Consolidated Financial Statements for the Year Ending 31 December 2020

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Consolidated Statement of Financial Position

(EUR thousand)	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Intangible and tangible assets			
Goodwill	1a	99,935	104,647
Intangible assets	1b	25,986	42,912
Property, plant and equipment	1c	11,830	14,297
- Building in Leasing		*10,793*	*13,420*
- Other leased assets		*453*	*318*
- Other property, plant and equipment		*584*	*559*
Total intangible and tangible assets		*137,751*	*161,856*
Investments			
Investments at equity	2a	27,291	30,802
Investments held by Funds at Fair Value through P&L	2b	14,888	22,773
Other Investments at Fair Value through P&L	2c	29,992	50,382
Funds at Fair Value through P&L	2d	123,000	143,597
Other financial assets at Fair Value through P&L		36	37
Total financial Investments		*195,207*	*247,591*
Other non-current assets			
Deferred tax assets	3a	22,289	2,409
Loans and receivables	3b	7,425	2,485
Receivables for deferment of placement costs	3c	1,673	377
Financial receivables for leasing - non current position	3d	1,066	1,313
Other non-current assets	3e	1,424	4,613
Total other non-current assets		*33,877*	*11,197*
Total non-current assets		**366,835**	**420,644**
Current assets			
Trade receivables	4a	8,088	8,653
Financial assets at Fair Value	4b	14,297	14,192
Financial receivables for leasing - current position	4c	251	245
Tax receivables from parent companies	4d	4,025	3,953
Other tax receivables	4e	8,515	37,176
Other receivables	4f	15,336	8,207
Cash and cash equivalents	4g	123,566	99,511
Total current assets		*174,078*	*171,937*
Total current assets		**174,078**	**171,937**
Held-for-sale assets		**0**	**0**
TOTAL ASSETS		**540,913**	**592,581**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5a	266,612	266,612
Share premium reserve	5b	155,542	186,882
Legal reserve	5c	61,322	61,322
Own share reserve	5d	(10,712)	(10,415)
Fair value reserve		482	402
Other reserves	5e	(17,967)	(17,930)
Retained earnings (losses)	5f	(29,338)	(41,665)
Profit (loss) for the year	5g	20,410	12,256
Net equity Group		**446,351**	**457,464**
Minority interests	**5h**	**16,710**	**23,634**
Shareholders' equity		**463,062**	**481,098**
LIABILITIES			
Non-current liabilities			
Trade payables	6a	800	800
Deferred tax liabilities	3a/6b	5,963	5,993
End-of-service payment fund	6c	6,541	5,582
Payables to staff and social security organisations	6d	1,423	631
Financial liabilities	6e	11,945	13,457
- Financial liabilites for leasing		*9,763*	*12,437*
- Other financial liabilities		*2,182*	*1,020*
Other debts		1,423	0
Total non-current liabilities		**26,672**	**26,463**
Current liabilities			
Trade payables	7a	6,004	5,470
End-of-service payment fund		37	21
Payables to staff and social security organisations	7b	12,707	11,836
Current tax	7c	8,138	4,336
Other tax payables	7d	2,889	1,491
Other payables	7e	17,725	42,299
Short term financial payables	7f	3,679	19,567
- Short term financial payables for leasing		*3,672*	*3,045*
- Other Short term financial payables		*7*	*16,522*
Total current liabilities		**51,179**	**85,020**
Held-for-sale liabilities		**0**	**0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**540,913**	**592,581**

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.

Consolidated Income Statement

(EUR thousand)	Note	Financial Year 2020	Financial Year 2019
Alternative Asset management fees	8	71,316	66,117
Income from equity investments	9	147	(647)
Other investment income/expense	10	(9,219)	6,832
Income from services		98	378
Other income		776	63
Personnel costs	11 a	(41,046)	(36,969)
Service costs	11 b	(12,942)	(13,806)
Depreciation, amortization and impairment	11 c	(5,048)	(4,778)
Other expenses	11 d	(3,469)	(3,922)
Financial income	12 a	1,166	3,588
Financial expenses	12 b	(2,763)	(797)
PROFIT/(LOSS) BEFORE TAX		**(984)**	**16,059**
Income tax	13	14,896	(5,003)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**13,912**	**11,056**
Profit (Loss) from discontinued operations/held-for-sale assets		0	0
PROFIT/(LOSS) FOR THE PERIOD		**13,912**	**11,056**
- Group share		20,410	12,256
- Non controlling interests		(6,498)	(1,200)
Earnings per share, basic (€)	14	0.078	0.047
Earnings per share, diluted (€)	14	0.078	0.047

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.

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

The Statement of Comprehensive Income or Statement of Performance - IAS 1, in which the result for the period including the results recognised directly in equity is recorded, showed, for the portion attributable to the Group, a net positive balance of +€19,894 thousand (compared to a net positive balance of +€12,495 thousand in 2019).

(EUR thousand)	**Financial Year 2020**	**Financial Year 2019**
Profit/(loss) for the period (A)	**13,912**	**11,056**
Comprehensive income/expense which might be subsequently reclassified within the profit (loss) for the period	67	581
Incomes (Losses) on financial assets at fair value	*80*	*581*
Profit/(loss) for exchange differences	*(13)*	*0*
Comprehensive income/expense which will not be subsequently reclassified to the profit (loss) for the period	(583)	(342)
Gains/(losses) on remeasurement of defined benefit plans	*(583)*	*(342)*
Other comprehensive income, net of tax (B)	**(516)**	**239**
Total comprehensive income for the period (A)+(B)	**13,396**	**11,295**
Total comprehensive income attributable to:		
- Group Share	19,894	12,495
- Non Controlling Interests	(6,498)	(1,200)

Consolidated Cash Flow Statement – Direct Method

(EUR thousand)	Financial Year 2020	Financial Year 2019
CASH FLOW from operating activities		
Investments in funds and shareholdings	(9,025)	(44,848)
Capital reimbursements from funds	27,151	39,716
Sale of investments	25,750	1,600
Interest received	3,969	521
Interest paid	0	(1)
Realized gains (losses) on exchange rate and derivatives	(3)	0
Taxes paid / reimbursed	(4,755)	(9,431)
Dividends received	0	135
Management and performance fees received	67,921	64,385
Revenues for services	1,325	2,137
Operating expenses	(51,548)	(45,063)
Net cash flow from operating activities	**60,785**	**9,151**
CASH FLOW from investing activities		
Acquisition of property, plant and equipment	(174)	(410)
Sale of intangible assets	22,317	0
Purchase of licenses and intangible assets	(17,169)	(6,230)
Net cash flow from investing activities	**4,974**	**(6,640)**
CASH FLOW from financing activities		
Acquisition of financial assets	(13)	(7,658)
Sale of financial assets	3	516
Cash flow from leasing contract	(2,522)	(3,003)
Share capital issued	0	27
Own shares acquired	(1,653)	0
Increase in share capital of foreign subsidiaries	71	
Share capital issued for Stock Option Plan	0	324
Dividends paid	(32,531)	(37,531)
Loans and bank loans	(5,059)	(2,046)
Net cash flow from financing activities	**(41,704)**	**(49,371)**
CHANGE IN CASH AND CASH EQUIVALENTS	**24,055**	**(46,860)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**99,511**	**143,767**
Effect of change in basis of consolidation: cash and cash equivalents	0	2,604
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**123,566**	**99,511**

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.

