Annual Financial Statements for the Year Ending 31 December 2020

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Statement of financial position

(EUR)	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Intangible and tangible assets			
Intangible assets	1a	0	22,320,454
Tangible assets	1b	2,171,753	2,578,048
- Leased buildings		*2,069,554*	*2,479,084*
- Other leased assets		*47,932*	*41,824*
- Other tangible assets		*54,267*	*57,140*
Total intangible and tangible assets		2,171,753	24,898,502
Investments			
Subsidiaries and joint ventures	2a	249,792,230	228,129,083
Associates	2b	21,845,264	22,380,407
Other Investments at Fair Value through P&L	2c	30,098,183	50,640,583
Funds at Fair Value through P&L	2d	79,708,603	95,714,422
Total Investments		381,444,280	396,864,495
Other non-current assets			
Deferred tax assets	3a	0	0
Financial receivables - non current position	3b	649,011	
Financial receivables for leasing- non current position	3c	5,785,453	7,123,235
Total other non-current assets		6,434,464	7,123,235
Total non-current assets		**390,050,497**	**428,886,232**
Current assets			
Trade receivables	4a	358,507	330,773
Financial receivables	4b	1	1
Financial receivables for leasing- current position	4c	1,365,830	1,329,303
Tax receivables from Parent companies	4d	4,024,880	2,412,782
Other tax receivables	4e	5,321,347	2,794,207
Other receivables	4f	67,563	43,766
Cash and cash equivalents	4g	72,023,426	61,158,627
Total current assets		83,161,554	68,069,459
Total current assets		**83,161,554**	**68,069,459**
TOTAL ASSETS		**473,212,051**	**496,955,691**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5a	266,612,100	266,612,100
Share premium reserve	5b	155,542,010	186,881,208
Legal reserve	5c	61,322,420	61,322,420
Own share reserve	5d	(10,712,734)	(10,415,488)
Other reserves	5e	(4,658,751)	(5,172,414)
Retained earnings (losses)	5f	(33,214,718)	(45,449,479)
Profit/(loss) for the year	5g	25,431,066	12,451,459
Shareholders' equity		**460,321,393**	**466,229,806**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	3a	0	0
Provisions for employee termination benefits	6a	461,689	410,056
Financial liabilities - non current position	6b	7,501,924	9,368,926
- Financial liabilites for leased buildings		*7,501,924*	*9,199,080*
- Other Financial liabilites		*0*	*169,846*
Total non-current liabilities		**7,963,613**	**9,778,982**
Current liabilities			
Trade payables	7a	742,555	659,991
Payables to staff and social security organisations	7b	2,091,375	1,688,416
Current tax payables to Subsidiaries	7c	0	63,926
Other tax payables	7d	262,822	200,182
Other payables	7e	16,386	16,737
Short term financial payables	7f	1,813,907	18,317,651
- Short term financial payables for leased buildings		*1,813,907*	*1,807,987*
- Short term financial payables		*0*	*16,509,664*
Total current liabilities		**4,927,045**	**20,946,903**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**473,212,051**	**496,955,691**

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of dealings with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Notes to the Financial Statements.

Income Statement-DeA Capital S.p.A.

(EUR)	Note	Financial Year 2020	Financial Year 2019
Dividends from Subsidiaries and joint ventures	8a	5,360,129	18,354,413
Profit/(loss) from valuation in Subsidiary companies	8a	22,721,346	(5,585,088)
Profit/(loss) from valuation in Related companies	8a	3,172,652	(136,417)
Profit/(loss) from valuation in other investments	8a	(888,663)	5,870,846
Income from services	8b	864,062	1,067,147
Other income		199,839	159
Personnel costs	9a	(6,966,188)	(5,493,761)
Service costs	9b	(2,454,291)	(3,094,861)
Depreciation, amortization and impairment	9c	(524,803)	(543,818)
Other expenses	9d	(57,319)	(287,713)
Financial income	10a	421,748	1,209,908
Financial expenses	10b	(435,624)	(651,669)
PROFIT/(LOSS) BEFORE TAX		**21,412,888**	**10,709,146**
Income tax	11a	4,018,178	1,742,313
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**25,431,066**	**12,451,459**
PROFIT/(LOSS) FOR THE YEAR		**25,431,066**	**12,451,459**

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of dealings with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Notes to the Financial Statements.

Statement of Comprehensive Income (Statement of Performance – IAS 1)

Comprehensive income or the Statement of Performance (IAS 1), in which performance for the year is reported, including results posted directly to shareholders' equity, reflects a net positive balance of approximately EUR +25,386 thousand compared with a net negative balance of around EUR +12,424 thousand in 2019. This comprises:

- a net profit of EUR +25,431 thousand recorded on the Income Statement;
- results recognised directly in shareholders' equity for a total of EUR -45 thousand, due to actuarial gains/losses on severance pay.

(in EUR)	**31.12.2020**	**31.12.2019**
Profit/(loss) for the year (A)	**25,431,066**	**12,451,459**
Components that may be subsequently restated under Profit/(Loss) for the year	0	0
Profits/(Losses) from recalculation of available-for-sale financial assets	*0*	*0*
Components that will not be subsequently restated under Profit/(Loss) for the year	(45,439)	(27,527)
Actuarial Profits/(Losses) to be revalued in defined benefit plans	*(45,439)*	*(27,527)*
Total other Profit/(Loss), net of tax effect (B)	**(45,439)**	**(27,527)**
Total comprehensive Profit/(Loss) for the year (A)+(B)	**25,385,627**	**12,423,932**

Cash flow statement – Parent Company – Direct Method

(EUR thousand)	Financial Year 2020	Financial Year 2019
CASH FLOW from operating activities		
Investments in funds and shareholdings	(8,036)	(44,813)
Proceeds from the sale of investments	22,226	600
Capital reimbursements from funds and shareholdings	24,725	28,694
Interest received	0	8
Intragroup interest received	3	0
Income from distribution from investments	310	282
Exchange gains (losses)	(3)	0
Taxes paid	(5,059)	(3,054)
Taxes refunded	4,855	1,943
Dividends received	6,418	19,382
Revenues for services	16	336
Intragroup revenues for services	2,119	1,703
Intragroup operating expenses	(510)	(1,156)
Operating expenses	(7,820)	(6,289)
Net cash flow from operations	**39,244**	**(2,364)**
CASH FLOW from investment activities		
Acquisition of tangible assets	(15)	(24)
Acquisition of intangible assets	(16,510)	(5,811)
Acquisition of property, plant and equipment ICO	(3)	0
Sale of intangible assets	22,320	0
Sale of property, plant and equipment ICO	2	0
Net cash flow from investments	**5,794**	**(5,835)**
CASH FLOW from financial activities		
Share capital issued: stock option plan	0	324
Purchase of own shares	(1,653)	0
Cash flow from leasing contract	1,509	1,503
Cash flow for leasing contract	(2,052)	(2,007)
Dividends paid	(31,337)	(31,195)
Loans to third parties	(641)	0
Net cash flow from financial activities	**(34,174)**	**(31,375)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**10,864**	**(39,574)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**61,159**	**100,733**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**72,023**	**61,159**

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of dealings with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Notes to the Financial Statements

Statement of changes in shareholders' equity of the Parent Company DeA Capital S.p.A.

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Share issued costs reserve
Total at 31.12.2018	**306,612**	**240,859**	**61,322**	**(82,766)**	**(7,828)**
Allocation of Profit	0	0	0	0	0
Own shares delivered for incentive plans	0	0	0	1,525	0
Performance shares cost	0	0	0	0	0
Cancellation of own shares	(40,000)	(22,780)	0	62,780	0
Dividend paid 2019	0	(31,197)	0	0	0
Other changes	0	0	0	8,046	316
Total comprehensive Profit/(Loss) for 2019	0	0	0	0	0
Total at 31.12.2019	**266,612**	**186,882**	**61,322**	**(10,415)**	**(7,512)**

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Share issued costs reserve
Total at 31.12.2019	**266,612**	**186,882**	**61,322**	**(10,415)**	**(7,512)**
Allocation of Profit	0	0	0	0	0
Own shares delivered for incentive plans	0	0	0	1,356	0
Performance shares cost	0	0	0	0	0
Purchase of own shares	0	0	0	(1,653)	0
Dividend paid 2020	0	(31,340)	0	0	0
Other changes	0	0	0	0	0
Total comprehensive Profit/(Loss) for 2020	0	0	0	0	0
Total at 31.12.2020	**266,612**	**155,542**	**61,322**	**(10,712)**	**(7,512)**

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of dealings with related parties on the Statement of Financial Position, Income Statement and Cash Flow Statement is explained in the Notes to the Financial Statements.

Long-term incentive plans reserve	Reserve for sale of option rights/warrant subcriptions	Reserve for the IDeA AI merger	Reserve for actuarial gains / losses	Profit/(Loss) carried forward	Profit/ (Loss)	Total
2,219	**729**	**(831)**	**(26)**	**(62,520)**	**17,304**	**475,074**
0	0	0	0	17,304	(17,304)	0
(968)	0	0	0	(234)	0	323
1,560	0	0	0	0	0	1,560
0	0	0	0	0	0	0
0	0	0	0	0	0	(31,197)
0	(316)	0	0	0	0	8,046
0	0	0	(27)	0	12,451	**12,424**
2,811	**413**	**(831)**	**(53)**	**(45,450)**	**12,451**	**466,230**

Long-term incentive plans reserve	Reserve for sale of option rights/warrant subcriptions	Reserve for the IDeA AI merger	Reserve for actuarial gains / losses	Profit/(Loss) carried forward	Profit/ (Loss)	Total
2,811	**413**	**(831)**	**(53)**	**(45,450)**	**12,451**	**466,230**
0	0	0	0	12,451	(12,451)	0
(1,139)	0	0	0	(217)	0	0
1,698	0	0	0	0	0	1,698
0	0	0	0	0	0	(1,653)
0	0	0	0	0	0	(31,340)
0	0	0	0	0	0	0
0	0	0	(45)	0	25,431	**25,386**
3,370	**413**	**(831)**	**(98)**	**(33,216)**	**25,431**	**460,321**

Notes to the Annual Financial Statements for the Year Ending 31 December 2020

Notes to the Annual Financial Statements for the Year Ending 31 December 2020

A. Structure and Content of the Financial Statements

DeA Capital S.p.A. (hereinafter also referred to as the Company or the Parent Company or DeA Capital) is a joint-stock company with registered office in Milan, via Brera 21.

Following the merger by incorporation of the Luxembourg company DeA Capital Investments S.A. in 2014, a Luxembourg branch was opened as a secondary office. Subsequently, on 1 September 2016, a secondary office was opened at via Mercadante 18 in Rome.

The financial statements were prepared in accordance with the general principles of IAS 1, specifically:
- the matching principle: the effect of events and transactions is recorded when they occur, and not when payment is made or received;
- the going concern principle: the financial statements are prepared under the assumption that business operations will continue for the foreseeable future. In this regard, as highlighted in the Report on Operations in the chapter “Principal risks and uncertainties”, the directors believe that the risks and uncertainties described in this chapter, as well as those related to the impact of the COVID-19 epidemic on the general economic situation, are not urgent and confirm the financial solidity of the parent company DeA Capital S.p.A;
- the materiality principle: when reporting operating events in accounting entries, preference is given to the principle of economic substance over form;
- the accounting comparability principle: annual financial statements must show comparative information for the previous period.

The financial statements of DeA Capital consist of the balance sheet, the income statement, the statement of comprehensive income (Statement of Performance - IAS 1), the cash flow statement, the statement of changes in shareholders’ equity and these notes.

The Statement of Financial Position provides a breakdown of current and non-current assets and liabilities with separate reporting for those resulting from discontinued or held-for-sale operations.

In the Income Statement, the Company has adopted the “nature of expense method”, whereby costs and revenues are classified based on their nature.

The Cash Flow Statement is prepared using the “direct method”.

Unless otherwise indicated, all tables and figures included in these Notes to the Financial Statements are reported in EUR thousand.
As Parent Company, DeA Capital S.p.A. has also prepared the Consolidated Financial Statements for the DeA Capital Group at 31 December 2020.
In addition to the figures at 31 December 2020, the financial statement formats used also provide comparable figures for 31 December 2019.

The publication of the draft Financial Statements for the Year Ending 31 December 2020 was authorised by resolution of the Board of Directors dated 12 March 2021.

Statement of compliance with accounting standards

The Financial Statements for the Year Ending 31 December 2020 (2020 Financial Statements) have been prepared in accordance with the International Accounting Standards adopted by the European Union and approved by the date the financial statements were prepared (International Accounting Standards, or individually IAS/IFRS, or collectively IFRS (International Financial Reporting Standards)). In preparing the financial statements all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), including those previously issued by the Standing Interpretations Committee (“SIC”), endorsed by the European Union, have also been applied.

The Financial Statements were prepared with a focus on clarity, and provide a true and fair view of the balance sheet position, financial situation, financial results and cash flows for the period.

Accounting standards, amendments and interpretations applied since 1 January 2020

The IASB-approved international accounting standards and interpretations authorised for adoption in Europe that were applied for the first time from 1 January 2020 are detailed below.
The Company did not apply any IFRS in advance.

Amendments to the Conceptual Framework for Financial Reporting

On 29 March 2018, the IASB published changes to the conceptual framework underpinning IFRSs to improve financial reporting by providing a more comprehensive, clearer and updated set of conceptual elements including revised definitions of an asset and a liability, as well as new guidance on measurement, derecognition, presentation and disclosure. The IASB focused on topics that were not yet covered or showed obvious shortcomings that needed to be addressed.

Amendments to IAS 1 and IAS 8

On 31 October 2018, the IASB published the "Definition of Material" amendment which aims to clarify the definition of "material" in order to help companies understand whether the information is relevant for the purposes of the users of the financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7

With Regulation (EU) 2020/34, the European Parliament amended International Accounting Standard IAS 39 and International Financial Reporting Standards (IFRS) 7 and 9. The change became necessary as a result of the report "Reforming Major Interest Rate Benchmarks" in which the Financial Stability Board issued recommendations to strengthen existing and other potential interbank market-based reference rates and to develop alternative, almost risk-free reference rates.

The International Accounting Standards Board issued an amendment to IFRS 9, IAS 39 and IFRS 7 concerning interest rate benchmarks to reflect the impact of the reform on financial reporting.

Amendments to IFRS 3

On 22 October 2018, the IASB published amendments to IFRS 3 Business Combinations "Definition of a Business" aimed at addressing difficulties that arise when an entity needs to determine whether it has acquired a business or a group of assets. The amendments indicate that, to qualify as an enterprise, a set of activities or an activity must include, as a minimum, a substantial input and process that together contribute significantly to the ability to create output. Guidelines and illustrative examples are included.

Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions

On 28 May 2020, the IASB issued amendments to IFRS 16 "Leases Covid 19-Related Rent Concessions" by introducing a practical expedient to the chapter "Leasing amendments" that allows the lessor to not consider any concessions on the payment of the rents received from 1st January 2020 and arising from Covid-19 effects as a modification of the original contract; therefore, the above concessions may be accounted for as if the contract had not undergone any amendments.
The amendment, whose effective date of application is 1 June 2020, was applied in advance by the Company starting from 1 January 2020.

In order to be able to apply this exemption, all of the following conditions must be verified:
- the concession on payments is a direct consequence of the Covid-19 pandemic;
- the change in payments left the same amount to be paid unaltered - in relation to the original conditions - or reduced the amount;
- the reduction in payments refers only to those originally due until June 2021;
- there are no material changes to other lease terms or conditions.

