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

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.

<u>*Non-current assets (or disposal groups) classified as held for sale and discontinued operations*</u>
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.

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

<u>*Recognition of government grants and other activities*</u>
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.

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

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

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

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

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

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

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

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

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

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

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

5. OPERATING AND REPORTABLE SEGMENTS

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

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

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

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

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

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

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

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

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

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

For the twelve months ended December 31, 2020

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

For the twelve months ended December 31, 2019

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

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

For the twelve months ended December 31, 2018

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

Reconciliation of Operating profit/(loss)

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

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

Reconciliation of Operating Profit

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

Reconciliation of Total assets

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

Reconciliation of Total liabilities

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

Reconciliation of EBITDA

For the twelve months ended December 31, 2020

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

For the twelve months ended December 31, 2019

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

For the twelve months ended December 31, 2018

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

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

Geographic information

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

6. SIGNIFICANT TRANSACTIONS IN THE PERIOD

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

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

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

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

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

7. INTANGIBLE ASSETS AND GOODWILL

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

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

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

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

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

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

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

Goodwill and Impairment testing

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

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

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

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

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

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

The exchange differences from the translation of the financial statements of companies operating with functional currencies other than the Euro of negative Euro 13,454 thousand mainly concern companies that prepare financial statements in Brazilian reais.
The Group presents a balance of the item "Land and buildings" equal to Euro 7,428 thousand relating to the building located in Rome, in via dello Scalo Prenestino, owned by AlmavivA and used by the IT Services Sector.
The item of Rights of use on assets, i.e. the ROU (Right Of Use) recorded in application of IFRS 16 and whose value at December 31, 2020 amounts to Euro 38,844 thousand, includes the rights of use on assets pursuant to contracts subject to the application of the IFRS 16 “Leasing” standard.
Fixed assets in progress show a decrease equal to Euro 678 thousand, mainly referring to the IT Services operating sector and to a lesser extent to the CRM Europe sector and attributable to the entry into operation of other owned assets.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

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

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

10. NON-CURRENT FINANCIAL ASSETS

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

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

Non-current financial receivables

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

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

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

Investments on equity instruments

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

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

Other Equity investments

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

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

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

11. DEFERRED TAX ASSETS

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

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

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

The main movements:

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

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

12. OTHER NON-CURRENT ASSETS

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

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

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

13. INVENTORIES

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

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

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

14. CONTRACT ASSETS

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

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

15. TRADE RECEIVABLES

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

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

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

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

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

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

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

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

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

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

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

16. CURRENT FINANCIAL ASSETS

At 31 December 2020, current financial assets amounted to Euro 4,152 thousand (Euro 3,415 thousand as at 31 December 2019). They refer to AlmavivA SpA for Euro 3,961 thousand relating to financial receivables from one of the main customers linked to deferred payments with respect to the Company's services that have been granted to the aforementioned customer, for the remaining Euro 191 thousand to Wedoo Srl and Wedoo LLC.
There are no financial assets either overdue or written down. The same are valued, as indicated above, at amortized cost having passed the SPPI test - Solely for Payments of Principal and Interests:

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

17. OTHER CURRENT ASSETS

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

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

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

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

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

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

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

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

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

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

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

18. CASH AND CASH EQUIVALENTS

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

19. NON-CURRENT ASSETS HELD FOR SALE

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

20. SHAREHOLDERS' EQUITY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital management

The Group's objectives in terms of capital management are the protection of business continuity, the creation of value for stakeholders and support for Group development. In particular, the Group aims to maintain an adequate level of capitalisation which makes it possible to achieve an economic return for shareholders, guarantee access to external sources of financing and satisfy investors. In this context, the Group manages its capital structure and makes adjustments to it, if rendered necessary by changes to economic conditions. To this end, the Group constantly monitors the evolution of the level of indebtedness in relation to shareholders' equity, whose situation as at December 31, 2020 is summarised in the following table.

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

21. LIABILITIES FOR EMPLOYEE BENEFITS

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

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

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

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

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

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

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

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

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

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

Demographic Assumptions	**For the year ended December 31, 2019**
Mortality	Table RG48 State General Accounting Office
Disability	INPS Table - Commerce Sector
Retirement	General Mandatory Insurance requirements

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

22. PROVISIONS

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

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

Main movements of the periods are summarized below:

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

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

Information and comments on the various provisions are provided below.

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

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

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

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

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

23. NON-CURRENT FINANCIAL LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

24. DEFERRED TAX LIABILITIES

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

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

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

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

25. OTHER NON-CURRENT LIABILITES

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

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

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

26. TRADE PAYABLES

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

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

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

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

27. CURRENT FINANCIAL LIABILITIES

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

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

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

Finally, the item includes current financial liabilities for leasing, financial accruals and short-term payables of a different nature.

As regards the monetary movements of the period, it should be noted that: (i) at 31 December 2020 they generated a cash absorption equal to Euro 2,536 thousand; (ii) at 31 December 2019 they generated cash for Euro 958 thousand; (iii) at 31 December 2018 they generated a positive cash flow of € 3,011 thousand

28. TAX PAYABLES

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

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

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

29. OTHER CURRENT LIABILITIES

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

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

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

30. REVENUE

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

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

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

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

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

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

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

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

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

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

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

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

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

31. OTHER INCOME

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

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

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

32. COST OF RAW MATERIALS AND SERVICES

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

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

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

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

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

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

33. PERSONNEL EXPENSES

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

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

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

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

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

34. DEPRECIATION AND AMORTIZATION

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

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

35. OTHER EXPENSES

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

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

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

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

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

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

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

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

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

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

38. INCOME TAXES

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

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

39. INCOME TAXES RECONCILIATION

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

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

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

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

40. GUARANTEES AND COMMITTMENTS

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

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

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

Other guarantees, commitments and risks

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

41. RISKS AND OTHER INFORMATION

Credit risk

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

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

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

Liquidity risk

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

Exchange rate risk

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

42. INFORMATION ON FAIR VALUE MEASUREMENT

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

43. LEGAL ISSUES AND LITIGATIONS

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

Contingent liabilities

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

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

AlmavivA S.p.A.

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

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

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

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

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

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

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

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

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

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

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

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

AlmavivA Contact S.p.A.

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

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

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

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

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

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

Labour Disputes

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

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

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

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

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

In the last year no extrajudicial appeals have been received.

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

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

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

44. TRANSACTIONS WITH RELATED PARTIES

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

(a) natural persons who directly or indirectly have voting power in the company preparing the financial statements that gives them a dominant influence over the company and their close family members;

(b) executives with strategic responsibilities, that is, those who have the power and responsibility for planning, managing and controlling the activities of the company that draws up the financial statements, including directors and officers of the company and close family members of such persons;

(c) companies in which significant voting power is held, directly or indirectly, by any natural person described in (a) or (b) or over which such natural person is able to exercise significant influence. This case includes companies owned by the directors or major shareholders of the company preparing the financial statements and companies that have a manager with strategic responsibilities in common with the company preparing the financial statements.

Jointly controlled companies, associated companies and subsidiaries excluded from the consolidation area are indicated in the annex "Companies and significant equity investments at 31 December 2020" which is considered an integral part of these notes.

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

Trade and other relations
Trade and other relations are analysed as follows:

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

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

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

45. SUBSEQUENT EVENTS

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

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

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

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

ALMAWAVE SRL – STOCK TRADING ON PERVOICE

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

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

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

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

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

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

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

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OFFERING MEMORANDUM