Consolidated Statement of Changes in Shareholders' Equity

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Fair value reserve
Total at 31 December 2018	**306,612**	**240,859**	**61,322**	**(82,766)**	**(179)**
Allocation of 2018 net profit	0	0	0	0	0
Performance share / Stock option cost	0	0	0	0	0
Cancellation of own shares	(40,000)	(22,780)	0	62,780	0
Treasury shares given for incentive plans	0	0	0	1,525	0
Dividend distribution	0	(31,197)	0	0	0
Other changes	0	0	0	8,046	0
Total comprehensive income (loss)	0	0	0	0	581
Total at 31 December 2019	**266,612**	**186,882**	**61,322**	**(10,415)**	**402**

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Fair value reserve
Total at 31 December 2019	**266,612**	**186,882**	**61,322**	**(10,415)**	**402**
Allocation of 2019 net profit	0	0	0	0	0
Treasury shares given for incentive plans	0	0	0	1,356	0
Performance share / Stock option cost	0	0	0	0	0
Cancellation of own shares	0	0	0	(1,653)	0
Dividend distribution	0	(31,340)	0	0	0
Other changes	0	0	0	0	0
Total comprehensive income (loss)	0	0	0	0	80
Total at 31 December 2020	**266,612**	**155,542**	**61,322**	**(10,712)**	**482**

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.

Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders' equity
(18,555)	**(51,882)**	**11,070**	**466,481**	**39,299**	**505,780**
0	11,070	(11,070)	0	0	0
1,560	0	0	1,560	0	1,560
0	0	0	0	0	0
(968)	(234)	0	323	0	323
0	0	0	(31,197)	(5,188)	(36,385)
375	(619)	0	7,802	(9,277)	(1,475)
(342)	0	12,256	12,495	(1,200)	11,295
(17,930)	**(41,665)**	**12,256**	**457,464**	**23,634**	**481,098**

Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders' equity
(17,930)	**(41,665)**	**12,256**	**457,464**	**23,634**	**481,098**
0	12,256	(12,256)	0	0	0
(1,139)	(217)	0	0	0	0
1,698	0	0	1,698	0	1,698
0	0	0	(1,653)	0	(1,653)
0	0	0	(31,340)	(1,194)	(32,534)
0	288	0	288	769	1,057
(596)	0	20,410	19,894	(6,498)	13,396
(17,967)	**(29,338)**	**20,410**	**446,351**	**16,710**	**463,062**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2020

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

A. Structure and Content of the Consolidated Financial Statements

The Consolidated Financial Statements for the Year Ending 31 December 2020 include the Parent Company DeA Capital S.p.A. and all subsidiaries (the Group), and were prepared using the separate financial statements of the companies included in the scope of consolidation corresponding to the relevant individual statements, restated as necessary, to adapt them to the accounting standards listed below as dictated by Italian law.

The Consolidated Financial Statements were prepared in accordance with the general principles of IAS 1, and 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 DeA Capital Group;
- 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: consolidated financial statements must show comparative information for the previous period.

The consolidated financial statements comprise the balance sheet, the income statement, the statement of changes in equity, the cash flow statement, the statement of comprehensive income (Statement of Performance - IAS 1) and these notes. The Consolidated Financial Statements are also accompanied by the Report on Operations and the Attestation on the Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98.

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 Group has adopted the "nature of expense" method, whereby costs and revenues are classified according to type. 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.

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

Statement of compliance with accounting standards

The Consolidated Financial Statements for the Year Ending 31 December 2020 (2020 Consolidated 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 consolidated 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 Consolidated Financial Statements are drawn up clearly and give a true and fair view of the assets and liabilities, financial position, results of operations and cash flows for the year.

The Consolidated Financial Statements at 31 December 2020 were also prepared by considering, as applicable, the recommendations listed in the following communications from ESMA (European Securities and Market Authorities) and Consob:
- communication of ESMA of 25 March 2020 “Public Statement. Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9”;
- we call your attention to the financial information issued by Consob No. 6/20 of 9 April 2020;
- communication of ESMA of 20 May 2020 “Implications of the Covid-19 outbreak on the half-yearly financial reports”;
- we call your attention to the financial information issued by Consob No. 8/20 of 16 July 2020;

- communication of ESMA of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports";
- we call your attention to the financial information issued by Consob No. 1/21 of 16 February 2021.

The above-reported communications define a series of indications to support the Group in the application of accounting standards regarding the effects of Covid-19.

For considerations regarding the main effects, risks and uncertainties of the health emergency, please refer to what is more fully detailed in the section "Other information of the Report on Operations".

Accounting standards, amendments and interpretations applied since 1 January 2020

The IASB-approved international accounting standards, the amendments and interpretations authorised for adoption in Europe that were applied for the first time from 1 January 2020 are detailed below.
The Group 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 Group 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 Group'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 Group 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 Group's financial statements.

Accounting standards, amendments and interpretations that are not yet applicable, have not been adopted in advance by the Group and are not yet 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 IFRSs:

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

Scope of consolidation

The scope of consolidation at 31 December 2020 changed compared to the situation at 31 December 2019 mainly due to the establishment of DeA Capital Real Estate Germany.