The application of the amendments to the standards described above had no significant effect on the valuation of the Company's assets, liabilities, costs and revenues.

Future accounting standards, amendments and interpretations

Accounting standards, amendments and interpretations that are not yet applicable, have not been adopted in advance by the Company and have already been approved for adoption in the European Union

For International Accounting Standards, interpretations and amendments to existing accounting standards and interpretations endorsed by the IASB and already endorsed for adoption in the European Union only the following should be noted:

Interest Rate Benchmark Reform-Phase 2

On 28 August 2020, the IASB published, in light of the interbank interest rate reform such as IBOR, the Interest Rate Benchmark Reform-Phase 2 which contains amendments to the following standards:

- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts;
- IFRS 16 Leases.

The amendments enter into force from 1 January 2021 and from the initial analyses performed in this regard, we do not believe there will be significant effects on the Company's financial statements.

Accounting standards, amendments and interpretations that are not yet applicable, have not been adopted in advance by the Company and not yet been approved for adoption in the European Union

The International Accounting Standards, interpretations and amendments to existing IASB-approved accounting standards and interpretations that had not been ratified for adoption in the European Union are as follows:

IFRS 14 - Regulatory Deferral Accounts

On 30 January 2014, the IASB published 'IFRS 14 - Regulatory Deferral Accounts', which allows, only for first-time adopters of IFRSs, to continue to recognise rate regulation amounts under the previous adopted accounting standards. In order to improve comparability with entities that already apply IFRSs and do not recognise such amounts, the standard requires the effect of rate regulation to be presented separately from other items.

The standard is awaiting ratification by the European Commission, which has decided not to continue the endorsement process until the IASB publishes the final version of the standard.

Amendments to IAS 1

On 23 January 2020 and 15 July 2020, the IASB published amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Deferral of Effective Date with the aim of clarifying how to classify debts and other liabilities between short and long term.

The amendments, which have not yet been approved for adoption in the European Union, will enter into force on 1 January 2023, but earlier application is permitted.

Amendments to IAS 1, IFRS Practice Statement 2 and IAS 8

On 12 February 2021, the IASB published amendments to the IFRS:

- Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates-Amendments to IAS 8.

The amendments are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies.

The amendments, which have not yet been approved for adoption in the European Union, will enter into force on 1 January 2023, but earlier application is permitted.

Amendments to IFRS 3, IAS 37, IAS 16

On 14 May 2020, the IASB issued amendments to IFRS 3 "Reference to the Conceptual Framework" to: (i) complete the update of the references to the Conceptual Framework for Financial Reporting in the accounting standard; (ii) provide clarification about the assumptions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities assumed as part of a business combination; (iii) explain that contingent assets cannot be recognised as part of a business combination. On that date, the IASB issued amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" to clarify how the onerous nature of a contract is determined. Finally, the IASB issued amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use", which aims to define that revenues from the sale of goods produced by an asset before it is ready for its intended use are recognised in profit or loss together with the related production costs.

The amendments, which have not yet been approved for adoption in the European Union, will enter into force on 1 January 2022.

Annual improvement cycle 2018-2020

On 14 May 2020, the IASB issued the document "Annual Improvements to IFRS Standards 2018-2020 Cycle", containing amendments, mainly of a technical and editorial nature, to the international accounting standards.

The amendments, which have not yet been approved for adoption in the European Union, will enter into force on 1 January 2022.

The Company will adopt these new standards, amendments and interpretations on the basis of the stipulated date of application, and will assess their potential impact when they have been ratified by the European Union.

B. Measurement criteria

The accounting principles and valuation criteria adopted for the 2020 Annual Financial Statements of DeA Capital are the same as those used in drawing up the Consolidated Financial Statements, with the exception of specific principles and criteria relating to the Consolidated Financial Statements and methods for valuing subsidiaries and joint ventures, as specified below.

Current and non-current assets and liabilities

An asset is considered current if it meets at least one of the following conditions:

- its implementation is planned in the course of the company's normal operating cycle. The "company's operating cycle" means the period from the acquisition of an asset to its conversion to cash and cash equivalents. When the company's operating cycle cannot be clearly identified, its duration is assumed to be twelve months.
- it is held mainly for trading purposes;
- it is expected to be realised within the twelve months following the end of the financial year;
- is made up of cash and cash equivalents, which have no restrictions that would limit their use in the twelve months following the balance sheet date.

All other assets are carefully analysed to separate the "current" portion from the "non-current" portion.

Furthermore, deferred tax assets are recorded under non-current components.

A liability is considered current if it meets at least one of the following conditions:

- it is expected to be settled during the company's normal operating cycle;
- it is held mainly for trading purposes;
- it is expected to be extinguished within twelve months after the end of the financial year;
- the company does not have an unconditional right to defer payment of the liability for at least 12 months after the end of the financial year.

All other liabilities are carefully analysed to separate the "current" portion from the "non-current" portion.

Furthermore, deferred tax liabilities are recorded under non-current components.

Intangible assets

Intangible assets are those assets with no identifiable physical form that are controlled by the Company and produce future economic benefits. They are recorded under assets when it is likely that their use will generate future economic benefits and when their cost can be reliably determined. The above assets are recorded at purchase cost, or at production cost if they are generated internally.

The purchase cost is represented by the fair value of the price paid to acquire the asset and all other direct costs incurred in preparing the asset for use.
The carrying amount of intangible assets is retained in the financial statements to the extent that there is evidence that this amount can be recovered through use or if it is probable that the asset will generate future economic benefits.
The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment whenever there are indications of possible impairment in accordance with IAS 36 - Impairment of assets. Intangible assets with an indefinite useful life are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to check that the underlying conditions for the classification continue to apply. For further details, please refer to the section “Impairment - loss of value”.

Except for intangible assets involving rights connected with final variable commission, intangible assets with a finite useful life are amortised on a straight-line basis over their useful lives.

The value of the rights attached to the final variable commissions is subject to an impairment test whenever there are indications of a possible impairment.

Impairment (loss of value) - IAS 36

Impairment always occurs when the carrying value of an asset is greater than its recoverable value. On each reporting date, a company determines whether there are any indications that an asset may be impaired. If such indications exist, the recoverable value of the asset is estimated (impairment test) and any write-down is recorded. The recoverable value of an asset is the higher of its fair value less selling costs, and its value in use.

IAS 36 provides instructions on determining fair value less the costs of selling an asset, as follows:
- if there is a binding sales agreement, the asset’s fair value is the negotiated price;
- if there is no agreement but the asset is traded in an active market, the fair value is the current bid price (i.e. accurate at the measurement date and not based on average prices);
- if no prices can be found in active markets, fair value must be determined based on valuation methods that incorporate the best information available including any recent transactions involving the same asset, after verifying that there were no significant changes in the economic environment between the date of the transactions under consideration and the valuation date.

IAS 36 defines value in use as the present value of future cash flows that an asset is projected to produce. The estimate of the value in use must include the items listed below:
- an estimate of future cash flows that the company expects to derive from the asset;
- expectations of potential changes in value and the timing of such cash flows;
- the time value of money;
- other factors such as value volatility and lack of liquidity of the asset.

For more information on determining value in use, please see Appendix A of IAS 36. However, the main elements for accurately estimating the value in use are: an appropriate calculation of projected cash flows (for which the investee company’s business plan is essential) and their timing, as well as the application of the right discount rate that accounts for both the present value of money and the specific risk factors for the asset to be valued.

When calculating the value it is important to:
- base cash flow projections on reasonable and sustainable assumptions that provide the best estimate of the economic conditions that are likely to exist over the remaining useful life of the asset;
- base cash flow projections on the most recent budget/plan approved by the investee, which, however, must exclude any future cash inflows or outflows that are expected to arise from future restructuring or improvements or optimisations in business performance. Projections based on these budgets/plans should cover a maximum period of five years, unless a longer period can be justified;
- estimate higher cash flow projections for the period covered by the most recent budgets/plans by extrapolating projections based on the budgets/plans taken into consideration, and using a stable or declining growth rate for subsequent years unless a rising rate can be justified. This growth rate must not exceed the average long-term growth rate for production in the country or countries in which the investee company operates or for markets in which the asset used is placed, unless a higher rate can be justified.

The assumptions used to determine cash flow projections must be reasonable, and based partly on an analysis of the factors that generated differences between projections of past and current cash flows. In addition, the assumptions used to determine current cash flow projections must be checked to ensure that they are consistent with actual past results, unless in the meantime changes have occurred in the investee company's business model or in the economic environment in which it operates that justify changes compared with the past.

Tangible assets
Tangible assets are acquired at purchase price or production cost adjusted for accumulated depreciation and any impairment. Their cost includes ancillary costs and direct and indirect costs incurred at the time of purchase necessary to make the asset usable. The purchase cost is represented by the fair value of the price paid to acquire the asset and all other direct costs incurred in preparing the asset for use. Tangible assets are depreciated on a straight-line basis over their remaining useful life, using the depreciation rates indicated in the notes on the item relating to similar groups of assets. If evidence is found that suggests difficulties in recovering the net book value, an impairment test is performed. A reversal of an implied value is made if the reasons for the impairment no longer apply.

This item includes assets consisting of the right of use of an asset, for the portion pertaining to the Company, relating to all contracts that fall within the definition of a lease with the exception of short-term leases and leases of low-value items (EUR 5,000) for which the lessor has the option not to recognise them (under IFRS 16, paras. 5-6); more specifically, upon initial recognition the tenant recognises the right-of-use asset at cost (comprising the amount of the initial measurement of the lease liability, prepayments net of any incentives received, the initial direct costs incurred by the lessee and restoration, removal or demolition costs, so-called dismantling costs). Lessees will also have to remeasure the lease liability upon the occurrence of certain events (for example: a change in the conditions of the lease contract, a change in future lease payments resulting from the change of an index or rate used to determine said payments). The lessee will generally recognize the amount of the new measurement of the lease liability as a correction of the right to use the asset.

The amortisation rates used are listed in the appropriate section to which reference is made.

Financial assets
The principle of "IFRS 9 - Financial instruments" contains a framework for the classification and measurement of financial assets based on three business models:
- Hold to collect (HTC), or financial assets held with the objective of receiving contractually agreed cash flows. In this case, the valuation criterion that can be adopted is either amortised cost (if the 'SPPI Test' - Solely payment of principal and interest - is passed) or Fair Value through profit and loss (FVTPL);
- Hold to collect and sell (HTC&S), financial assets held either with the objective of collecting the contractually agreed cash flows or in order to sell them. In this case, the valuation method that can be adopted is Fair Value through other comprehensive income (FVOCI) or Fair Value through profit and loss (FVTPL);
- Other business models: in this case the valuation criterion that can be adopted is Fair Value through profit and loss (FVTPL).

The classification of financial activities is also guided by the contractual characteristics of their cash flows, to the extent that, if certain characteristics are absent, classification in some of the above-defined categories is precluded.

The application of this principle by the Company concerned the following:
a) the classification and valuation of financial assets;
b) the determination of impairment losses on trade and financial receivables;
c) the treatment of hedge accounting.

a) Classification and valuation of financial activities

IFRS 9 provides that the classification of financial assets pertaining to DeA Capital S.p.A. is driven, on the one hand, by the characteristics of the relevant contractual cash flows and, on the other hand, by the management intent (Business Model) for which these assets are held.

Under IFRS 9, financial assets are classified into three categories:
• Financial activities measured at amortised cost;
• Financial assets measured at Fair Value through equity (Fair Value Other Comprehensive Income) - "FVOCI";
• Financial assets measured at Fair Value with changes in profit or loss (Fair Value through Profit and Loss) - "FVTPL".

The classification and measurement of financial assets, consisting of loans, securities and debt instruments, involves a two-step approach:
1. definition of the Business Model based on the type of financial asset portfolios as defined below;
2. evaluation of the contractual cash flow characteristics of the identified instrument.

With regard to the reclassification of financial assets, reclassification to other categories of financial assets is not permitted, unless the Business Model for the management of financial assets is modified.
In the application of IFRS 9, the Company has identified the following categories of financial assets:

1) Investment funds

Investment funds (listed and unlisted) are valued at fair value with changes in value recognised directly in the income statement.

The choice of this accounting approach (fair value with changes in value recognised directly to the income statement) was due to the qualification of the investment funds, which have characteristics that allow them to be classified as debt instruments. Failure to pass the so-called The 'SPPI Test' ('Solely payment of principal and interest') required by IFRS 9 for these instruments (due to the fact that the cash flows generated by them are not exclusively attributable to the payment of principal and interest) does not allow them to be recognised at amortised cost or under HTC&S instruments measured at fair value with a balancing entry in an equity reserve and requires the so-called 'SPPI' approach. 'fair value through profit and loss'.

2) Shares

Shares (listed and unlisted) are valued at fair value. IFRS 9 requires fair value as the sole measurement basis for investments in equity instruments.
The shares in the portfolio are not held for trading purposes and the Company has decided to recognise changes in the value of this category of assets directly in the income statement.

3) Bonds

Listed bonds are valued at fair value. In accordance with IFRS 9, this type of asset can be measured at fair value (as an alternative to amortised cost); changes in the value of these securities can be recognised directly in profit or loss or alternatively in equity (OCI) with a subsequent "reclassification" to profit or loss at the time of disposal of the security (except for interest accrued at the effective interest rate, which is recognised in profit or loss on an accruals basis, and any expected impairment losses), depending on the underlying Business Model.

All of the Company's listed bonds in the portfolio have the following plain vanilla characteristics which enable the Group to overcome the so-called 'SPPI Test', however, since the underlying business model does not qualify as Hold to Collect (i.e. securities purchased to be held to maturity), it cannot be measured under IFRS 9 at amortised cost. The Business Model underlying the holding of these securities is of a "mixed" type, i.e. it provides for both the possibility of collecting the contractual cash flows from these securities and the possibility of selling them, and therefore these securities must be measured at fair value with changes in value recognised in the statement of comprehensive income (OCI).

4) Financing and credits

Loans and receivables include non-derivative financial instruments that are not quoted in an active market and from which fixed or determinable payments are expected. These are included in the current portion except for those due after one year from the balance sheet date, which are classified under the non-current portion. These assets are measured at initial recognition at fair value, including incidental costs, and subsequently at amortised cost using the effective interest rate method.

It should be noted that loans and receivables include, in addition to loans to real estate co-investment vehicles, financial receivables for non-current and current leasing for the portion pertaining to De Agostini Group companies for office space sublet to these companies, of the right of use (the units pertaining to DeA Capital Group companies is instead recorded under Property, plant and equipment, as described above).

In summary, minority interests in companies and investments in funds, which constitute the Company's main and predominant area of activity, are classified in the following categories of financial assets measured at fair value through profit or loss:

- Holdings held by Funds – measured at Fair Value through P&L;
- Holdings in other companies – measured at fair value through P&L;
- Funds measured at Fair Value through P&L (Venture Capital, Funds of Funds, Theme Funds, NPL Funds and Real Estate Funds) as the type of investment does not meet the conditions for passing the SPPI Test.

IFRS 13.9 provides a definition of fair value: it is "the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the date of measurement".

The concept of fair value is characterised by the following features:

- it is fundamentally related to the free market and the values reflected therein;
- it is calculated using the exit price as the relevant price;
- it relates to the date on which the measurement is made;
- it relates to an "orderly" transaction, i.e. it is not a forced transaction, such as a compulsory administrative liquidation or a sale at below cost.

Assets and liabilities measured at fair value may be:

- stand-alone assets or liabilities (financial or non-financial instruments);
- a group of assets, a group of liabilities or a group of assets and liabilities.