Therefore, at 31 December 2020, the following companies formed part of the DeA Capital Group's scope of consolidation:

Company	Registered office	Currency	Share capital	% holding	Consolidation method
DeA Capital S.p.A.	**Milan, Italy**	**Eur**	**266.612.100**	**Holding**	
DeA Capital Alternative Funds SGR S.p.A.	Milan, Italy	Eur	1.300.000	100,00%	Full consolidation
IDeA OF I	Milan, Italy	Eur	-	46,99%	Full consolidation
DeA Capital Partecipazioni S.p.A.	Milan, Italy	Eur	600.000	100,00%	Full consolidation
DeA Capital Real Estate SGR S.p.A.	Rome, Italy	Eur	16.757.557	100,00%	Full consolidation
DeA Capital Real Estate France S.A.S.	Paris, France	Eur	100.000	70,00%	Full consolidation
DeACapital Real Estate Iberia S.L.	Madrid, Spain	Eur	100.000	73,00%	Full consolidation
DeA Capital Real Estate Germany GmbH	Munich, Germany	Eur	25.000	70,00%	Full consolidation
DeA Capital Bobigny SASU	Paris, France	Eur	1.000	100,00%	Full consolidation
DeA Capital Noisy SAS	Paris, France	Eur	1.000	100,00%	Full consolidation
DeA Capital Real Estate Poland Sp. z o.o.	Warsaw, Poland	PLN	2.000.000	50,00%	Equity Accounted (Joint-venture)
Quaestio Holding S.A.	Luxembourg	Eur	4.839.630	38,82%	Equity accounted (Associate)
YARD Group	Milan, Italy	Eur	690.100	38,98%	Equity accounted (Associate)
IDeA Efficienza Energetica e Sviluppo Sostenibile	Milan, Italy	Eur	-	30,40%	Equity accounted (Associate)
Venere	Rome, Italy	Eur	-	27,27%	Equity accounted (Associate)

The above list meets the requirements of Consob Resolution 11971 of 14 May 1999 and subsequent amendments (art. 126 of the Regulation).

Consolidation method

Subsidiaries are consolidated on a line-by-line basis from their date of acquisition, i.e. on the date the Group acquires a controlling interest, and they cease to be consolidated on the date control is transferred outside the Group.

IFRS 10 defines the concept of control, based on the simultaneous presence of three key elements:
• the power to decide on the entity's significant activities;
• the exposure or right to variable returns from its involvement with the investee;
• the ability to use that power over the investee to affect the amount of the investor's returns due to the Parent Company (link between power and returns).

The financial statements to be consolidated, which were drawn up on 31 December 2020, were prepared and approved by the Boards of Directors of the individual companies, appropriately adjusted, where necessary, to harmonise them with the Parent Company's accounting standards.

The criteria adopted for the application of the full consolidation method are mainly the following:
1. the financial statements of the parent company and subsidiaries are acquired "line by line";
2. the carrying amount of holdings is eliminated against the related shareholders' equity. When a company is included in the consolidated financial statements for the first time, the cost of the business combination is allocated to the identifiable assets acquired and liabilities assumed, remeasuring them at fair value, and to non-controlling interests, measuring them at fair value, since the Group opted for the option to recognise the entire amount of goodwill arising from the transaction, including non-controlling interests (full goodwill approach). Any residual portion, if negative, is recognised in the income statement, while if positive it is recognised in an asset item called "Goodwill", which is subject to an annual impairment test;
3. transactions between consolidated companies are eliminated, as are payables and receivables and unrealised profits arising from transactions between Group companies, net of any tax effect;
4. the portions of shareholders' equity pertaining to minority shareholders are shown, together with their respective shares of the profit for the year, in specific items of shareholders' equity.

Companies over which the Group exercises significant influence ("associated companies"), which is presumed to exist when the percentage of ownership is between 20% and 50%, are valued using the equity method.

Companies in which the Group exercises joint control are included in the Consolidated Financial Statements in a different manner depending on the type of agreement. In particular, the types of jointly controlled arrangements are as follows:
- Joint Operation (jointly controlled activities): agreement whereby the parties having joint control of the agreement have rights in the assets (assets) that are the subject of the agreement, as well as obligations with respect to the liabilities that are the subject of the agreement. These parties are referred to as joint managers. These agreements are included in the consolidated financial statements according to the proportional method;
- Joint Venture: an arrangement whereby the parties having joint control of the arrangement have rights to the net assets of the arrangement. Such parties are referred to as joint venturers. These agreements are included in the Consolidated Financial Statements under "Holdings in Associates and Joint Ventures" and valued using the equity method.

B. Evaluation criteria adopted

The measurement criteria adopted on the basis of International Accounting Standards and reported below are consistent with the going concern principle and have not changed from those used in the preparation of the Consolidated Financial Statements for the Year Ending 31 December 2019 and the Summary Consolidated Half-year Financial Statements at 30 June 2020 apart from as a result of the application of the new IAS/IFRS accounting standards as described above.

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.

Goodwill
Goodwill is represented by the excess of the purchase cost incurred on the net fair value of the assets acquired and the liabilities assumed on the date of acquisition. Goodwill is not subject to systematic amortisation but to a periodic test of the appropriateness of its carrying amount (impairment test). Goodwill is tested for impairment at least annually. This test is performed with reference to the organisational unit generating the cash flows (cash generating unit) to which the goodwill should be attributed. Any impairment of the goodwill value is reported if its recoverable value is lower than its carrying value. The recoverable value is the greater of the fair value of the cash generating unit, less selling costs, and its value in use. The goodwill value may not be written back if it has previously been written down due to impairment.

If the impairment loss resulting from the test is greater than the amount of goodwill allocated to the cash-generating unit, the remaining excess is allocated to the intangible and tangible assets included in the cash-generating unit in proportion to their carrying amount.

Intangible assets
Intangible assets are those assets with no identifiable physical form that are controlled by the Group 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 DeA Capital Group companies, 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.

Associates

These are companies in which the Group holds at least 20% of the voting rights or exercises significant influence, but not full or joint control, over their financial and operating policies. The Consolidated Financial Statements include the Group's share of its associates' results, which are reported using the equity method, starting on the date on which significant influence began until the significant influence ceases to exist.

If the Group's share of an associate's losses exceeds the carrying value of the equity investment reported in the financial statements, the carrying value of the equity investment is eliminated, and the share in further losses is not reported unless, and to the extent that, the Group is legally liable for such losses.

When the equity investment is acquired, any difference between its cost and the Parent Company's stake in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as required by IFRS 3, i.e. any goodwill is included in the carrying value of the equity investment.

As stipulated by IAS 28.33, since the goodwill included in the carrying value of an equity investment in an associate is not recorded separately, it is not subject to a separate impairment test pursuant to IAS 36 (Impairment of assets). The entire carrying amount of the investment is tested for impairment under IAS 36 by comparing its recoverable amount with the recoverable amount of the investment (the higher of value in use and fair value less costs to sell) and its carrying amount, whenever there is evidence that the investment may be impaired, as required by IAS 28.

Jointly controlled entities (Joint Operations and Joint Ventures)

The companies in which the Group exercises joint control are included in the Consolidated Financial Statements in a different manner according to the relative type of agreement:
- Joint Operation (jointly controlled activities): agreement whereby the parties having joint control of the agreement have rights in the assets that are the subject of the agreement, as well as obligations with respect to the liabilities that are the subject of the agreement. These parties are referred to as joint managers. These agreements are included in the consolidated financial statements according to the proportional method;
- Joint Venture: an arrangement whereby the parties having joint control of the arrangement have rights to the net assets of the arrangement. Such parties are referred to as joint venturers. These agreements are included in the Consolidated Financial Statements using the equity method and therefore follow the same accounting rules as described above for associates.

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 DeA Capital Group 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 requires the classification of financial assets pertaining to the DeA Capital S.p.A. Group. (hereinafter also 'the Company') 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 DeA Capital Group has identified the following categories of financial activities:

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 Group 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 Group's listed bonds in the portfolio have the following characteristics plain vanilla 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 DeA Capital Group'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 on active markets, such as, for the DeA Capital Group, direct investments in companies, investments in venture capital funds and in funds of funds, the fair value shown in the financial statements was determined by the directors based on their best judgement and appreciation, using the knowledge and evidence available at the balance sheet date.

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 Group 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 Group 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 Group's operations that may entail future charges, and provisions for retirement.

As necessary, the Group 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 Group resources will be used to meet 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 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 Group'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

In the Group, benefits are provided in the form of stock options or share-based payments. This is the case for all employees, collaborators and Directors of the Group 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 tax rates in effect in the various countries where Group companies operate to taxable income, 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 Group 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.

The Companies of the DeA Capital S.p.A. Group 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 Companies 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.

Earnings per share

In accordance with IAS 33, basic earnings per share is determined as the ratio of net profit for the period attributable to shareholders owning Parent Company shares to the weighted average number of shares outstanding during the period. Treasury shares in the portfolio are, of course, not included in this calculation.
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding for all potential ordinary shares resulting from the potential exercise of allocated stock options, which may therefore result in a diluting effect.

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 helps provide more reliable information or more complete reporting of the impact of transactions on the Group's assets, operating result and cash flows.

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"

IFRS 13 stipulates that financial instruments reported at fair value should be classified based on a hierarchy that reflects the importance and quality of the inputs used in calculating the 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 following table shows by level the assets that are measured at fair value at 31 December 2020:

(EUR million)	Note	Level 1	Level 2	Level 3	Total
Investments held by Funds at Fair Value through P&L	2b	0.0	13.9	1.0	14.9
Other Investments at Fair Value through P&L	2c	4.7	19.8	5.5	30.0
Funds at Fair Value through P&L	2d	2.7	120.3	0.0	123.0
Financial assets at fair value through OCI	4b	14.3	0.0	0.0	14.3
Total assets		**21.7**	**154.0**	**6.5**	**182.2**

For **level 3**, the following table provides a reconciliation between the opening and closing balances, showing separately the changes that occurred in FY 2020:

(EUR million)	Balance at 1.1.2020	Increases/ decreases	Fair value on income statement	Balance at 31.12.2020
Investments held by Funds at Fair Value through P&L	3.0	0.0	(2.0)	1.0
Other Investments at Fair Value through P&L	6.9	(1.1)	(0.3)	5.5
Investments at fair value through P&L	**9.9**	**(1.1)**	**(2.3)**	**6.5**

Valuation techniques and main input data

Investments held by Funds – measured at Fair Value through P&L

At 31 December 2020, the DeA Capital Group held, through the IDeA OF I fund, minority stakes in Iacobucci HF Electronics (EUR 1.0 million at 31 December 2020, compared with EUR 3.0 million at 31 December 2019) and Pegaso Transportation Investments/Talgo (EUR 13.9 million at 31 December 2020, compared with EUR 19.8 million at 31 December 2019).

Holdings held by Funds - measured at Fair Value through P&L are valued on the basis of the values indicated in the Fund Management Report as at 31 December 2020.
It should be noted that the valuation of the assets of IDeA OF I, as reflected in the fund's Net Asset Value shown in the aforementioned Management Report, expressed in accordance with the criteria defined by the Bank of Italy, takes into account the lower value between the investment (the "cost") and the fair value for all securities not listed on a regulated market. This approach, potentially conservative from the perspective of those who value these assets individually, gives a fair representation of fair value from the perspective of the fund unit holder. In practice, any trading in these units is based on the NAV of the fund to which they refer, possibly adjusted for a discount (much more rarely modified by a premium), and not on the sum of the estimated fair values of the individual assets making up the fund. For this main reason, from the perspective of DeA Capital, which holds an interest in the assets in the IDeA OF I portfolio through the shares it holds in it, the representation of the value of these individual assets held by IDeA OF I as shown in the Management Report is deemed appropriate.

Investments in other companies – measured at fair value through P&L

At 31 December 2020 this item consisted mainly of:

- the shareholding in Kenan Investments (the holder of a shareholding in Migros), which was recorded in the Consolidated Financial Statements at 31 December 2020 at a value of EUR 19.7 million (compared with EUR 15.7 million at 31 December 2019). This valuation is based on (i) the equity value of Migros, valued at the market price on 31 December 2020, (ii) the updated net financial position at the different levels of the control structure of the company (Kenan Investments and Moonlight Capital) and (iii) the EUR/TRY exchange rate;
- the holdings in Cellularline, which is recognised in the consolidated financial statements at 31 December 2020 at a value of €4.7 million (€6.8 million at 31 December 2019), a valuation based on the market price at 31 December 2020, as the company's shares have been traded on the Italian Stock Exchange since 15 March 2017;
- the holdings (14.3%) in TOI Due, which in turn owns a majority stake (70%) in the Alice Pizza group, which is recognised in the consolidated financial statements at December 31, 2020 at a value of €5,000 thousand, equal to the purchase cost (completed in September 2019).

Funds valued at Fair Value through P&L
(Funds of Funds, Theme Funds, NPE Funds, Real Estate Funds and Venture Capital Funds)
Valuations of shareholdings and funds in the portfolio reflect estimates made using the information available on the date this that document was prepared.