In the case of assets not listed in active markets, such as the Company's direct investments in companies, investments in venture capital funds and funds of funds, the fair value reported in financial statements is determined by the directors based on their best judgement and estimation, using the knowledge and evidence available when the financial statements are prepared.

In these cases, it is provided that:

- if there are recent transactions related to the same financial instrument, these may be used to determine fair value after verifying that there have been no significant changes in the economic environment between the date of the transactions being considered and the valuation date;
- if there are transactions on similar financial instruments, these can be used to determine fair value, after verifying the comparability (based on the type of business, size, geographical market, etc.) between the instrument for which the transactions were found and the instrument to be measured;
- if no prices can be found in active markets, fair value must be determined using valuation models that account for all factors that market participants would consider in setting a price.

However, due to objective difficulties in making assessments and the absence of a liquid market, the values assigned to such assets could differ, and in some cases significantly, from those that could be obtained when the assets are sold.

b) Loss in value of trade and financial receivables

IFRS 9 introduced the requirement to measure impairment on trade receivables and financial assets in terms of expected loss (Expected Loss).

At each reporting date the entity shall measure the loss allowance for the financial instrument and recognise an amount equal to the expected losses over the life of the receivable if the credit risk of the financial instrument has significantly increased since initial recognition.

Expected credit losses (ECL) is defined by the standard as the average of credit losses weighted by the respective default risks. In general, this estimate takes into account three risk parameters: the probability of default, the percentage loss in the event of default and the estimated credit exposure upon default.

The guiding principle is to reflect the general pattern of deterioration in the credit quality of financial instruments since initial recognition:

- Stage 1: applies to financial assets for which there has been no significant deterioration in credit quality since initial recognition or which have low credit risk at the balance sheet date. An impairment charge equal to the expected losses in the next 12 months should be recognised for these financial activities (12 month expected credit losses). 12 month expected credit losses are determined by multiplying the probability of a loss occurring in the next 12 months by the total expected loss on the financial instrument in the event of default;
- Stage 2: applies to financial assets for which there has been a significant deterioration in credit quality since initial recognition but for which there is no objective evidence of a loss event. For these financial assets, the impairment is determined on the basis of the overall expected loss (lifetime expected credit losses). Lifetime expected credit losses are equal to the present value of expected losses in the event of a debtor default. It is therefore necessary to assess future losses and weight them by the probability of their occurrence;
- Stage 3: applies to financial assets for which there is objective evidence of loss at the balance sheet date. In this case, it is necessary to determine the impairment in an amount equal to the total expected loss (lifetime expected credit losses). Lifetime expected credit losses are equal to the present value of expected losses in the event of a debtor default.

A simplified approach is also envisaged for trade receivables, assets arising from contracts and implicit credits in leasing. Under this approach, the firm must always measure the allowance for losses at an amount equal to the expected losses over the life of the loan, without performing the process of verifying whether there has been a significant deterioration in the credit quality of the customer since initial recognition (as is required under the general model).

c) Hedge accounting

The Company does not hold any derivative financial instruments and does not have any hedging transactions in place at 31 December 2020 (nor at 31 December 2019).

Trade receivables

Trade receivables, which do not have a significant financing element, are recognised on initial measurement at the transaction price, i.e., the consideration to which the entity believes it is entitled in exchange for the transfer of the promised goods or services to the customer.

Receivables with a fixed maturity are subsequently measured at amortised cost, using the effective interest method, while receivables without a fixed maturity are measured at cost.

Receivables are shown in the balance sheet net of provisions for impairment losses.

IFRS 9 introduced the requirement to measure impairment on trade and financial receivables in terms of expected loss (Expected Loss). The Company has adopted the simplified model provided for by IFRS 9; this approach requires the company to always measure the provision for losses at an amount equal to the expected losses throughout the life of the loan, without carrying out the process of verifying the existence of a significant deterioration of the customer’s credit quality compared to the time of initial recognition (as required by the general model).

Impairment losses are recognised in the profit and loss account and the adjustment is charged to an allowance account to be deducted directly from the asset item. If in subsequent periods, the reasons for the previous impairment losses no longer apply, the value of the assets is reinstated up to the amount that would have resulted had the impairment not been recognised.

Cash and cash equivalents

Cash and cash equivalents include cash at hand, sight deposits and short-term, highly liquid financial investments that are readily convertible into cash within 90 days and are subject to a negligible risk of price variation. Their recognised value is equal to fair value.

Treasury shares

Treasury shares are not considered financial assets of the company that issued the shares. The value of the purchase and sale of treasury shares is recognised as a change in a separate item of shareholders' equity. No gain or loss is reported in the income statement for the sale, purchase, issue or cancellation of treasury shares.
The original cost of repurchased treasury shares and gains or losses arising from their subsequent sale are recognised as movements in equity.
Transaction costs related to a capital transaction are accounted for as a reduction of shareholders' equity, net of tax effect.
Dividends on ordinary shares are recorded as a reduction of shareholders' equity in the year in which the Shareholders' Meeting approves their distribution.

Financial liabilities

Financial liabilities relate to loans and other obligations to pay and are measured on initial recognition at fair value and subsequently at amortised cost, using the effective interest rate method.
Financial liabilities are removed from the balance sheet when they expire or are settled even if previously issued securities are repurchased. The difference between the recognised value of the liabilities and the amount paid to repurchase them is recognised in the income statement.

The item Financial liabilities includes liabilities related to the estimated earn-out deriving from the acquisition of company or business units.
When the acquisition contract provides for adjustments to the purchase consideration contingent on one or more subsequent events, the acquirer shall recognise the acquisition-date fair value of that contingent consideration as part of the consideration transferred in exchange for the acquiree. Changes subsequent to the initial recognition of the fair value of such contingent consideration shall be recognised as follows:

a) if the changes in fair value result from additional information obtained by the acquirer after the acquisition date about facts and circumstances that existed at that date, those changes are adjustments for the measurement period and therefore are part of the consideration transferred for the acquisition;
b) if the changes in fair value result from events after the acquisition date (such as the achievement of an earnings target, the achievement of a specified share price, etc.), those changes are not adjustments to the measurement period and the contingent consideration shall be measured at fair value at each reporting date and the changes in fair value shall be recognised in profit or loss.

The item also includes payables arising from finance leasing, the measurement and classification rules of which are governed by IFRS 16, which correspond to the present value of payments due under the lease. The leasing liability is recognised at the present value of unpaid leasing payments using the leasing's implicit interest rate or, if difficult to determine, its marginal borrowing rate.

Provisions for risks and future liabilities

They concern risks related to commitments to disburse funds and guarantees given, risks related to the Company's operations that may entail future charges, and provisions for retirement.

If necessary, the Company records provisions for risks and future liabilities when:

- it has a legal or implicit obligation to third parties resulting from a past event;
- it is likely that it will be necessary to use Company resources to fulfil the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are recorded on the basis of the expected value, discounted if necessary, if the financial element (time value) is significantly appreciable. Changes in estimates are recognised in the income statement of the period in which the change occurs.

Revenues and income

Revenue from services is recognised when the service is rendered, in accordance with the requirements of IFRS 15, which requires revenue to be recognised when control of goods or services is transferred to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services.

The revenue recognition model defines a five-step model for recognising revenue from contracts with customers:

- identifying contracts with the customer;
- identification of performance obligations, i.e. contractual promises to transfer goods and services to a customer. In particular, IFRS 15 requires the identification of the presence of separate performance obligations within the same contract that should therefore be treated separately;
- determining the transaction price;
- allocation of the transaction price to the performance obligations;
- revenue recognition when the related performance obligation is met. Specifically, this occurs when an obligation to be met is fulfilled by transferring the goods or services to the customer, or when the customer obtains control of the goods or receives the service. The transfer of control can take place progressively over time (over the time) or at a specific point in time (at point of time).

Income from equity investments in respect of dividends or the total or partial disposal thereof is recognised when the right to receive payment is established, with a balancing entry to the receivable, at the time of disposal or determination of distribution by the appropriate person or body.

Interest is reported using the effective interest rate method.

Employee benefits

Short-term employee benefits, whether in cash or in kind (meal vouchers) are reported in the income statement in the period when work is performed.

On 16 June 2011, the IASB published a revised version of IAS 19 "Employee Benefits". This document amended, among other things, the accounting rules for post-employment benefit plans and defined benefit plans. (Post-employment benefits: defined benefit plans) and so-called Termination benefits.

Specifically:

- for "Post-employment benefits: defined benefit plans", the possibility of using the "corridor method" for accounting for actuarial gains and losses is eliminated; these will have to be accounted for in the Complete Income Statement ("Statement of Performance"), with consequent accumulation in a specific "not recycling" equity reserve, with no other option available. Actuarial gains and losses include profits and losses of a technical nature due to changes in the actuarial assumptions adopted and/or the fact that experience may differ from the actuarial assumptions adopted (e.g. staff turnover, early retirement, mortality, change in the discount rate...);
- past service costs (cost related to past services) and the effects generated by curtailments and/or settlements of the plan (caused, for example, by a significant reduction in the number of employees covered by the plan, changes to the terms of the plan...) are immediately charged to the Income Statement under Personnel Costs;
- the interest cost (resulting from the discounting process) and the expected returns on plan assets are replaced by a net interest cost/income ("net interest") accounted for in the Income Statement under Financial Charges and calculated by applying a discount rate (derived at the end of the period from the rate on high-profile corporate bonds) to the balance of the plan existing at the beginning of the financial year.

Employee benefits related to participation in defined contribution plans relate only to publicly administered plans on a mandatory basis. The payment of contributions exhausts the Company's obligation to its employees; therefore, contributions constitute costs for the period in which they are due.

The accrued termination benefits qualify as a defined benefit pension plan and as such are recognised on the basis of the actuarial value calculated at the reference date in accordance with the calculation method expressly required by IAS 19, i.e. the "Projected Unit Credit Method". The actuarial valuations (prepared by an independent actuary) used are the best estimates of the variables that determine the final cost of post-employment benefits. These variables include demographic assumptions such as mortality, turnover, retirement age and financial variables such as discount rate, salary and other benefits. The amount recognised as a liability is therefore equal to the present value of the liability at the balance sheet date, plus or minus any actuarial gains/losses, accounted for in shareholders' equity reserve disclosed in the statement of comprehensive income, with no reclassification to profit or loss, while the interest component is recognised in income statement.

Share-based payments

The Company has recognised benefits in the form of equity holdings or share-based payments. This is the case for all employees, collaborators and Directors of the Company who are beneficiaries of long-term incentive plans.

Plans that provide for settlement through the assignment of shares are recognised in income statement, with a corresponding increase in shareholders' equity, on the basis of the fair value of the financial instruments assigned at the assignment date, spreading the cost of the plan over the period in which the service requirements, and any performance targets, are satisfied.

Estimating fair value requires determining the most appropriate valuation model for granting equity instruments, which therefore depends on the terms and conditions under which these instruments are granted. This also requires the identification of data to input into the valuation model including assumptions on the expected life of the options, volatility and the share return.

Income tax

Current income taxes are determined and reported on the basis of a reasonable forecast of the tax liability, as derived by applying the current tax rates to taxable income of the Company in the various Countries where it operates, and taking into account any exemptions and tax credits to which such companies are entitled.

Deferred tax liabilities are allocated for all temporary differences between the carrying value of the assets and liabilities and the corresponding amount for tax purposes.
Deferred tax assets are recorded for all deductible temporary differences and for tax assets and liabilities carried forward to the extent that it is likely there will be sufficient future taxable profit against which the deductible temporary differences and the tax assets and liabilities carried forward can be used.

Deferred taxes are classified under non-current assets and liabilities and are determined using tax rates expected to be applicable under the laws in the countries where the Company operates in the years when the temporary differences will be realised or will expire.

The accounting value of deferred tax assets is subject to periodic review and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow their utilisation.

DeA Capital S.p.A. took part in the national tax consolidation scheme of the De Agostini Group (i.e. the group headed by De Agostini S.p.A.). This option was exercised by the Company and De Agostini S.p.A., through the signing of the "Regulation for participation in the national tax consolidation scheme for companies in the De Agostini Group" and by notifying the tax authorities of this option pursuant to the terms and conditions laid down by law. The option is irrevocable unless the requirements for applying the scheme are not met.

Currency transactions

Transactions in foreign currency are recorded by applying the exchange rate in force on the date of the transaction to the foreign currency amount. Assets and liabilities denominated in currencies other than the euro are valued at current exchange rates at the reporting date. Exchange rate differences related to monetary items are recognised in the income statement; those related to non-monetary items are recognised consistently with the valuation criteria of the category to which they belong. Assets and liabilities of the foreign entity consolidated on a line-by-line basis are translated at the exchange rate at the reporting date, while income statement items are translated using the average monthly exchange rate for the year; differences arising after translation are recognised in equity reserves.

C. Changes in accounting principles and errors

Accounting principles are changed from one year to another only if the change is dictated by an accounting standard or if it contributes to providing more reliable information or more complete reporting of the impact of transactions on the company's balance sheet, income statement and cash flow.

The application of a new or amended accounting policy is recognised as required by the policy, adjusting comparative information as necessary; if the policy does not address the transition arrangements, the change is accounted for retrospectively, or if impracticable, prospectively.

In the case of material errors, the same treatment as for changes in accounting policies is applied, with comparative disclosure. If there are minor errors, corrections are posted to the income statement in the period in which the error is discovered.

D. Use of estimates and assumptions in the preparation of the financial statements

The Company's management must make assessments, estimates and assumptions that affect the application of accounting standards and the amounts of assets, liabilities, costs and revenues recorded in the financial statements.
These estimates and assumptions are reviewed regularly. Any changes resulting from revisions to accounting estimates are recorded in the period when the revision is made if such a revision only affects that period. If the revision affects current and future periods, the change is recorded in the period in which the revision is made and in related future periods.
Balance sheet items are recorded and valued according to the valuation criteria described above. The application of these criteria sometimes entails the adoption of estimates that can have a significant impact on the values recorded in the financial statements. The estimates and related assumptions are based on past experience and factors that are believed to be reasonable and, in this case, have been used to estimate the carrying amount of assets and liabilities that are not readily apparent from other sources. However, since these are estimates, the results obtained should not necessarily be considered definitive.

On the understanding that the use of reasonable estimates is an essential part of preparing financial statements, the items where the use of estimates is most prevalent are:

- valuation of financial activities not listed in active markets;
- valuation of financial activities listed in active markets but considered illiquid on the reference market;
- valuation of holdings, goodwill and intangible assets;
- the assessment of the recoverability of deferred tax assets recorded in the financial statements.

The process described above is particularly complicated by the current macroeconomic and market context, which is characterised by unusual levels of volatility in the main financial indicators relevant to the above-mentioned valuations.

An estimate may be adjusted as a result of changes in the circumstances on which it was based, or as a result of new information. Any change in the estimate is applied prospectively and has an impact on the income statement in the period in which the change occurred and potentially on income statements in future periods.

With specific reference to the valuations of the Investment Portfolio (Equity Investments and Funds), these valuations are calculated by directors based on their best judgement and estimation using the knowledge and evidence available at the time the consolidated financial statements are prepared. However, due to objective difficulties in making assessments and the lack of a liquid market, the values assigned to such assets could differ, perhaps and in some cases significantly, from those that could be obtained when the assets are sold.

In addition, the current situation of instability and uncertainty of the macro-economic framework following the occurrence of the COVID-19 epidemic, which, above all, can affect the future enhancement capacity of the assets in the portfolio, consequently renders these estimates and valuations even more difficult, inevitably incorporating elements of uncertainty.