At 31 December 2020, the DeA Capital Group held units in the following funds:
- IDeA I FoF (valued at EUR 15.2 million at 31 December 2020 compared with EUR 25.2 million at 31 December 2019);
- ICF II (valued at EUR 23.7 million at 31 December 2020 compared with EUR 29.8 million at 31 December 2019);
- ICF III (valued at EUR 11.9 million at 31 December 2020 compared with EUR 12.3 million at 31 December 2019);
- IDeA I ToI (valued at EUR 16.3 million at 31 December 2020 compared with EUR 16.5 million at 31 December 2019);
- ToI 2 and SS II (for a value of EUR 2.4 million as at 31 December 2020, started during the 2020 financial year);
- IDeA CCR I (for a value of EUR 1.0 million at 31 December 2020, compared with EUR 1.0 million at 31 December 2019);
- IDeA CCR II (EUR 6.3 million as at 31 December 2020, compared with EUR 3.3 million as at 31 December 2019);
- IDeA Agro (valued at EUR 1.7 million as at 31 December 2020 compared with EUR 0.7 million as at 31 December 2019);
- Santa Palomba (EUR 0.7 million as at 31 December 2020, compared with EUR 0.5 million as at 31 December 2019);
- 4 venture capital funds (EUR 0.4 million at 31 December 2020, compared to EUR 6.5 million at 31 December 2019);
- 10 real estate funds held through DeA Capital Real Estate SGR (valued at EUR 43.2 million at 31 December 2020, compared with EUR 47.6 million at 31 December 2019);
- funds held through DeA Capital Alternative Funds SGR (amounting to EUR 0.1 million at 31 December 2020, compared with EUR 0.2 million at 31 December 2019).

For venture capital funds, the fair value of each fund is based on the last NAV reported by the fund, calculated in accordance with international valuation standards, adjusted if necessary to reflect redemptions/calls of capital between the date of the last available NAV and the balance sheet date.

For the other funds, the fair value of each fund is represented by the NAV communicated by the management company in the Management Report of the fund itself 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.

Statement of financial position

Non-current assets

1 - Intangible and tangible assets

1a – Goodwill

Changes in goodwill are shown in the table below:

(EUR thousand)	Balance at 1.1.2020	Adjustements & PPA / acquisitions	Impairment	Balance at 31.12.2020
Goodwill	**104,647**	**(4,712)**	**0**	**99,935**

The item, which amounted to EUR 99,935 thousand at December 31, 2020 (compared to EUR 104,647 thousand at December 31, 2019), related to:
- the investment in DeA Capital Real Estate SGR for EUR 62,421 thousand, resulting from the acquisition of IFIM / FIMIT Asset Management Company;
- the equity investment in DeA Capital Alternative Funds SGR of EUR 37,514 thousand of which EUR 31,324 thousand came from a partial reallocation by the former parent company IDeA Alternative Investments S.p.A. and EUR 6,190 thousand from the acquisition of the so-called "IDeA Capital Alternative Funds SGR". "Ramo NPL Management" of Quaestio Capital Management Asset Management Company (substantially made up of the management mandates of the "Atlante" and "Italian Recovery Fund" funds, in addition to the team and the contracts related to the aforementioned management mandates).

With reference to the latter transaction, the Purchase Price Allocation ("PPA") process completed, subsequent to the closing of the Financial Statements at 31 December 2019, in accordance with the provisions dictated by the Accounting Standard IFRS 3 "Business Combinations", resulted in the recognition of (i) a specific intangible asset (customer relationship), identified in the management mandate of the "Italian Recovery Fund", for an amount of EUR 6,690 thousand (recorded together with the associated deferred tax liabilities, amounting to EUR 1,978 thousand) and (ii) goodwill, calculated on a residual basis, amounting to EUR 6,190 thousand (compared to EUR 10,902 thousand at 31 December 2019, before the price allocation process). It is hereby noted that the redemption transaction by DeA Capital Alternative Funds SGR relates both to the intangible assets of customer relationship as well as to the aforementioned goodwill, the latter with tax benefits only, since it will not be subject to amortisation, but to an impairment test on the holding of the carrying amount.

It should be noted that the method of accounting for minority interests in the companies acquired in 2011 (FIMIT Asset Management Company and IFIM) was the so-called full goodwill method, which provides for the valuation of minority interests at fair value.

Impairment tests on goodwill

Pursuant to IAS 36, goodwill is not subject to amortisation, and is tested for impairment at least annually.
With reference to the requirement of the Accounting Standards of reference and the most recent recommendations of national and international supervisory Authorities, more specifically those contained:
- in the ESMA Public Statement "Implications of the COVID-19 outbreak on the half-yearly financial reports" issued on 20 May 2020;
- in Attention Notice No. 8/20 "COVID-19 - Attention Notice on Financial Reporting", issued by Consob on 16 July 2020;
- in the Statement of IOSCO (International Organisation of Securities Commissions) of 29 May 2020;

it should also be noted that no impairment recognition was necessary in 2020 (as well as in 2019).

In order to carry out the impairment test on the goodwill of the Cash Generating Units (CGUs), the DeA Capital Group allocated the goodwill to the CGUs identified as DeA Capital Real Estate SGR (formerly IDeA FIMIT Asset Management Company, dedicated to the management of real estate funds) and DeA Capital Alternative Funds SGR (formerly IDeA Capital Funds Asset Management Company, focused on the management of private equity and credit funds, which also includes the NPL Management Branch acquired from Quaestio Capital Management Asset Management Company S. p. A.), which represent the minimum level at which the DeA Capital Group monitors its activities for management control purposes, in line with its strategic vision. p.A.), which represent the minimum level at which the DeA Capital Group monitors assets for management control purposes, in line with DeA Capital's strategic vision.

The test consists of comparing the recoverable amount of the (recoverable amount) of each CGU with the (carrying amount) of goodwill and other assets attributable to each CGU.

The carrying value of the CGU is calculated using the same criterion as that used to determine the recoverable value of the CGU.

The main assumptions used in the impairment test calculations, together with the results, are set out below.

Impairment test on the CGU **DeA Capital Alternative Funds SGR**, with a carrying amount of EUR 61.3 million (of which Euro 37.5 million attributable to goodwill, including Euro 6.2 million arising from the acquisition of the NPL Management Branch of Quaestio Capital Management Asset Management Company), has been conducted using a sum-of-the-parts approach by determining the value in use as the sum of (i) the present value of dividend flows (methodology of dividend discount model, “DDM”) expected by DeA Capital Alternative Funds SGR and (ii) the present value of the carried interest flows expected from the funds managed by DeA Capital Alternative Funds SGR (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%.

With reference to the CGU, the recoverable amount is included in a range of values that is adequate with respect to the carrying amount.

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). The magnitude of these changes supports the positive outcome of the impairment test described above.

Similarly, the impairment test on the CGU DeA Capital Real Estate SGR, with a carrying amount of EUR 144.0 million (of which EUR 62.4 million attributable to goodwill), was conducted 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 Data Management Company 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%.

With reference to the CGU, the recoverable amount is included in a range of values that is adequate with respect to the carrying amount.

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). The magnitude of these changes supports the positive outcome of the impairment test described above.

1b – 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	6,769	(5,295)	**1,474**	5,369	(3,854)	**1,515**
Software expenses	127	(110)	**17**	38	(19)	**19**
Development expenses	114	(114)	**0**	114	(114)	**0**
Other intangible assets	129,582	(88,161)	**41,421**	75,378	(50,926)	**24,452**
Total	**136,592**	**(93,680)**	**42,912**	**80,899**	**(54,913)**	**25,986**

The cost and the initial accumulated amortisation fund, equal to EUR 38,573 thousand, were reversed during the year as they referred to the customer relationships that had been fully amortised by DeA Capital Real Estate SGR (starting from 3 October 2011 and until 31 December 2019).

(EUR thousand)	Balance at 1.1.2020	Acquisitions	Amort.	Write-downs	Decreases	Changes in consolidation area	Balance at 31.12.2020
Concessions, licences and trademarks	1,474	660	(619)	0	0	0	1,515
Software expenses	17	7	(5)	0	0	0	19
Development expenses	0	0	0	0	0	0	0
Other intangible assets	41,421	6,690	(1,339)	0	(22,320)	0	24,452
Total	**42,912**	**7,357**	**(1,963)**	**0**	**(22,320)**		**25,986**

The increases in "Concessions, licences and trademarks" refer to purchases of software licences.

The increases in "Other intangible assets" refer to DeA Capital Alternative Funds SGR for EUR 6,690 thousand. Subsequent to the closing of the financial statements as at 31 December 2019, the activity of allocation of the acquisition price, which took place on 5 November 2019, of the business unit related to the NPL Management activity ("Ramo NPL") belonging to Quaestio Asset Management Company through the Purchase Price Allocation ("PPA") on the basis of the provisions of the Accounting Principle IFRS 3 - Business Combinations. This intangible asset is amortised over a period of 5 years.
This allocation led to the determination of the fair value of the specific intangible, identified in the management mandate of the "Italian Recovery Fund" ("IRF"), in consideration of the characteristics of the mandate, which allow the NPL unit to operate in the management of the aforementioned fund on an exclusive basis, receiving a specific remuneration regulated by specific management regulations.

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 stake by DeA Capital.

The balance at 31 December 2020 of the item other intangible assets mainly refers to:
- an amount of EUR 5,351 thousand to the above-mentioned specific intangible, identified in the management mandate of the "Italian Recovery Fund" ("IRF");

- an amount of EUR 19,100 thousand (unchanged from 31 December 2019) relating to intangible assets linked to variable commissions resulting from the allocation of the residual value of FIMIT Asset Management Company at the date of the (reverse) merger into FARE Asset Management Company (now DeA Capital Real Estate SGR). This value derives from the discounting of variable management fees, calculated net of directly attributable costs on the basis of the most recent business plans of the funds under management.

The impairment test on intangible assets related to variable fees, with a carrying amount of EUR 19,100 thousand was performed by determining the value in use as the present value of expected variable fee flows from funds managed by the Company (discounted cash flow method, "DCF") with reference to the period within which they are expected to occur (2020-2021).

These flows were determined through a series of assumptions, including those relating to the expected return ("IRR"), developed by DeA Capital Real Estate SGR for the funds under management.

The valuation, based on a cost of capital between +7.3% and +11.3%, confirmed that the recoverable amount of these intangible assets is higher than their carrying amount.

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Real Estate SGR's variable fee intangible assets, i.e. the cost of capital, leads to potential changes in the carrying amount of EUR -0.3 million/ EUR +0.2 million (for changes of +0.5% and -0.5% in the cost of capital, respectively). The magnitude of these changes supports the positive outcome of the impairment test described above.

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.

1c – Tangible assets

Changes in tangible 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
Building in Leasing	16,111	(2,691)	**13,420**	16,207	(5,415)	**10,792**
Other leased assets	495	(177)	**318**	799	(346)	**453**
Leasehold improvements	3,679	(3,560)	**119**	3,688	(3,568)	**120**
Furniture and fixtures	1,793	(1,628)	**165**	1,801	(1,660)	**141**
Computer and office equipment	1,296	(1,076)	**220**	1,439	(1,169)	**270**
Plant	10	(10)	**0**	17	(10)	**7**
Other assets	352	(297)	**55**	352	(305)	**47**
Total	**23,736**	**(9,439)**	**14,297**	**24,303**	**(12,473)**	**11,830**

(EUR thousand)	Balance at 1.1.2020	Acquisitions	Depreciation	Reclass.	Decreases	Change in consolidation area	Balance at 31.12.2020
Building in Leasing	13,420	301	(2,724)	0	(204)	0	10,793
Other leased assets	318	368	(204)	0	(29)	0	453
Leasehold improvements	119	9	(8)	0	0	0	120
Furniture and fixtures	165	8	(32)	0	0	0	141
Computer and office equipment	220	155	(106)	0	0	0	269
Plant	0	8	(1)	0	0	0	7
Other assets	55	0	(8)	0	0	0	47
Total	**14,297**	**849**	**(3,083)**	**0**	**(233)**	**0**	**11,830**

Property, plant and equipment amounted to EUR 11,830 thousand at 31 December 2020 (compared to EUR 14,297 thousand at 31 December 2019, after depreciation of EUR -3,083 thousand for the period).

The rights of use of the building in Via Brera 21, Milan, for the portion pertaining to the companies of the Group itself, are recorded under "tangible fixed assets", while the portion pertaining to De Agostini Group companies is recorded under "financial receivables for non-current leases" and "financial receivables for current leases".

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

The depreciation rates used in the 2020 financial year were as follows: specific equipment 20%; furniture and fittings 12%; electronic office equipment 20%; company vehicles 20%; leasehold improvements 15%.

2 – Financial investments

Financial investments in companies and funds constitute the Group's typical activities. These investments rose from EUR 247,591 thousand at 31 December 2019 to EUR 195,207 thousand at end of 2020.