Information on the "fair value hierarchy"

In relation to financial instruments recognised at fair value, IFRS 13 requires these values to be classified on the basis of a hierarchy of levels that reflects the significance and quality of the inputs used in determining fair value. Three levels have been determined:

- **level 1**: where the fair value of the financial instrument is calculated based on the quoted prices recorded on an active market for assets or liabilities identical to those being valued;
- **level 2**: where the fair value of the financial instrument is calculated using observable inputs other than those included in level 1, such as:
  - prices quoted on active markets for similar assets and liabilities;
  - prices quoted on inactive markets for identical assets and liabilities;
  - interest rate curves, implied volatility, credit spreads;
- **level 3**: where the fair value of the financial instrument is measured on the basis of non-observable data. These input data may be used if no observable input data are available. IFRS 13 specifies that unobservable input data used to measure fair value must reflect the assumptions used by market participants when fixing the price for the assets or liabilities being valued.

The table below shows assets measured at fair value by hierarchical level at 31 December 2020:

(EUR m)	Level 1	Level 2	Level 3	Total
Investments in Subsidiaries	0.0	7.7	242.1	249.8
Investments in Associates	0.0	4.2	17.7	21.9
Other Investments at Fair Value through P&L	4.7	19.7	5.6	30.0
Funds at Fair Value through P&L	0.0	79.7	0.0	79.7
Total	**4.7**	**111.3**	**265.4**	**381.4**

For **level 3**, a reconciliation of the opening and closing balances is shown in the table below. Income and expenses posted to the Income Statement or shareholders' equity, and purchases and sales made during 2020, are identified separately.

(EUR thousand)	Balance at 1.1.2020	Increases	Decreases	Fair value adjustment	Balance at 31.12.2020
Subsidiaries					
DeA Capital Partecipazioni S.p.A.	138,500	0	0	27,800	166,300
DeA Capital Real Estate SGR S.p.A.	12,300	0	0	700	13,000
DeA Capital Alternative Funds SGR S.p.A.	63,500	0	0	(700)	62,800
Associates					
Quaestio Holding S.A.	14,285	0	0	3,415	17,700
Other Investments at Fair Value through P&L					
Toi Due S.r.l.	5,000	0	0	0	5,000
IDeaMI S.p.A. (liquidated)	1,796	0	(1,601)	(195)	0
Participatory Financial Instruments	690	0	0	0	690
Total	**236,071**	**0**	**(1,601)**	**31,020**	**265,490**

Valuation techniques and main input data

Subsidiaries

Valuations of shareholdings and funds in the portfolio reflect estimates made using the information available on the date this that document was prepared.

Equity investments are valued using calculation methodologies based on specific assumptions concerning:

- the growth of future cash flows contingent upon future events that can be assigned probabilities based on historical experience;
- the level of specific input parameters that are not listed on active markets; in all cases, the prices and spreads observed in the market are preferred for estimating these.

DeA Capital Real Estate SGR S.p.A.

The economic value of the subsidiary DeA Capital Real Estate SGR S.p.A. was estimated by determining the value in use intended as the sum of the present value of dividend flows (dividend discount model method or "DDM") expected by DeA Capital Real Estate SGR S.p.A. for both the explicit forecast period (2021-2023) and future periods (based on the projection of a normalised figure in the terminal value).

A number of assumptions were made in determining these flows, including estimates of future increases in revenues, based on expected trends in managed assets, EBITDA and net income or, in the case of carried interest, on the basis of the company's projections of future returns for the various funds under management.

The valuation was based on a cost of capital of between +9.3% and +10.3%, supplemented by a terminal value based on a growth assumption ("g") of between 1.0% and 2.0%.

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Real Estate SGR, i.e. the cost of capital and the growth rate "g" used, leads to potential changes in the company's overall value of EUR -3.6/+4.1 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -1.1/+1.3 million (for changes of -0.2% and +0.2% in the growth rate "g", respectively).
DeA Capital Holdings S.p.A.

The economic value of the subsidiary DeA Capital Holdings S.p.A. was estimated on the basis of a "sum of the parts" valuation that mainly includes the determination of the value of the holdings in DeA Capital Real Estate SGR S.p.A. (referred to in the previous point) and YARD S.p.A..

DeA Capital Alternative Funds SGR S.p.A.

The economic value of the subsidiary DeA Capital Alternative Funds SGR was estimated on the basis of a special report by an independent expert, which was based on a sum-of-the-parts approach, determining the value as the sum of (i) present value of dividend flows (dividend discount model method, "DDM") expected by DeA Capital Alternative Funds SGR.
And (ii) the present value of the carried interest flows expected from the funds managed by the same company (discounted cash flow method, "DCF"), both for the explicit forecast period (2021-2025) and for future periods (based on the projection of a normalised figure in the terminal value).

A number of assumptions were made in determining these flows, including estimates of future increases in revenues, based on expected trends in managed assets, EBITDA and net income or, in the case of carried interest, on the basis of IRR projections made by the company for the various funds under management.

The valuation was based on a cost of capital of between +8.3% and +10.9% depending on the nature of the flows themselves (dividends from the Asset Management Company or carried interest from managed funds), supplemented by a terminal value based on a growth assumption of between 1.3% and 1.7%.

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Alternative Funds SGR, i.e. the cost of capital and the growth rate "g" used, leads to potential changes in the company's overall value of EUR -3.2 million/+EUR 3.6 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -0.7 million/+EUR 0.8 million (for changes of -0.2% and +0.2% in the "g" rate, respectively).

Kenan Investments / Migros
The investment in Kenan Investments (indirect parent company of Migros) is recognised in the financial statements at 31 December 2020 at a value of EUR 19,658 thousand (compared to EUR 15,740 thousand at 31 December 2019).

The change compared to 31 December 2019 was due to the fair value adjustment (EUR +3,918 thousand), due to the combined effect of the increase in the price per share (TRY 42.80 per share at 31 December 2020, compared to TRY 24.22 per share at 31 December 2019) and the depreciation of the Turkish lira against the euro (EUR 9.08 per share at 31 December 2020, compared to EUR 6.68 per share at 31 December 2019).

Quaestio Holding S.A.
The economic value of the shareholding in Quaestio Holding S.A. was estimated by determining the value in use intended as the sum of the current value of dividend flows (dividend discount model or "DDM" methodology) expected by its subsidiary Quaestio Asset Management Company both for the explicit forecast period (2021-23) and for future periods (on the basis of the projection of a normalised figure in the terminal value), integrated with the projection of the run-rate hypotheses of the costs of the holding companies included in the perimeter of the holding.

These flows were determined through a series of assumptions, including an estimate of future increases in turnover, based on the expected evolution of assets under management, net income and performance fees.

The valuation was based on a cost of capital of between +7.2% and +10.2%, depending on the nature of the flows (management fees vs. performance fees) supplemented by a terminal value based on a growth assumption ("g") of between 1.25% and 1.75%.

Sensitivity analysis performed on the most significant variables in terms of sensitivity to the recoverable value of IDeA FIMIT Asset Management Company, i.e. the cost of capital and the rate of growth (g) used, leads to a potential change in the company's overall value of EUR -2.5/+2.9 million (for changes of +0.5% and -0.5% in the discount rate) and EUR -1.1/+1.2 million (for changes of -0.25% and +0.25% in the rate of growth (g)).

Venture Capital Funds, Funds of Funds, Co-investment Funds, Thematic Funds
Valuations of shareholdings and funds in the portfolio reflect estimates made using the information available on the date this that document was prepared.

With reference to the Funds, including controlled and affiliated Funds at 31 December 2020 DeA Capital S.p.A. owned investment units in:
• IDeA I FoF (valued at EUR 15.2 million);
• ICF II (valued at EUR 23.7 million);
• ICF III (valued at EUR 11.9 million);
• IDeA OF I (valued at EUR 7.7 million);
• IDeA EESS (valued at EUR 3.5 million);
• IDeA ToI (valued at EUR 16.3 million);
• IDeA CCR I (valued at EUR 1.0 million);
• IDeA CCR II (valued at EUR 6.3 million);
• IDeA EESS (valued at EUR 1.7 million);
• Venere (valued at EUR 0.6 million);
• Santa Palomba (valued at EUR 0.7 million);
• Taste Of Italy 2 (valued of EUR 2.4 million)
• 4 venture capital funds (valued at approximately EUR 0.4 million).

For venture capital funds, the fair value of each fund is based on the fund's stated NAV, calculated according to international valuation standards and adjusted if necessary to reflect capital reimbursements/calls that occurred between the reference date for the last available NAV and the balance sheet date.

For the other funds, the fair value of each fund is represented by the NAV advised by the management company in the half-year fund management report as at 31 December 2020, drafted in accordance with the Bank of Italy's regulation of 19 January 2015, as subsequently amended, on collective asset management.

Notes to the balance sheet

NON-CURRENT ASSETS

1 – Intangible and tangible assets

1a – Intangible assets

Changes in intangible assets are shown in the tables below:

(EUR thousand)	Historical cost at 1.1.2020	Cum. amort. & write-downs at 1.1.2020	Net carrying value at 1.1.2020	Historical cost at 31.12.2020	Cum. amort. & write-downs at 31.12.2020	Net carrying value at 31.12.2020
Concessions, licences and trademarks	350	(350)	0	350	(350)	0
Other intangible assets	22,320	0	22,320	0	0	0
Total	**22,670**	**(350)**	**22,320**	**350**	**(350)**	**0**

(EUR thousand)	Balance at 1.1.2020	Acquisitions	Disposals	Disposals (provision)	Amort.	Balance at 31.12.2020
Concessions, licences and trademarks	0	0	0	0	0	0
Other intangible assets	22,320	0	(22,320)	0	0	0
Total	**22,320**	**0**	**(22,320)**	**0**	**0**	**0**

The decrease of EUR 22,320 thousand in “Other intangible assets” refers to the collection of the contractual rights of DeA Capital S.p.A. acquired through specific commitments undertaken by the shareholders of Quaestio Holding as part of the agreement for the sale of the related units by DeA Capital.

It should be noted that the acquisition of the relative majority shareholding of Quaestio Holding S.A. required the disbursement of:

- 14,525 thousand for the acquisition of the pro-unit share of the Asset Management business, which was the subject of the acquisition and therefore recorded under financial fixed assets (holdings in associated companies);
- by a further EUR 22,320 thousand for recognition of the pro-unit share of the cash substantially received by Quaestio Holding from the sales completed between the end of 2019 and the beginning of 2020, respectively, of the NPL Management and NPL Servicing businesses, which were not the subject of the acquisition, and were therefore not recognised in holding investments. Given DeA Capital’s right to receive the same amount (EUR 22,320 thousand) from Quaestio Holding as a result of the terms of the agreement for the sale of the company’s shares, this amount was recognised in the financial statements at 31 December 2019 under intangible assets.

The above disbursements, amounting to EUR 36,845 thousand, were partially completed by the end of 2019 (for EUR 20,335 thousand), and partially completed in early 2020 (for EUR 16,510 thousand, the latter amount therefore recorded among short-term financial payables and settled in 2020).

1b – Tangible assets

Changes in tangible assets are shown in the tables below:

(EUR thousand)	Historical cost at 1.1.2020	Cum. depr. & write-downs at 1.1.2020	Net carrying value at 1.1.2020	Historical cost at 31.12.2020	Cum. depr. & write-downs at 31.12.2020	Net carrying value at 31.12.2020
Plant	7	(6)	1	7	(6)	1
Furniture and fixtures	422	(419)	3	425	(422)	3
Computer and office equipment	89	(83)	6	96	(88)	8
Leasehold improvements	663	(661)	2	663	(663)	0
Leased buildings	2,929	(450)	2,479	2,999	(929)	2,070
Leased vehicles	71	(29)	42	103	(55)	48
Other tangible assets	10	(2)	8	10	(5)	5
Non-depreciable tangible assets	37	0	37	37	0	37
Total	**4,228**	**(1,650)**	**2,578**	**4,340**	**(2,168)**	**2,172**

(EUR thousand)	Balance at 1.1.2020	Acquisitions	Disposals (at cost)	Disposals (provision)	Depr.	Balance at 31.12.2020
Plant	1	0	0	0	0	1
Furniture and fixtures	3	3	0	0	(3)	3
Computer and office equipment	6	13	(6)	6	(11)	8
Leasehold improvements	2	0	0	0	(2)	0
Leased buildings	2,479	70	0	0	(479)	2,070
Leased vehicles	42	44	(12)	0	(26)	48
Other tangible assets	8	0	0	0	(3)	5
Non-depreciable tangible assets	37	0	0	0	0	37
Total	**2,578**	**130**	**(18)**	**6**	**(524)**	**2,172**

Property, plant and equipment amounted to EUR 2,172 thousand at 31 December 2020 (EUR 2,578 thousand at 31 December 2019), after depreciation and amortisation for the period equal to EUR -524 thousand.

Please note that, following the application of IFRS 16, as of 1 January 2019, related usage rights have been recognised under property, plant and equipment:

- the buildings where the companies have their headquarters, in particular the building at Via Brera 21 in Milan, which has been leased to DeA Capital since 2013;
- to lease vehicles;

The rights of use of the property in Via Brera 21, Milan, for the portion pertaining to DeA Capital are posted under "Tangible fixed assets", while for the portion pertaining to DeA Capital Group companies and the Parent company De Agostini is posted under "Financial receivables for non-current leases" and "Financial receivables for current leases".

Depreciation is calculated on a straight-line basis, according to the estimated useful life of the asset.

The depreciation rates used in the financial statements are:

- specific equipment 20%;
- furniture and furnishings 12%;
- computer and office equipment 20%;
- leasehold improvements 15%.

2 – Financial investments

2a – Investments in subsidiaries

Investments in subsidiaries are measured at fair value in accordance with IAS 27 and IFRS 13.

Details of the existing investments at 31 December 2020 are shown in the table below.

(EUR thousand)	Segment	% shareholding at 31.12.20	Value at 31.12.20 (EUR)	% shareholding at 31.12.19	Value at 31.12.19 (EUR)
DeA Capital Partecipazioni S.p.A.	Holding Companies	100.00%	166,300	100.00%	138,500
IDeA Opportunity Fund I	Platform Investments	46.99%	7,692	46.99%	13,829
DeA Capital Real Estate SGR S.p.A.	Alternative Asset Management	9.03%	13,000	9.03%	12,300
DeA Capital Alternative Funds SGR S.p.A.	Alternative Asset Management	100.00%	62,800	100.00%	63,500
Total			**249,792**		**228,129**

The changes in this item at 31 December 2020 compared to the end of 2019 are detailed below on an asset-by-asset basis.

DeA Capital Holdings S.p.A.

The holdings in the financial statements as at 31 December 2020 amounts to EUR 166,300 thousand. The change in the carrying amount compared to 31 December 2019 is attributable to the favourable change in fair value of approximately EUR 27,800 thousand, essentially attributable (i) to the valuation of the main investee companies and (ii) to the increase in liquidity as a result of dividends received from the same investee companies.

It should be noted that the economic value of the subsidiary DeA Capital Holding S.p.A. was estimated on the basis of a "sum of the parts" valuation that mainly includes the determination of the value of the equity investments in DeA Capital Real Estate SGR S.p.A. (a 90.97% stake of which is held and valued as detailed in the following point) and in YARD S.p.A..