2a – Investments at Equity (Holdings in associates and joint ventures)

This item, amounting to EUR 27,291 thousand at 31 December 2020 (EUR 30,802 thousand at 31 December 2019), related to the portion of net assets related to the following assets:

- holding in Quaestio Holding S.A., recorded in the consolidated financial statements at 31 December 2020 at a value of EUR 14,876 thousand (EUR 14,299 thousand at 31 December 2019). The shareholding is classified as an associated company in view of the fact that the "strengthened" majority quorums provided for in the governance agreements governed by the new Shareholders' Agreement, entered into between the shareholders upon completion of the acquisition, prevent individual shareholders from taking independent decisions on key corporate governance matters;
- holding in DeA Capital Real Estate Poland, recorded in the consolidated financial statements at 31 December 2020 at a value of EUR 101 thousand (EUR 235 thousand at 31 December 2019);
- investment in YARD (formerly Innovation Real Estate - IRE), which has a value of EUR 6,961 thousand in the consolidated financial statements at 31 December 2020, compared to EUR 5,880 thousand at 31 December 2019;
- units in the Venere fund, which had a value of EUR 1,812 thousand in the consolidated financial statements at 31 December 2020, compared to EUR 3,441 thousand at 31 December 2019. The change compared to 31 December 2019 is related to the pro-rata share of distributions net of capital calls for a total of EUR -1,386 thousand, as well as the pro-rata share of the net result for the period for a total of EUR -243 thousand;
- units in the IDeA EESS fund, which have a value of EUR 3,541 thousand in the consolidated financial statements at 31 December 2020, compared to EUR 6,948 thousand at 31 December 2019. The change compared to 31 December 2019 is related to the pro-rata share of distributions net of capital calls for a total of EUR -3,246 thousand, as well as the pro-rata share of the net result for the period for a total of EUR -161 thousand.

The table below provides details of the holdings held in associates at 31 December 2020 by business.

(EUR million)	***Alternative Asset Management***	***Platform Investments***	**Total**
Quaestio Holding S.A.	14.9	0.0	14.9
DeA Capital Real Estate Poland	0.1	0.0	0.1
YARD group	7.0	0.0	7.0
Venere fund	1.2	0.6	1.8
IDeA EESS fund	0.0	3.5	3.5
Total	**23.2**	**4.1**	**27.3**

The table below summarises the financial information of Quaestio Holding S.A., YARD (formerly Innovation Real Estate - IRE), DeA Capital Real Estate Poland, the IDeA EESS fund and the Venere fund, based on the latest available reporting package and prepared in accordance with the DeA Capital Group's accounting standards.

	DeA Capital RE Poland	**Quaestio Holding S.A.**	**YARD Group**	**IDeA EESS**	**Venere**
(EUR thousand)	**Financial Year 2020**	**Financial Year 2020**	**First nine months of 2020**	**Financial Year 2020**	**Financial Year 2020**
Revenues	0	29,507	30,964	0	527
Net profit/(loss) for the period	(244)	1,527	161	(529)	(891)
Other profit/(loss), net of tax effect	0	(40)	0	0	0
Total comprehensive profit/(loss) for the period	**(244)**	**1,487**	**161**	**(529)**	**(891)**
Total comprehensive profit/(loss) for the period attributable to minorities	***(122)***	***910***	***98***	***(368)***	***(648)***
Total comprehensive profit/(loss) for the period attributable to Group	***(122)***	***577***	***63***	***(161)***	***(243)***

(EUR thousand)	**31.12.2020**	**31.12.2020**	**30.09.2020**	**31.12.2020**	**31.12.2020**
Current assets	171	44,071	27,386	2,740	3,012
Non-current assets	52	1,119	24,133	9,086	4,013
Current liabilities	(20)	(25,519)	(21,668)	(177)	(381)
Non-current liabilities	0	(422)	(15,287)	0	0
Net assets	**203**	**19,249**	**14,564**	**11,649**	**6,644**
Net assets attributable to minorities	***102***	***11,777***	***8,887***	***8,108***	***4,832***
Net assets attributable to the Group	***101***	***7,472***	***5,677***	***3,541***	***1,812***

(EUR thousand)	**31.12.2020**	**31.12.2020**	**30.09.2020**	**31.12.2020**	**31.12.2020**
Net initial assets attributable to the Group	235	6,895	4,647	6,948	3,441
Total comprehensive profit/(loss) for the period attributable to the Group	(122)	577	63	(161)	(243)
Capital calls / (Distributions)	0	0	0	(3,246)	(1,386)
Exchange rate convertion	(12)	0	0	0	0
Dividends received during the period	0	0	0	0	0
Change in % ownership	0	0	967	0	0
Net final assets attributable to minorities	101	7,472	5,677	3,541	1,812
Goodwill	0	7,404	1,384	0	0
Diluition effects on reversal of gain relating to sale of SPC	0	0	(100)	0	0
Book value of associate company / joint Ventures	***101***	***14,876***	***6,961***	***3,541***	***1,812***

Dividends paid to minorities during the period	**0**	**0**	**0**	**0**	**0**

2b – Holdings by funds at Fair Value through P&L

At 31 December 2020, the DeA Capital Group holds, through the IDeA OF I fund, minority interests in Iacobucci HF Electronics and Pegaso Transportation Investments (Talgo).

This item, which totalled EUR 14,888 thousand at 31 December 2020 (EUR 22,773 thousand at 31 December 2019), relates to the assets below.

(EUR million)	**31.12.2020**	**31.12.2019**
Participations in Portfolio		
Iacobucci HF Electronics	1.0	3.0
Pegaso Transportation Investments (Talgo)	13.9	19.8
Investments at Fair Value through P&L	**14.9**	**22.8**
Total Participations in Portfolio	**14.9**	**22.8**

The change compared to 31 December 2019 is exclusively related to the fair value adjustment of the two investments.

2c – Investments held in other companies measured at fair value through P&L

At 31 December 2020, the DeA Capital Group was a minority shareholder in Kenan Investments (holder, until January 2021, of a stake in Migros), Cellularline and ToI Due (holder of a stake in Alice Pizza), as well as other minor holdings.

At 31 December 2020, the item totalled EUR 29,992 thousand compared with EUR 50,382 thousand at 31 December 2019.

The table below provides a breakdown of shareholdings in other companies at 31 December 2020 by area of activity:

(EUR million)	***Platform Investments***	***Other investments***	**Total**
Kenan Investments	0.0	19.7	19.7
Cellularline	0.0	4.7	4.7
ToI Due	5.0	0.0	5.0
Minority interests	0.0	0.6	0.6
Total	**5.0**	**25.0**	**30.0**

The holding in **Kenan Investments** (indirectly corresponding to approximately 2% of the capital of Migros, i.e. approximately 12% of the capital of Migros for the interest in Kenan Investments) is recorded in the consolidated financial statements as at 31 December 2020 at a value of EUR 19,658 thousand (compared to EUR 15,740 thousand as 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).