IDeA Opportunity Fund I (IDeA OF I)

The units in IDeA OF I are valued at around EUR 7,692 thousand in the Financial Statements to 31 December 2020. The change in carrying amount compared to 31 December 2019 was due to capital redemptions received for EUR -1,058 thousand and the unfavourable change in fair value for approximately EUR -5,079 thousand.

The fair value of the fund is represented by the NAV communicated by the Management Company in the Management Report of the Fund as at 31 December 2020, prepared in accordance with the provisions of the Bank of Italy's Provision of 19 January 2015, as amended, on collective asset management.

DeA Capital Real Estate SGR S.p.A.

The equity investment in the accounting statements at 31 December 2020 is EUR 13,000 thousand and corresponds to a stake of 9.03% of the company. The change in the carrying amount compared to 31 December 2019, equal to EUR +700 thousand, is due to the favourable change in fair value.

Note that the economic value of the subsidiary DeA Capital Real Estate SGR S.p.A. was estimated by determining the value in use intended as the sum of the present value of dividend flows (dividend discount model method or "DDM") expected by DeA Capital Real Estate SGR S.p.A. for both the explicit forecast period (2021-2023) and future periods (based on the projection of a normalised figure in the terminal value).

A number of assumptions were made in determining these flows, including estimates of future increases in revenues, based on expected trends in managed assets, EBITDA and net income or, in the case of carried interest, on the basis of the company's projections of future returns for the various funds under management.

The valuation was based on a cost of capital of between +9.3% and +10.3%, supplemented by a terminal value based on a growth assumption ("g") of between 1.0% and 2.0%.

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of 100% of the capital of DeA Capital Real Estate SGR, i.e., the cost of capital and the growth rate "g" used, leads to potential changes in the company's overall value (which, it is noted, is held, as well as directly, also indirectly with a 9.03% share, through the subsidiary DeA Capital Partecipazioni, for the residual share of 90.97%) of EUR -3.6/+4.1 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -1.1/+1.3 million (for changes of -0.2% and +0.2% in the growth rate "g", respectively).

DeA Capital Alternative Funds SGR S.p.A.

The holdings in the financial statements as at 31 December 2020 amounts to EUR 62,800 thousand. The change in carrying amount compared to 31 December 2020, equal to EUR -700 thousand was caused by the unfavourable change in fair value.

Note that the economic value of the subsidiary DeA Capital Alternative Funds SGR was estimated on the basis of a special report by an independent expert, which was based on a sum-of-the-parts approach, determining the value as the sum of (i) present value of dividend flows (dividend discount model method, "DDM") expected by DeA Capital Alternative Funds SGR. And (ii) the present value of the carried interest flows expected from the funds managed by the same company (discounted cash flow method, "DCF"), both for the explicit forecast period (2021-2025) and for future periods (based on the projection of a normalised figure in the terminal value).

A number of assumptions were made in determining these flows, including estimates of future increases in revenues, based on expected trends in managed assets, EBITDA and net income or, in the case of carried interest, on the basis of IRR projections made by the company for the various funds under management.

The valuation was based on a cost of capital of between +8.3% and +10.9% depending on the nature of the flows themselves (dividends from the Asset Management Company or carried interest from managed funds), supplemented by a terminal value based on a growth assumption of between 1.3% and 1.7%.

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Alternative Funds SGR, i.e. the cost of capital and the growth rate "g" used, leads to potential changes in the company's overall value of EUR -3.2 million/+EUR 3.6 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -0.7 million/+EUR 0.8 million (for changes of -0.2% and +0.2% in the "g" rate, respectively).

A list of the equity investments, with values as at 31 December 2020 and with the information required under Article 2427 of the Italian Civil Code is shown in the table below:

Company	Registered office	Currency	Share capital (EUR)	Consolidated shareholders' equity (EUR)	Consolidated net profit/(loss) for the year (EUR)	% holding	Share of shareholders' equity (EUR)	Carrying value (EUR)
DeA Capital Partecipazioni S.p.A.	Milan, Italy	EUR	600,000	108,898,853	11,298,625	100.00%	108,898,853	166,300,000
IDeA Opportunity Fund I	Milan, Italy	EUR	-	16,371,030	(10,808,673)	46.99%	7,692,230	7,692,230
DeA Capital Real Estate SGR S.p.A.	Rome, Italy	EUR	16,757,557	144,041,331	23,002,164	9.03%	13,006,932	13,000,000
DeA Capital Alternative Funds SGR S.p.A.	Milan, Italy	EUR	1,300,000	29,932,502	9,927,826	100.00%	29,932,502	62,800,000
Total					**33,419,942**		**159,530,517**	**249,792,230**

2b - Investments in associated companies and funds

Investments in Associated Companies and Funds are measured at fair value in accordance with IAS 28 and IFRS 13.

At 31 December 2020, this item totalled EUR 21,845 thousand, as shown in the following table.

(EUR thousand)	**Segment**	**Balance at 1.1.2020**	**Capital increases**	**Capital decreases**	**Fair value adjustment**	**Balance at 31.12.2020**
Quaestio Holding S.A.	Alternative Asset Management	14,285	0	0	3,415	17,700
IDeA EESS	Platform Investments	6,948	153	(3,399)	(161)	3,541
Venere	Platform Investments	1,147	0	(462)	(81)	604
Total		**22,380**	**153**	**(3,861)**	**3,173**	**21,845**

The changes in the item under review at 31 December 2020 compared with end-2019 relate to:

- decrease of EUR -462, thousand in the Venere shares for capital redemptions received during the year;
- a decrease of EUR -3,246 thousand in the shares of IDeA EESS due to capital calls paid out during the year (+EUR 153 thousand) and capital redemptions received (-EUR 3,399 thousand);
- the fair value measurement of associates, which resulted in a change of EUR -81 thousand for Venere, EUR +3,415 thousand for Quaestio and EUR -161 thousand for IDeA EESS.

2c – Investments in Other Companies-valued at Fair Value through P&L

This item, which amounted to EUR 30,098 thousand at 31 December 2020, included the investments in Cellularline S.p.A., in Category A Equity Financial Instruments, in Toi Due S.r.l. and in Kenan Investments S.A., as shown in the following table:

(EUR thousand)	**Balance at 1.1.2020**	**Increases (capital call/ purchase)**	**Decreases (capital distribution)**	**Fair value adjustment**	**Balance at 31.12.2020**	**Balance at 31.12.2020**
Equity Financial Instruments	Alternative Asset Management	690	0	0	0	690
Toi Due S.r.l.	Platform Investments	5,000	0	0	0	5,000
Cellularline S.p.A.	Other Investments	6,789	0	0	(2,039)	4,750
IDeaMI S.p.A. (liquidated)	Other Investments	22,421	0	(22,226)	(195)	0
Kenan Investments S.A.	Other Investments	15,740	0	0	3,918	19,658
Total		**50,640**	**0**	**(22,226)**	**1,684**	**30,098**

The changes in the item under review at 31 December 2020 compared with end-2019 relate to:

- a decrease of EUR -22,226 thousand for the repayment of capital following the liquidation of IDeaMI S.p.A., with the realisation of a negative fair value delta equal to EUR 195 thousand;
- the fair value measurement of Investments in Other Companies, which resulted in a change of EUR -2,039 thousand for Cellularline S.p.A. and of EUR +3,918 thousand for Kenan Investments S.A.

2d – Fondi valutati al Fair Value through P&L

This item related to investments in four venture capital funds (for an amount of EUR 427 thousand compared to EUR 6,511 thousand at year-end 2019) and ten closed-end mutual funds (for an amount of EUR 79,282 thousand compared to EUR 89,203 thousand at year-end 2019), as shown in the table below:

(EUR thousand)	Balance at 1.1.2020	Increases (capital call)	Decreases (capital distribution)	Fair value adjustment	Translation effect	Balance at 31.12.2020
IDeA I FoF	25,158	203	(7,062)	(3,114)	0	15,185
ICF II	29,789	277	(9,102)	2,759	0	23,723
ICF III Core	1,044	8	(43)	68	0	1,077
ICF III Credit & Distressed	3,527	36	(252)	(22)	0	3,289
ICF III Emerging Markets	7,748	297	0	(485)	0	7,560
IDeA ToI	16,504	266	0	(443)	0	16,327
IDeA Agro	696	1,057	0	(24)	0	1,729
ToI 2	0	2,588	0	(234)	0	2,354
SS II	0	95	0	(51)	0	44
Total Platform Investments / Private Equity	**84,466**	**4,827**	**(16,459)**	**(1,546)**	**0**	**71,288**
IDeA CCR I CD	34	16	0	(4)	0	46
IDeA CCR I NF	921	89	0	(49)	0	961
IDeA CCR II CD	62	25	0	(4)	0	83
IDeA CCR II NF	3,211	2,792	0	198	0	6,201
Total Platform Investments / Credit	**4,228**	**2,922**	**0**	**141**	**0**	**7,291**
Santa Palomba	509	135	0	59	0	703
Total Platform Investments / Real Estate	**509**	**135**	**0**	**59**	**0**	**703**
Total Fondi di venture capital / Other Investments	**6,511**	**0**	**(4,405)**	**(1,536)**	**(143)**	**427**
Total funds	**95,714**	**7,884**	**(20,864)**	**(2,882)**	**(143)**	**79,709**

During 2020, the Company received reimbursements of EUR 20,864 thousand.

Venture capital funds

Venture capital fund shares amounted to approximately EUR 427 thousand. The change in carrying amount compared to 31 December 2019 was due to distributions received of EUR -4,405 thousand and the unfavourable change in fair value of approximately EUR -1,679 thousand.

Closed-end mutual investment funds

Units in closed-end funds amounted to approximately EUR 79,282 thousand. The change in the carrying amount compared to 31 December 2019 was due to contributions paid as capital calls for EUR 7,884 thousand, redemptions received in the amount of EUR -16,459 thousand and the unfavourable change in fair value of approximately EUR -1,346 thousand.

3 – Non-current assets

3b – Non-current financial receivables

This item includes a loan of up to a maximum of approximately EUR 750 thousand in favour of SAS Saint Denis Le Cap, a company under French law intended for a real estate co-investment, in which DeA Capital Holdings S.p.A. holds an interest (interest rate at 5.75% per annum, to be repaid by April 2025), of which approximately EUR 641 thousand was used at the date of this document.

3c – Financial receivables for non-current leasing

This item amounted to approximately EUR 5,785 thousand (EUR 7,123 thousand at 31 December 2019) and mainly relates to the receivable of DeA Capital S.p.A., with a maturity of more than 12 months, with regard to the companies belonging to the same group as that of the Parent Company which use the premises at Via Brera 21 in Milan.

4 – Current assets

At 31 December 2020, current assets were approximately EUR 83,162 thousand compared with EUR 68,069 thousand at 31 December 2019.

4a – Trade receivables

The item amounted to EUR 359 thousand (EUR 331 thousand at 31 December 2019) and mainly refers to the following trade receivables with a maturity of less than 12 months:

- EUR 232 thousand to DeA Capital Alternative Funds SGR, EUR 43 thousand to DeA Capital Real Estate SGR, for the sublease agreement for rental units and the recharging of accessory costs relating to this agreement;
- EUR 75 thousand to De Agostini S.p.A. for the sublease contract of rental units, and for the chargeback of accessory costs related to this contract;
- EUR 8 thousand to Lottomatica Holding S.r.l. for the sublease contract of rental units, and for the chargeback of accessory costs related to this contract.

These receivables break down by region as follows:

- 76.82% for receivables from Subsidiaries - Italy;
- 20.94% for receivables from Subsidiaries - Italy;
- 2.24% for receivables from Subsidiaries - Italy.

4c – Financial receivables for current leases

This item, amounting to approximately EUR 1,366 thousand (EUR 1,329 thousand at 31 December 2019), relates to the receivable of DeA Capital S.p.A. from the companies using space in the property at Via Brera 21 in Milan.

4d – Tax credits from tax consolidation with parent company

The item, amounting to approximately EUR 4,025 thousand at 31 December 2020 (EUR 2,413 thousand at 31 December 2019), refers to the receivable from the Parent company De Agostini S.p.A. as a result of the participation in the tax consolidation scheme and relating to the consolidation income recorded in the financial statements due to the tax loss for the 2020 financial year that was transferred to the Parent company itself.

4e – Other tax receivables

This item, totalling EUR 5,321 thousand (EUR 2,794 thousand at 31 December 2019), relates to:

- withholding taxes of EUR 5,084 thousand withheld by DeA Capital Alternative Funds SGR as withholding agent on distributions of income by IDeA I FoF, ICF II, IDeA EESS and IDeA OF I;
- advance payments made in relation to foreign direct and indirect taxes in Luxembourg for EUR 28 thousand;
- a receivable of EUR 205 thousand resulting from the 2020 VAT settlement with B&D Holding S.p.A. after joining the VAT Group;
- credit deriving from the IRES refund request for non-deduction of IRAP related to personnel costs for the years 2010/2011 for EUR 4 thousand.

4f – Other receivables

These receivables, totalling EUR 68 thousand (EUR 44 thousand at 31 December 2019), relate mainly to prepaid expenses and receivables for guarantee deposits.

These receivables fall due within the next year.

4g – Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and cash (EUR 3 thousand), including interest accrued at 31 December 2020. This item totalled EUR 72,023 thousand at end-2020 compared with EUR 61,159 thousand at end-2019.
This increase is primarily due to the combined effect of the following factors:
- collection of dividends of EUR +1,360 thousand from DeA Capital Real Estate SGR, EUR +310 thousand from Cellularline and EUR +4,000 thousand from DeA Capital Alternative Funds SGR;
- payment of dividends of EUR -31,337 thousand;
- receipt of EUR +17,747 thousand for pay-outs from available-for-sale funds excluding capital calls paid;
- collection of EUR +22,226 thousand for the reimbursement resulting from the liquidation of IDeAMI S.p.A.;
- a collection of EUR +22,320 thousand for the contractual rights arising from the acquisition of Quaestio Holding and a cash disbursement of EUR -16,510 thousand related to the balance of the financial payable for the increase in price of the acquisition of the subsidiary occurred in the previous year;
- collection of EUR 4,855 thousand for the remuneration of losses transferred to the parent company De Agostini S.p.A. for participation in the tax consolidation scheme;
- disbursement of EUR -5,059 thousand for tax advances paid;
- disbursement of EUR -1,653 thousand for the purchase of treasury shares;
- service expenses net of recharges to Subsidiaries and Affiliated Companies of EUR -6,754 thousands;
- disbursement of EUR -641 thousand for an interest-bearing loan to third parties.

Please see the Company’s Cash Flow Statement for further information on changes to this item.

5 – Shareholders’ equity

At 31 December 2020, shareholders’ equity totalled approximately EUR 460,321 thousand, compared with EUR 466,230 thousand at 31 December 2019.
The change in shareholders’ equity in 2020 (approximately -EUR 5,909 thousand) was mainly due to:
- the distribution of a dividend of EUR -31,340 thousand;
- the profit of EUR +25,431 thousand for the period.

Please see the Statement of Changes in Shareholders’ Equity for more information on the main changes in this item.

5a – Share capital

The share capital (fully subscribed and paid up) totalled EUR 266,612,100, unchanged compared to 31 December 2019, represented by 266,612,100 shares (of which 6,922,403 treasury shares) with a nominal value of EUR 1 each.

5b – Share premium reserve

This item decreased by EUR 31,340 thousand from EUR 186,882 thousand at 31 December 2019 to EUR 155,542 thousand at 31 December 2020, due to the distribution of dividends.

5c – Legal reserve

This reserve totalled EUR 61,322 thousand, which was unchanged from the figure at 31 December 2019.

5d - Treasury shares reserve

The reserve was negative at EUR -10,713 thousand from EUR -10,415 thousand at 31 December 2019 and changed as reported below:

	No. of shares	Amount (EUR)
Shares at 31 December 2019	**6,636,485**	**(10,415,488)**
Changes in 2020		
Shares issued for performance shares	(1,184,906)	1,355,785
Purchase of own shares	1,470,824	(1,653,031)
Shares at 31 December 2020	**6,922,403**	**(10,712,734)**

5e – Other reserves

Other reserves, totalling EUR -4,659 thousand, comprise:

- the reserve related to the cost of long-term incentive plans amounting to EUR +3,370 thousand;
- the merger reserve of the subsidiary IDeA Alternative Investments of EUR -831 thousand (unchanged compared with 31 December 2019);
- the reserve for actuarial gains/losses on the end-of-service payment fund of EUR -98 thousand;
- the reserve for the sale of option rights/warrant subscription, amounting to EUR +413 thousand originating from the sale of residual options on the share capital increase not taken up by shareholders and sold by the Company;
- the reserve for share issuance costs, amounting to EUR -7,512 thousand, arising from the costs incurred for the share capital increase in 2007 for EUR -7,828 thousand and from the subscription of warrants by the Company's management in 2019 for EUR +316 thousand.

5f – Retained earnings (losses) carried forward

The item at 31 December 2020 amounted to EUR -33,215 thousand compared to EUR -45,450 thousand at 31 December 2019, mainly due to the allocation of the previous year's result.

5g – Profit (loss) for the year

This item includes the positive result of EUR +25,431 thousand in 2020, compared to a profit of EUR +12,451 thousand in 2019.

Article 2427, para. 1,7-*bis* of the Italian Civil Code: details of shareholders' equity items

The table below analyses the items of Shareholders' Equity as at 31 December 2020, detailing their origin, possibility of utilisation and distribution, as well as their utilisation in previous years:

	Amount	Potential use	Amount available	Summary of use in the three previous years	
Description (in EUR)				to cover losses	for other reasons
Share capital	**266,612,100**	=	=		
Share premium reserve	**155,542,010**	A,B,C	155,542,010 (#)	=	115,329,739
Legal reserve	**61,322,420**	B	=	=	=
Profits (losses) of previous and current years	**(7,783,652)**		=	=	436,939
- of which: Portion from asset revaluation	*71,933,840*	*B (*)*	=	=	=
- of which: Other	*(79,717,492)*	=	=	=	=
Other reserves	**(4,658,751)**	=	=	=	=
Own Shares	**(10,712,734)**	=	=	=	=
TOTAL	**460,321,393**				

Key: A = capital increase, B = to cover loss, C = distribution to shareholders
(#) Payable portion equal to Eur 60,453,032
(*) this portion of the reserve can be used to cover losses only subordinate to the legal reserve

6 – Non-current liabilities

Non-current liabilities amounted to EUR 7,964 thousand (EUR 9,779 thousand at 31 December 2019); they are not secured by any collateral on company assets.

6a – End-of-service payment fund

The end-of-service payment fund is a defined benefit plan, and has therefore been valued using actuarial assessments. The assumptions used in calculating the fund were: a discount rate of 0.34%; an annual rate of inflation of 1.00%; annual salary growth of 2.50%; and an annual fund growth rate of 2.25%.

Movements in the TFR can be summarised as follows:

(EUR thousand)	Balance at 1.1.2020	Portion accrued	Payments	Balance at 31.12.2020
Moviment in end-of-service payment fund	**410**	**122**	**(70)**	**462**

The amounts concerned were calculated as follows:

(EUR thousand)	31.12.2020	31.12.2019
Nominal value of end-of-service payment fund	407	377
Discounting effect	55	33
Current value of end-of-service payment fund	**462**	**410**

6b – Non-current financial liabilities

The item was EUR 7,502 thousand and mainly related to the financial payables recorded as a result of the application of IFRS 16 for the lease of the building located in Via Brera 21 in Milan for EUR 7,437 thousand and for the lease contracts of the motor vehicles in use for EUR 27 thousand.

7 – Current liabilities

Current liabilities amounted to EUR 4,927 thousand (EUR 20,947 thousand at 31 December 2019) and are all due within one year; they are not secured by any collateral on company assets.

7a - Trade payables

This item totalled EUR 743 thousand, compared with EUR 660 thousand in the previous year, and stems from ordinary operations.

With regard to transactions with related parties, this item includes payables to affiliate De Agostini Editore S.p.A. for approximately EUR 36 thousand and to subsidiary DeA Capital Alternative Funds SGR for approximately EUR 26 thousand.

A breakdown of these payables by region is set out below:
- 83.90% for payables to suppliers - Italy;
- 7.31% for payables to suppliers - Luxembourg;
- 5.08% for payables to suppliers - Affiliates in Italy;
- 0.15% for payables to suppliers - Spain.

Trade payables do not accrue interest and are settled, on average, within 30 to 60 days.

7b – Payables to staff and social security organisations

This item amounted to EUR 2,091 thousand (EUR 1,688 thousand at 31 December 2019) and breaks down as follows:

- EUR 383 thousand for payables to social security organisations, paid after the end of financial year 2020;
- EUR 1,708 thousand for payables to staff for holidays not taken and accrued bonuses.

7c - Tax payables to subsidiaries

This item was reduced to zero (EUR 64 thousand at 31 December 2019) following the repayment of the payable to the subsidiary DeA Capital Alternative Funds SGR for the IRES (corporation tax) refund request for the non-deduction of IRAP (regional business tax) relating to personnel costs for 2010/2011.

7d – Other tax payables

This item amounted to EUR 263 thousand (EUR 200 thousand at 31 December 2019) and consists of payables to the tax authorities in respect of taxes deducted from the income of employees and self-employed staff.

7e – Other payables

These payables amounted to EUR 17 thousand (unchanged compared to 31 December 2019) and mainly related to the payable for dividends not yet paid.

7f – Current financial liabilities

The item amounted to EUR 1,814 thousand and related to the financial payables recorded as a result of the application of IFRS 16 for the lease of the building located in Via Brera 21, Milan for EUR 1,755 thousand, for the lease of buildings used by personnel for EUR 37 thousand and for the lease contracts of motor vehicles in use for EUR 22 thousand.

This item included, at 31 December 2019, EUR 16,510 thousand related to the financial payables for the increase in price related to the acquisition of Quaestio Holding S.A., paid in 2020.

Notes to the Income Statement

8 - Revenues and income

8a - Investment income and expenses

In the 2020 financial year, net investment income was EUR 30,365 thousand (compared to net investment income of EUR 18,504 thousand in the 2019 financial year).

Details of this item are shown below.

(EUR thousand)	Financial year 2020	Financial year 2019
Dividends from subsidiaries and other income	**5,360**	**18,354**
Income from valuation of Dea Capital Allternative Funds SGR S.p.A.	(700)	4,200
Loss from valuation of IDeA Opportunity Fund I	(5,079)	(338)
Loss from valuation of DeA Capital Real Estate SGR S.p.A	700	(778)
Loss from valuation of DeA Capital Partecipazioni S.p.A	27,800	(8,669)
Income/(Loss) from valuation in subsidiary companies	**22,721**	**(5,585)**
Income/(Loss) from valuation of IDeA EESS	(161)	231
Loss from valutation Quaestio Holding S.A.	3,415	(240)
Loss from valuation of Venere	(81)	(127)
Income/(Loss) from valuation in related companies	**3,173**	**(136)**
Dividends from Cellularline S.p.A.	310	282
Realised income by Kenan Investments S.A.	0	3,174
Realised income by Harvip Investments S.p.A.	0	416
Income/(Loss)from valuation of Kenan Investments S.A.	3,918	4,407
Loss from valuation of IDeaMI S.p.A. in liquidation	(194)	(1,399)
Loss from valuation of Cellularline S.p.A.	(2,040)	(926)
Income/(Loss)from valuation of Participatory Financial Instruments	0	565
Capital gains from Venture Capital distributions	0	49
Loss from valuation of Venture Capital	(1,536)	(919)
Income/(Loss) from valuation of IDeA FoF	(3,114)	(2,868)
Income from valuation of IDeA ICF II	2,759	1,752
Income from valuation of IDeA ICF III	(439)	866
Income/(Loss) from valuation of Santa Palomba	59	(15)
Income/(Loss) from valuation of IDeA ToI	(443)	620
Loss from valuation of ToI 2	(234)	0
Loss from valuation of SS II	(51)	0
Loss from valuation of IDeA CCR I	(54)	(37)
Loss from valuation of IDeA CCR II	194	(75)
Loss from valuation of IDeA Agro	(24)	(21)
Profit/(Loss) from valuation in other investments	**(889)**	**5,871**
Total investment Income (Losses)	**30,365**	**18,504**

Dividends from associates and other income

The item comprises dividends paid out by:

- DeA Capital Alternative Funds SGR for EUR 4,000 thousand;
- DeA Capital Real Estate SGR S.p.A. for EUR 1,360 thousand.

8b - Service revenues

In the 2020 financial year, income of EUR 864 thousand (EUR 1,067 thousand in the 2019 financial year) was recognised, due to the recharging of costs or provision of services for:

- EUR 515 thousand to DeA Capital Real Estate SGR;
- EUR 216 thousand to DeA Capital Alternative Funds SGR;
- EUR 81 thousand to De Agostini S.p.A.;
- EUR 35 thousand to DeA Capital Holdings;
- EUR 9 thousand for services rendered to third parties;
- EUR 8 thousand to Lottomatica.

9 – Operating costs

9a – Personnel costs

Total personnel costs amounted to EUR 6,966 thousand compared to EUR 5,494 thousand in 2019.

The item breaks down as follows:

(EUR thousand)	Financial year 2020	Financial year 2019
Salaries and wages	2,480	1,677
Social security charges	735	560
Net remuneration for the Board of Directors	1,854	1,533
Performance shares cost	1,698	1,560
End-of-service payment fund	168	137
Other personnel costs	31	27
Total	**6,966**	**5,494**

There are a total of 23 employees of the Parent Company (18 as at 31 December 2019).

The table below shows changes and the average number of Parent Company employees during the year.

Employees	1.1.2020	Recruits	Departures	31.12.2020	Average no.
Senior managers	4	3	1	6	5
Junior managers	6	3	2	7	7
Staff	8	3	1	10	9
Total	**18**	**9**	**4**	**23**	**21**

Compensation benefits in the form of equity participation

Employees of DeA Capital S.p.A. and of the parent company De Agostini S.p.A. are beneficiaries of share plans and performance shares on DeA Capital S.p.A. shares. The Company's share options still valid but not yet vested at 31 December 2020 amount to 4,232,500. The notional cost of the long-term share-based incentive plans is equal to EUR 1,698 thousand as at 31 December 2020 (EUR 1,560 thousand as of 31 December 2019), and refers to the provision of the portion for 2020 of the fair value calculated on the grant date of the plans for the vesting period of the same. The value of the long-term incentive plans is also periodically adjusted on the basis of the degree of achievement of the plans themselves.

On 20 April 2020, the shareholders' meeting of DeA Capital S.p.A. approved the DeA Capital 2020-2022 Performance Share Plan, which provides for the allocation of a maximum of 1,750,000 Units. On 12 May 2020, in implementation of the shareholders' resolution, the Board of Directors of DeA Capital S.p.A. voted: (i) to launch the 2020-2022 Performance Share Plan approved by the Shareholders' Meeting, vesting the Chairman of the Board of Directors and the Chief Executive Officer with all the necessary powers, to be exercised severally and with full power of delegation; and (ii) to grant 1,420,000 units (representing the right to receive ordinary shares in the Company free of charge, under the terms and conditions of the plan) to certain employees and/or directors performing particular roles at the Company, its subsidiaries and the Parent Company De Agostini S.p.A.

The shares allocated as a result of the accrual of the Units will come from treasury shares.

The Shareholders' Meeting also approved the Company's Remuneration Policy pursuant to art. 123-*ter* of the TUF.

Please note that the terms and conditions of the above-mentioned 2020-2022 Performance Share Plan are described in the Information Document prepared pursuant to article 84-*bis* of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 ("Issuers' Regulation"), which is available to the public at the registered office of DeA Capital S.p.A., as well as on the company's website (in the "Corporate Governance/Incentive Plans" section).

9b – Service costs

Costs for services in 2020 amounted to EUR 2,454 thousand (EUR 3,095 thousand in 2019), and are detailed as follows:

(EUR thousand)	Financial year 2020	Financial year 2019
Administrative, tax, legal consultancy and other fees	1,338	1,889
Fees to corporate bodies	198	198
Ordinary maintenance	315	174
Travel expenses	31	55
Utilities and general expenses	484	643
Bank charges	29	29
Advertising, conferences, online subscriptions, office supplies	54	96
Other charges	5	11
Total	**2,454**	**3,095**

9c – Depreciation

Please see the table on changes in intangible and tangible assets for details on this item.

9d – Other charges

This item amounted to EUR 57 thousand (EUR 288 thousand in 2019) and is mainly composed of registration tax, municipal taxes and non-deductible VAT due to the application of the pro-rata.

10 – Financial income and charges

10a – Financial income

Financial income was EUR 422 thousand (EUR 1,210 thousand in 2019) and is detailed as follows:

(EUR thousand)	Financial year 2020	Financial year 2019
Interests income	15	10
Interests income on leasing	175	203
Financial liabilities adjustment	170	408
Exchange gains	62	589
Total	**422**	**1,210**

In detail, this item mainly consists of:
- interest income on leases, amounting to EUR 175 thousand and related to financial receivables recognised as assets in the balance sheet following the application of IFRS 16;
- positive adjustment for the cancellation of the debt relating to the variable price component (earn-out) for the purchase by DeA Capital of the shares previously held by Fondazione Carispezia in DeA Capital Real Estate SGR, amounting to EUR 170 thousand.

10b – Financial charges

Financial expenses amounted to EUR 436 thousand (EUR 652 thousand in 2019) and are detailed as follows:

(EUR thousand)	Financial year 2020	Financial year 2019
Interest payable on leasing	226	262
Charges on financial liabilities	3	5
Exchange losses	207	385
Total	**436**	**652**

These mainly included interest payable on loans and financial liabilities and losses on hedging derivatives and exchange rates.
- interest payable on leases, amounting to EUR 226 thousand and related to the financial payables recognised as a liability in the balance sheet following the application of IFRS 16;
- negative adjustment on the discounting of the provision for severance indemnities accrued in FY 2020, amounting to EUR 3 thousand;
- exchange rate charges of EUR 207 thousand.

11 – Tax

11a – Income tax for the period

At 31 December 2020, no IRAP taxes were recorded because of the negative tax base. This item consists of current tax income of EUR 4,018 thousand which refers to the benefit of participating in the De Agostini S.p.A. Group's national tax consolidation scheme.

The table below shows a reconciliation of the tax charges recorded in the Financial Statements and the theoretical tax charge calculated using the IRES rate applicable in Italy:

	2020		2019	
(EUR thousand)	**Amount**	**Rate**	**Amount**	**Rate**
Profit before tax	**21,413**		**10,709**	
Tax on theoretical income	5,139	24.0%	2,570	24.0%
Additional tax art. 1, co. 65 L. 208/2015	749	3.5%	0	0.0%
Tax on theoretical income	**5,888**	**27.5%**	**2,570**	**24.0%**
Tax effect of permanent differences				
- Write-downs on equity investments	*(9,100)*	*-42.5%*	*682*	*6.4%*
- Losses on the sale of investments	*53*	*0.2%*	*0*	*0.0%*
- Gains on the sale of minor investments	*0*	*0.0%*	*(857)*	*-8.0%*
- Dividends	*(1,481)*	*-6.9%*	*(4,249)*	*-39.7%*
- Non-deductible interest	*0*	*0.0%*	*15*	*0.1%*
- Other changes	*28*	*0.1%*	*116*	*1.1%*
Income from tax consolidation scheme	7	0.0%	(19)	-0.2%
Additional tax art. 1, co. 65 L. 208/2015 not calculated on income from consolidation	587	2.7%	0	0.0%
Income tax reported in the income statement	**(4,018)**		**(1,742)**	

Notes to the Cash Flow Statement

Changes to the Cash Flow Statement have been reported using the direct method.

Given the type of activity carried out by the Company, cash flow from investment in companies and funds (the Company's normal activity) is included in cash flow from operating activities.

In 2020, operating activities, as defined above, generated cash and cash equivalents of EUR 39,244 thousand (absorbed EUR 2,364 thousand in 2019). Please see the Cash Flow Statement for information on changes to this item.

In FY 2020, investment activity generated EUR 6 thousand (absorbed EUR 6 thousand in 2019), mainly related to the settlement of the contractual rights of DeA Capital S.p.A. relating to the transaction concerning Quaestio Holding S.A.

In 2020, financial activities absorbed EUR 34,174 thousand (EUR -31,375 thousand in 2019) mainly in relation to the payment of dividends totalling EUR 31,337 thousand.

Cash and cash equivalents totalled EUR 72,023 thousand at end-2020, compared with EUR 61,159 thousand at the end of the 2019.

Other information

Commitments

The residual commitments (commitments) as at 31 December 2020 for the total funds in portfolio amounted to EUR 88.7 million, compared to EUR 66.2 million in 2019.

The change in commitments is shown in the table below:

Residual commitments - €M	31.12.2019	*Capital calls / purchase of units*	New commit.	Echange rate	31.12.2020	Commitment undertaken	Vintage
Funds with investment period open							
IDeA CCR I - CD	0.0	0.0	0.0	0.0	0.0	0.1	2016
IDeA CCR II - CD	0.0	0.0	0.0	0.0	0.0	0.1	2017
IDeA CCR II - NF	11.7	(2.5)	0.4	0.0	9.6	15.6	2017
IDeA Agro	1.4	(0.7)	0.8	0.0	1.5	3.3	2018
SS II	0.0	(0.1)	10.0	0.0	9.9	10.0	2020
IDeA ToI 2	0.0	(2.6)	15.2	(0.0)	12.6	15.2	2020
Total Funds with inv. period open	**13.0**	**(5.8)**	**26.4**	**(0.0)**	**33.6**	**44.3**	
*Funds with investment period closed**							
IDeA OF I	4.5	0.0	0.0	0.0	4.5	92.4	2008
IDeA I Fund of Funds	14.2	(0.2)	0.0	0.0	14.0	164.6	2007
ICF II	13.1	(0.3)	0.0	0.0	12.8	51.0	2009
ICF III	2.9	(0.3)	0.0	0.0	2.6	12.5	2009
IDeA CCR I - NF	5.4	(0.1)	0.2	0.0	5.6	8.1	2016
IDeA EESS	5.7	(0.2)	0.0	0.0	5.5	30.4	2011
IDeA ToI	2.5	(0.3)	0.0	0.0	2.2	25.2	2014
Venere	0.0	0.0	0.0	0.0	0.0	7.0	2011
Santa Palomba	0.5	(0.1)	0.0	0.0	0.4	1.0	2016
Venture capital funds	4.3	0.0	3.1	0.1	7.5	18.8	2000
Total Funds with inv. period closed	**53.2**	**(1.4)**	**3.3**	**0.1**	**55.2**	**411.0**	
Total	**66.2**	**(7.2)**	**29.7**	**0.1**	**88.7**	**455.3**	

(*) Funds whit completed investment period

In relation to these commitments, management believes that the funds currently available, in addition to the funds that will be generated by operating and financing activities, will enable DeA Capital to meet the needs arising from investment and working capital management activities.

Treasury and parent company shares

On 20 April 2020, the shareholders' meeting of DeA Capital S.p.A. authorised the company's Board of Directors to carry out acts of purchase and disposal, on one or more occasions, on a revolving basis, of a maximum number of own shares representing a stake of no more than 20% of the share capital (i.e. approximately 53.3 million shares).

The new Plan, which replaces the plan authorised by the Shareholders' Meeting on 18 April 2019 (which was due to expire upon the approval of the Financial Statements for 2019), includes the following objectives: (i) the acquisition of treasury shares to be used for extraordinary transactions and the share incentive plans, (ii) offer to the shareholders of an additional instrument for monetisation of their investment (iii) support of the liquidity of the financial instruments issued, (iv) usage of excess liquidity. The d treasury shares can also be disposed through trading.

The Shareholder's Meeting's authorisation specifies that purchases may be made until the date of the Shareholders' Meeting called to approve the Financial Statements as at 31 December 2020 (and, in any event, not beyond the maximum period of 18 months allowed by law), while the authorisation to dispose of the treasury shares was granted without time limits. The unit price for the purchase of the shares will be set on a case-by-case basis by the Board of Directors, but must not be more than 20% above or below the share's reference price on the trading day prior to each purchase.

The authorisation to sell treasury shares already held in the Company's portfolio and any shares bought in the future was granted for an unlimited period; sales may be carried out using the methods deemed most appropriate and at a price to be determined on a case-by-case basis by the Board of Directors, which must not, however, be more than 20% below the share's reference price on the trading day prior to the sale (apart from certain exceptions specified in the Plan), although this limit may not apply in certain cases.

DeA Capital S.p.A. will disclose the launch date for the share buy-back plan to the market in compliance with current legislation.

Movements in treasury shares during the 2020 financial year are summarised below:
(i) allocation of 1,184,906 treasury shares under the 2016-2018 and 2017-2019 Performance Shares Plans of DeA Capital S.p.A.;
(ii) purchase of 1,470,824 treasury shares (for a countervalue of EUR 1,653,031).

Taking into account the purchases made in previous years on the plans in place from time to time, as well as the movements of treasury shares described above, at 31 December 2020 the Company owned 6,922,403 treasury shares (representing approximately 2.6% of the share capital).

During 2020, the Company did not hold, purchase or sell, on its own account or through a trust company, any shares in the Parent Company De Agostini S.p.A.

Long-term incentive schemes

On 20 April 2020, the DeA Capital S.p.A. Shareholders' Meeting approved the Incentive Plan called the "DeA Capital Performance Share Plan 2020-2022", under which a maximum of 1,750,000 units may be granted. On 12 May 2020, in implementation of the shareholders' resolution, the Board of Directors of DeA Capital S.p.A. voted: (i) to launch the 2020-2022 Performance Share Plan approved by the Shareholders' Meeting, vesting the Chairman of the Board of Directors and the Chief Executive Officer with all the necessary powers, to be exercised severally and with full power of delegation; and (ii) to grant 1,420,000 units (representing the right to receive ordinary shares in the Company free of charge, under the terms and conditions of the plan).

Shares allocated due to the vesting of units will be drawn from the Company's treasury shares.

The tables below summarise the assumptions made in calculating the fair value of the plans.

Shareholder plan (Eur)	**Plan 2019**
No. of options granted	1,750,000
Average market price at the grant date (€)	1,51
Value at allocation/modification date (€)	2,642,500
Option expiry date	30/06/22

Performance Share (Eur)	**Plan 2017**	**Plan 2017**	**Plan 2018**	**Plan 2019**	**Plan 2020**
N° units granted	1,200,000	100,000	1,350,000	1,050,000	1,420,000
Unit value (€)	1.36	1.27	1.56	1.51	1.29
Value at the grant date/amendment date of the regulation (€)	1,632,000	127,000	2,106,000	1,585,500	1,831,800
Expiry date	30/06/21	30/06/21	30/06/22	30/06/23	30/06/24

Related Party Transactions

Transactions with related parties, including those with other Group companies, were carried out in accordance with the Procedure for Related Party Transactions adopted by the Company with effect from 1 January 2011, in accordance with the provisions of the Regulation implemented pursuant to art. 2391-*bis* of the Italian Civil Code with Consob Resolution 17221 of 12 March 2010, as subsequently amended.

It should be noted that during the first half of 2020, the Company did not carry out any atypical or unusual transactions with related parties, apart from those that are part of the normal business activities of group companies. It also did not carry out any "material transactions" as defined in the above-mentioned procedure.

Transactions with related parties concluded during 2020 were settled at market conditions, taking into account the characteristics of the goods and services provided.

With regard to transactions with parent companies, note the following:

1. DeA Capital S.p.A. signed a "Service Agreement" with the controlling shareholder, De Agostini S.p.A., for the latter to provide operating services in administration, finance, control, legal, investor relations, corporate, tax and institutional and press relations services, at market rates. Currently, this agreement is only active for the tax area.

   At the same time, on 1 January 2013, DeA Capital S.p.A. signed an "Agreement to sub-let property for intended use other than residential use" with the controlling shareholder, De Agostini S.p.A. The agreement relates to parts of a building located at Via Brera 21, Milan, comprising spaces for office use, warehousing and car parking. This above-referenced Contract, which is renewable every six years after an initial term of seven years, provides for the same conditions as the contract held by DeA Capital S.p.A.

2. DeA Capital S.p.A., DeA Capital Partecipazioni, DeA Capital Alternative Funds SGR and DeA Capital Real Estate SGR have adopted the national tax consolidation scheme of the De Agostini Group (the Group headed by De Agostini S.p.A.). This option was exercised jointly by each company and De Agostini S.p.A., through the signing of the "Regulation for participation in the national tax consolidation scheme for companies in the De Agostini Group" and by notifying the tax authorities of this option pursuant to the terms and conditions laid down by law. The option is irrevocable unless the requirements for applying the scheme are not met.

   The option for DeA Capital S.p.A. is irrevocable for the three-year period 2020-2022.

3. In order to allow more efficient use of liquidity and the activation of credit lines with potentially better terms and conditions than those that may be obtained from banks, DeA Capital S.p.A. has signed a framework agreement (Framework Agreement) with the Parent Company De Agostini S.p.A. for the provision of short-term intercompany loans/deposits.

   It is envisaged that the deposit/financing operations falling within this Framework Agreement can only be carried out subject to verification that the terms and conditions, as determined from time to time, are advantageous, and will be provided on a revolving basis, and with maturities of not more than three months. It is also envisaged that the Framework Agreement has a duration of one year and is tacitly renewed each year.

The amounts involved in the deposit/financing operations will, however, always be below the thresholds defined for "transactions of lesser importance" pursuant to Consob Regulation 17221/2010 (Transactions with Related Parties) and the internal Procedure for Related-Party Transactions adopted by DeA Capital S.p.A.
Note that there were no deposit/financing operations between DeA Capital S.p.A. and De Agostini S.p.A. arising from the above-mentioned Framework Agreement.

Finally, from 1 January 2020, DeA Capital S.p.A. joined the "B&D Holding VAT group" (promoted by the indirect parent company of DeA Capital S.p.A.), which allows companies in the same group to have a single VAT number and to operate as a single entity for VAT purposes. Membership is binding for the three-year period from 2020 to 2022.

The following is reported with reference to transactions with Subsidiaries:

1) On 1 January 2013, DeA Capital S.p.A. signed sublease agreements with the subsidiaries DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR for real estate portions of the property located at 21 Via Brera, Milan, consisting of office space, warehouse and parking spaces. This above-referenced Contract, which is renewable every six years after an initial term of seven years, provides for the same conditions as the contract held by DeA Capital S.p.A.

2) DeA Capital S.p.A. signed "Contracts for the provision of Internal Audit services" with the subsidiaries DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR. These contracts, which are tacitly renewed annually, were entered into to increase the efficiency and effectiveness of Internal Audit activities as part of a more general strengthening of the internal audit function of the parent company DeA Capital S.p.A.

3) DeA Capital S.p.A. signed "Contracts for the provision of corporate services" with its subsidiaries DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR. These contracts - tacitly renewed annually - have been stipulated in order to support the legal functions of the Asset Management Companies, allowing them to benefit from a common platform of resources and professional knowledge functional to the standardisation and transversality of operating methodologies at Group level.

It is finally noted that from 1 January 2020, DeA Capital S.p.A. opted to participate in the "B&D Holding Group VAT" (led by the indirect parent company of DeA Capital S.p.A.), which allows companies belonging to the same Group to share a single VAT number and operate uniformly for VAT purposes only. Membership is binding for the three-year period from 2020 to 2022.

The table below shows the balances arising from transactions with related parties.

	31.12.2020				Financial year 2020				
(EUR thousand)	Trade receivables	Financial receivables	Tax receivables	Trade payables	Revenues for services	Financial income	Tax income	Personnel costs net of recharged (*)	Service costs
DeA Capital Alternative Funds SGR S.p.A.	232	2,214	-	(25)	216	54	-	564	-
DeA Capital Real Estate SGR S.p.A.	43	3,619	-	(1)	515	88	-	156	-
DeA Capital Partecipazione S.p.A.	-	-	-	-	35	3	-	10	-
Yard S.p.A.	-	-	-	-	-	-	-	10	-
De Agostini S.p.A.	75	1,199	4,025	-	81	29	4,018	(11)	(310)
DeA Planeta Libri S.p.A.	-	-	-	(2)	-	-	-	-	(2)
Lottomatica S.p.A.	8	119	-	-	8	3	-	-	-
De Agostini Editore S.p.A.	-	-	-	(36)	-	-	-	(87)	(80)
Total related parties	**358**	**7,151**	**4,025**	**(64)**	**855**	**177**	**4,018**	**642**	**(392)**
Total financial statement line item	**358**	**7,151**	**4,025**	**743**	**864**	**422**	**4,018**	**(6,966)**	**(2,454)**
As % of financial statement line item	**100.0%**	**100.0%**	**0.0%**	**(8.6%)**	**99.0%**	**41.9%**	**100.0%**	**(9.2%)**	**16.0%**

(*) Values Net of revenues concerning the recharge of cost of personnel to the Group Companies

Remuneration of Directors, Auditors, General Manager/Managers with strategic responsibilities

In 2020, remuneration payable to the Directors and Auditors of DeA Capital S.p.A. for the performance of their duties totalled EUR 300 thousand and EUR 105 thousand respectively.

Remuneration paid to directors and auditors is shown in the table below.

Director	Position	Period position held	Position expires	Fees for position at company preparing the financial statements -(€/000)	Non-cash benefits - (€/000)	Bonuses and other incentives - (€/000)	Statutory auditors' fees for positions held at subsidiaries - (€/000)	Other remuneration - (€/000)
Lorenzo Pellicioli	Chairman	2020	Approval fin. statements 2021	30	0	0	0	0
Paolo Ceretti	Chief Executive Officer	2020	Approval fin. statements 2021	750	0	1051	0	40
Dario Frigerio	Director	2020	Approval fin. statements 2021	30	0	0	0	212
Dario Mereghetti	Director	2020	Approval fin. statements 2021	30	0	0	0	5
Carlo Ferrari Ardicini	Director	2020	Approval fin. statements 2021	30	0	0	0	0
Donatella Busso	Director	2020	Approval fin. statements 2021	30	0	0	0	27
Francesca Golfetto	Director	2020	Approval fin. statements 2021	30	0	0	0	5
Marco Drago	Director	until at 12 may 2020	Approval fin. statements 2021	11	0	0	0	0
Nicola Drago	Director	from 12 may 2020	-	19	0	0	0	0
Daniela Toscani	Director	2020	Approval fin. statements 2021	30	0	0	0	15
Elena Vasco	Director	2020	Approval fin. statements 2021	30	0	0	0	25
Marco Boroli	Director	2020	Approval fin. statements 2021	30	0	0	0	0
Cesare Grifoni	Chairman of the Board of Statutory Auditors	2020	Approval fin. statements 2021	45	0	0	7	10
Fabio Facchini	Permanent Auditor	2020	Approval fin. statements 2021	30	0	0	0	0
Annalisa Donesana	Permanent Auditor	2020	Approval fin. statements 2021	30	0	0	5	0

In contrast to the data contained in the Remuneration Report prepared pursuant to art. 123-*ter* of the TUF in accordance with art. 84-*quater* of the Issuer Regulation, the emoluments and compensation indicated above do not include social security contributions where applicable.

“Other remuneration” relates to remuneration received for other positions held in either DeA Capital S.p.A. or other Group companies.

Remuneration for the year from employment, excluding non-monetary benefits, including bonuses, for the General Manager/ Managers with strategic responsabilities amounted to approximately EUR 649 thousand for the 2020 financial year.

Shareholdings held by Directors, Auditors, General Manager/Managers with strategic responsibilities

Information on the holdings held by members of the management and control bodies, the General Manager/Managers with strategic responsibilities (shown as an aggregate) in DeA Capital S.p.A. and its subsidiaries is provided in table form.

This includes all persons who, during the year in question, held the position of member of the Administrative and Control bodies, General Manager/Manager with strategic responsibilities, even for a fraction of a year.

Name and surname	Investee company	No. of shares held at 1.1.2020	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2020
Lorenzo Pellicioli	DeA Capital S.p.A.	2,566,323	0	0	2,566,323
Paolo Ceretti	DeA Capital S.p.A.	2,077,096	430,146	0	2,507,242
Chief Operating Officer/Senior managers with strategic responsibilities	DeA Capital S.p.A.	1,100,000	232,735	0	1,332,735
Total		**5,743,419**	**662,881**	**0**	**6,406,300**

No DeA Capital shares are held by other Directors or Auditors who are currently in office; furthermore, no shares are held in companies controlled by DeA Capital.

It should be noted that Directors Marco Boroli, Nicola Drago and Carlo Enrico Ferrari Ardicini own shares in B&D Holding S.p.A. and - with reference to Director Marco Boroli - shares in De Agostini S.p.A., companies that indirectly and directly control the Company.

Long-term share incentive plans granted to members of the Board of Directors, General Manager/Managers with strategic responsibilities

On 18 April 2019, the DeA Capital S.p.A. shareholders’ meeting approved the 2019-2021 share plan for the company’s CEO, which provides for the free allocation of up to a maximum of 1,750,000 shares if certain performance parameters are achieved, the information is provided in table form.

Shareholding Plan		Options outstanding at 1 January 2020			Options granted during 2020			Options exercised during 2020	Options lapsed/ cancelled during 2020	Options outstanding at 31 December 2020		
Beneficiary	Position	Number of options	Average exercise price (€)	Average expiry date	Number of options	Average exercise price (€)	Average expiry date	Number of options	Number of options	Number of options	Average exercise price (€)	Average expiry date
Paolo Ceretti	CEO	1,750,000	1.51	3	0	0	0	0	0	1,750,000	1.51	3

Lastly, it should be noted that the Director, General Manager/Managers with strategic responsibilities were assigned 613,559 performance shares in 2020, as shown in the attached table:

Performance shares		Units outstanding at 1 January 2020			Units granted during 2020			Units exercised during 2020	Units lapsed/ cancelled during 2020	Units outstanding at 31 December 2020		
Beneficiary	**Position**	**Number of Units**	**Units Price (€)**	**Average expiry date**	**Number of Units**	**Units Price (€)**	**Average expiry date**	**Number of Units**	**Number of Units**	**Number of Units**	**Units Price (€)**	**Average expiry date**
Paolo Ceretti	CEO	195,834	1.19	4	0	0	0	182,881	12,953	0	0	0
Paolo Ceretti	CEO	350,000	1.36	4	72,265	1.36	4	247,265	0	175,000	1.36	4
Paolo Ceretti	CEO	500,000	1.56	4	0	0	0	0	0	500,000	1.56	4
Chief Operating Officer/ Senior managers with strategic responsibilities		251,785	1.19	4	0	0	0	235,134	16,651	0	0	0
Chief Operating Officer/ Senior managers with strategic responsibilities		200,000	1.36	4	41,294	1.36	4	141,294	0	100,000	1.36	4
Chief Operating Officer/ Senior managers with strategic responsibilities		200,000	1.56	4	0	0	0	0	0	200,000	1.56	4
Chief Operating Officer/ Senior managers with strategic responsibilities		225,000	1.51	4	0	0	0	0	0	225,000	1.51	4
Chief Operating Officer/ Senior managers with strategic responsibilities		0	0	0	500,000	1.29	4	0	0	500,000	1.29	4

Contingent liabilities

IAS 37 defines a contingent liability as an obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company must assess the risk deriving from the contingent liability and must recognise the related risk provision only if it considers such risk to be possible or probable.

The Company considers the risk for the following contingent liabilities to be remote and therefore did not make any accounting entries; however, it has made the following disclosures.

On 17 December 2014, DeA Capital S.p.A. received an assessment notice for the 2009 tax period relating to IDeA Alternative Investments S.p.A., a company which was merged into DeA Capital S.p.A. with effect from 1 January 2012. This assessment, based on the presumption of higher unrecognised revenues, has been challenged by DeA Capital before the Milan Provincial Tax Commission ("CTP").

Subsequently, on 10 November 2015, DeA Capital S.p.A. received another assessment notice relating to IDeA Alternative Investments S.p.A. for the 2010 tax period. The assessment alleged that revenues had been under-reported and that spin-off costs had been unduly deducted. The assessment in question was also challenged by DeA Capital before the Milan Provincial Tax Commission.

On 14 November 2016, the Milan Provincial Tax Commission fully upheld the appeals filed with regard to the presumption of higher unrecognised revenues for the years 2009/2010 and partially upheld the appeal concerning the demerger costs.

On 14 June 2017, the Tax Authority – Provincial Division of Milan filed an appeal with the Regional Tax Court of Lombardy against the first instance ruling on the dispute in question, resubmitting all the findings initially formulated. On 23 February 2018, the Lombardy Regional Tax Commission (Commissione Tributaria Regionale della Lombardia) held a hearing to discuss the dispute in question. With a ruling filed on 17 May 2018, the Commission rejected the Office's appeal, confirmed the contested ruling and accepted the cross-appeal regarding the demerger costs.

On 17 September 2019, the Tax Authority, through the Italian State Attorney's Office, notified the appeal to the Court of Cassation for the reform of the second instance decision. The company appeared within the time limits laid down by law and submitted its own defence. It should be noted that with regard to the second finding, relating to the deductibility of the costs incurred for the demerger, the Italian State Attorney has not put forward any grounds for appeal, so the annulment of the tax claim can be considered final.

Management and coordination

The Parent Company is subject to the management and coordination of De Agostini S.p.A.

Key figures from the latest approved financial statements of De Agostini S.p.A. are shown below.

(in EUR)

INCOME STATEMENT	**2019**	**2018**
Revenues	5,675,418	3,215,313
Production costs	(32,484,708)	(38,467,757)
Financial income and charges	90,895,259	89,248,446
Adjustments to the value of financial assets	(16,373,933)	(19,254,907)
Taxes for the year	7,560,349	10,284,292
Net profit	55,272,385	45,025,387

STATEMENT OF FINANCIAL POSITION	**2019**	**2018**
Non-current assets	3,143,995,120	3,191,898,486
Current assets	184,799,715	171,820,962
Accruals and deferrals	8,306,143	11,611,755
Shareholders' equity	(2,582,781,567)	(2,553,379,071)
Provisions for risks and charges	(7,370,605)	(48,328,591)
End-of-service payment provision	(634,991)	(680,098)
Payables	(744,631,561)	(770,767,231)
Accruals and deferrals	(1,682,254)	(2,176,212)

Risks

The assessment of risk factors for DeA Capital is to be understood primarily in relation to their impact (i) on the economic results of the **Alternative Asset Management** platform (real estate, credit, private equity and multi-asset/multi-manager solutions) and of the investment activities carried out in support of the platform's activities (so-called **platform investments**, consisting of investments in minority stakes in part of the funds managed by the platform and co-investments alongside these funds or lead investment partners in the real estate initiatives promoted by the Group's foreign ventures) and (ii) the Group's ability to ensure balanced and holistic development of all these activities.

With reference to **Alternative Asset Management** activities, these are particularly sensitive to all the risk variables that may impact the "organic" performance of Assets Under Management (which essentially represent the basis for calculating management fees) which, for closed-end funds (real estate, credit, private equity), will depend substantially on (i) the ability to launch new funds and (ii) the ability to increase the number of funds under management (ii) value of the assets in which these are invested plus, in the case of open-ended funds accessed by the multi-asset / multi-management investment solutions offered to investors, the (iii) redemptions by the investors served.

The development of the three main variables affecting the performance of Assets Under Management depends on:
- exogenous contextual factors (general economic conditions, socio-political events, regulatory developments, trends in financial markets, interest rates, and the impact these have on the availability and direction of investment flows);
- endogenous factors (which can be summarised as the asset manager's credibility in terms of its ability to generate satisfactory performance for investors, the effectiveness of the operational processes structured to regulate the launch and management of investment products/solutions, constant attention in terms of compliance with the industry's stringent regulations and the Group's willingness to share the investment risk in some of the products it offers with investors).

The variety of business streams in which the Platform operates is a mitigating factor for all contextual risks that impact the ability to launch new funds/investment solutions. On the other hand, the recent start of international development for the real estate sector, if on the one hand it has a favourable impact on the reduction of the same risks due to the diversification that it entails, on the other hand it increases this riskiness (because it exposes to the same "country-specific" context factors relative to the new markets) and at the same time it acts on the endogenous risk factors through the increase in the operational complexity of the Group.

With regard to the performance of the **platform investments** portfolio, this will depend on both the aforementioned exogenous contextual factors, as well as endogenous factors (in particular, capacity and timing of selection, management and divestment of investments).

The mitigation of the impact of exogenous and endogenous risks to which the Group's activities are subjected is mainly through:

- the systematic monitoring of reference markets, the competitive framework and the main trends in the industry;
- the gradual diversification of business streams (both product-related, for example by extending the portfolio of products offered to the NPL Management, managed accounts and international real estate club deal segments, or by entering the segment of investment solutions for institutional investors and geographical, with the launch of real estate ventures in partnership with local key managers, first in France and Iberia and then in Poland and Germany);
- the maintenance of effective investment governance (though not control) levers and risk diversification mechanisms (such as asset concentration constraints in funds under management) across all asset classes;
- continuous monitoring of the trend of the key performance indicators of the different business segments;
- maintaining an industrial and never purely financial approach to investment activities and strict ethical standards throughout the structure;
- the growing focus on sustainable investment issues with reference to environmental, social and governance aspects, through the definition of policies, adherence to international certification standards and the transversal involvement of the various corporate functions, initially defined at the level of subsidiary asset management companies and currently being extended to the Group as a whole;
- the strengthening of the operational structure (in particular with the integration of a Chief Operating Officer into the company's organisation chart) and strategic orientation (with the recent establishment of the Advisory Board to support business development and go-to-market activities for the Alternative Asset Management Platform);
- the periodic assessment and monitoring of the risk framework in which the Group operates through a structured risk assessment process and the related updating of operating procedures and governance mechanisms (e.g. the establishment of the Security Operating Centre - 'SOC' - to better monitor cybersecurity issues).

The spread of COVID-19 during 2020 has led to a generalised amplification of the complex of risk factors highlighted above, while at the same time imposing the rapid adoption of measures to ensure the continuity of operations of the companies belonging to the Group.

Operational integrity was guaranteed, without interruption, firstly through the timely and generalised adoption of a smart-working policy (implemented, inter alia, by substantially equipping all staff with the appropriate technical means), and subsequently, once the regulatory constraints on the mobility of persons had been relaxed, through the implementation of a regulatory protocol for combating and containing the spread of the virus in the workplace (supported by the adoption of all the technical and organisational devices necessary to ensure that all professionals in the workforce could return to their operational headquarters on a rotating basis). In this way, DeA Capital was able to oversee the governance of its business in a period of extraordinary uncertainty with substantially unchanged response capabilities compared to business-as-usual, all without significant costs/investments in terms of general and administrative expenses/capex.

At an operational level, asset management has seen the integration of the dimension relating to sensitivity to the "COVID-19 effect" in the monitoring of portfolios, both with an aggregate cut (typically by reference industry), and with an individual cut, depending on the specificities of individual assets (liquidity, sustainability of the financial structure, sensitivity to operating leverage, etc.). In particular, at the level of the funds under management, actions were promptly taken mainly to i) understand the opportunities and constraints defined by the Acts issued by the Government to cope with the COVID-19 epidemiological emergency; ii) analyse and estimate the financial needs to mitigate the risk of cash flow tension, especially in the short term; and iii) define the actions to prepare for the "post-crisis" recovery phase.

Significant events after the reporting date for the 2020 Financial Statements

Disposal of the remaining stake in Kenan Investments/Migros

In the first days of February 2021, Kenan Investments (17.1% of the capital) finalised the sale, through accelerated bookbuilding, of the remaining stake held in Migros (approximately 12% of the capital of the latter). Following the transaction, Dea Capital S.p.A. received distributions for EUR 17 million, which brought the total proceeds received from Kenan Investments to approximately EUR 246 million, against the investment made in 2008 for EUR 175 million (with a cumulative capital gain therefore of approximately EUR 71 million). DeA Capital S.p.A. is expected to receive further distributions reaching up to EUR 3 million as part of the scheduled liquidation of Kenan Investments.

Establishment of the Advisory Board for the Alternative Asset Management Platform

In February 2021, DeA Capital S.p.A. finalised the establishment of the Advisory Board for the purpose of providing strategic advice for the Alternative Asset Management platform on various issues, with particular reference to business development and go-to-market strategies. The Advisory Board is currently made up of Flavio Valeri (Chairman), Dario Frigerio (former member of the Board of Directors of DeA Capital S.p.A.) and Gianluca Muzzi.

Outlook

The outlook will undoubtedly be affected by the timing required to overcome the Covid-19 health emergency.

In this context, the DeA Capital Group, which has already demonstrated extraordinary resilience, both in operational terms and with regard to economic-financial results, will continue to focus on developing the Alternative Asset Management Platform, through new product launches, the further growth of international activities, and the coordination with Quaestio Capital SGR, especially insofar as the go-to-market strategy. Moreover, we will direct our utmost efforts to protecting and supporting all the assets comprising the funds under management, to overcome the acute phase of the crisis and be poised to reap the opportunities that will undoubtedly become available once the crisis is over.

Final Points

Publication of the 2020 Budget

In accordance with the provisions of IAS 10, the Parent Company has authorised the publication of these financial statements within the time limits set out in the current regulations.

Atypical or unusual transactions

Pursuant to CONSOB Communication No. 6064293 of 28 July 2006, there were no atypical and/or unusual transactions in the 2020 financial year.

Significant non-recurring events and transactions

In 2020, the Group did not undertake any significant non-recurring transactions as defined by the above-mentioned Consob Communication.