The investment in **Cellularline** is recognised in the consolidated financial statements at 31 December 2020 at a value of EUR 4,750 thousand (EUR 6,789 thousand at 31 December 2019), reflecting a change in fair value during the year of EUR -2,039 thousand.
The investment (14.3%) in **ToI Due**, which in turn owns a majority stake (70%) in the Alice Pizza Group, is recognised in the consolidated financial statements at 31 December 2020 at a value of EUR 5,000 thousand (unchanged from 31 December 2019).

2d – Funds measured at fair value through P&L

The item Funds measured at Fair Value through P&L essentially refers to investments in units of three funds of funds (IDeA I FoF, ICF II and ICF III with three sub-funds), four theme funds (IDeA ToI, ToI 2, SS II and IDeA Agro), two NPE funds (IDeA CCR I and IDeA CCR II), two venture capital funds and 10 real estate funds. 2 NPE funds (IDeA CCR I and IDeA CCR II), in no. venture capital funds and in no. 10 real estate funds, for a total value in the financial statements of EUR 123,000 thousand as at 31 December 2020, compared with EUR 143,597 thousand at the end of 2019.

The table below shows the movements of the funds during the financial year 2020.

(EUR thousand)	Balance at 1.1.2020	Increases (Capital call/ Purchase)	Decreases (Capital distribution/ Disposals)	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	12,319	341	(295)	(439)	0	11,926
IDeA ToI	16,504	266	0	(443)	0	16,327
IDeA Agro	697	1,056	0	(24)	0	1,729
ToI 2	0	2,588	0	(234)	0	2,354
SS II	0	95	0	(51)	0	44
IDeA CCR I	956	104	0	(53)	0	1,007
IDeA CCR II	3,278	2,812	0	194	0	6,284
Santa Palomba	510	134	0	59	0	703
DeA Capital Real Estate SGR funds	47,647	485	(4,440)	(443)	0	43,249
DeA Capital Alternative Funds SGR funds	228	15	(197)	(4)	0	42
Venture capital funds	6,511	0	(4,405)	(1,536)	(143)	427
Total funds	**143,597**	**8,376**	**(25,501)**	**(3,329)**	**(143)**	**123,000**

Particularly noteworthy are:

- distributions made in 2020 from the IDeA I FoF, ICF II and ICF III funds, which are in the process of being disinvested, for EUR 7,062 thousand EUR 9,102 thousand and EUR 295 thousand respectively;
- distributions made by the real estate funds of DeA Capital Real Estate SGR for EUR 4,440 thousand;
- distributions from venture capital funds for EUR 4,405 thousand.

The table below provides a breakdown of the funds in the portfolio at 31 December 2020 by area of activity:

(EUR million)	*Alternative Asset Management*	*Platform Investments*	*Other investments*	Total
IDeA I FoF	0.0	15.2	0.0	15.2
ICF II	0.0	23.7	0.0	23.7
ICF III	0.0	11.9	0.0	11.9
IDeA ToI	0.0	16.4	0.0	16.4
IDeA Agro	0.0	1.7	0.0	1.7
ToI 2	0.0	2.4	0.0	2.4
SS II	0.0	0.0	0.0	0.0
IDeA CCR I	0.0	1.0	0.0	1.0
IDeA CCR II	0.0	6.3	0.0	6.3
Santa Palomba	0.0	0.7	0.0	0.7
DeA Capital Real Estate SGR funds	43.2	0.0	0.0	43.2
DeA Capital Alternative Funds SGR funds	0.1	0.0	0.0	0.1
Venture capital funds	0.0	0.0	0.4	0.4
Total funds	**43.3**	**79.3**	**0.4**	**123.0**

The financial activities relating to the units of the funds managed by DeA Capital Real Estate SGR have the characteristics of long-term investments. These financial activities include:

- the compulsory investments required by the Bank of Italy Order of 19 January 2015, as amended, in managed funds not reserved for qualified investors. The latter are intended to be held in the portfolio until the end of the term of the funds;
- optional investments in managed funds that may or may not be reserved for qualified investors.

3 – Other non-current assets

3a - Deferred tax assets and deferred tax liabilities

The balance on the item "deferred tax assets" totalled EUR 22,289 thousand (EUR 2,409 thousand at 31 December 2019) and comprises the value of deferred tax assets minus deferred tax liabilities, where they may be offset.

The increase in deferred tax assets is mainly attributable (EUR 18,110 thousand) to the exercise by DeA Capital Real Estate SGR of the option provided for in Article 1, paragraph 83 of the 2021 Budget Law to realign the lower tax value of its goodwill to the book value, as reported in the financial statements to 31 December 2019, through the payment of a 3% substitute tax.

The registration of deferred tax assets was performed after verifying the existence of future taxable income ("Probability test").

The balance of deferred taxes was EUR -5,963 thousand at 31 December 2020, compared to EUR 5,993 thousand at 31 December 2019.

This item includes deferred tax liabilities relating to DeA Capital Real Estate SGR of EUR -5,648 thousand (unchanged from 31 December 2019), consisting entirely of the offsetting entry relating to the deferred taxation of variable fee intangible assets recognised as assets.

Movements during the deferred tax assets and deferred tax liabilities by type are analysed below:

(EUR thousand)	Balance at 31.12.2019	Recognised in income statement	Recognised in equity	Change in consolidation area	Compensation/ other movements	Balance at 31.12.2020
Deferred tax assets for:						
- personnel costs	1,035	724	0	0	0	1,759
- other	1,374	(930)	72	0	75	591
- Substitute tax for exemption from goodwill	0	19,939	0	0	0	19,939
Total deferred tax assets	**2,409**	**19,733**	**72**	**0**	**75**	**22,289**
Deferred tax liabilities for:						
- available-for-sale financial assets / Other	(234)	0	(6)	0	0	(240)
- TFR discounting IAS	31	0	80	0	0	111
- intangible assets/other	(5,790)	2,010	0	(1,979)	(75)	(5,834)
Total deferred tax liabilities	**(5,993)**	**2,010**	**74**	**(1,979)**	**(75)**	**(5,963)**
Total deferred tax assets	**2,409**					**22,289**
Total deferred tax liabilities	**(5,993)**					**(5,963)**

Deferred taxes were calculated using the “liability method” based on the temporary differences at the reporting date between the tax amounts used as a reference for the assets and liabilities and the amounts reported in the financial statements.

3b – Financing and credit

This item totalled EUR 7,425 thousand at 31 December 2020, compared with EUR 2,485 thousand at 31 December 2019, and mainly relates to:

- financing to real estate co-investment companies launched in France for a total amount of EUR 5,017 thousand;
- receivables for loan agreements entered into between DeA Capital Alternative Funds SGR and certain employees for the subscription of units in three funds managed by the company itself in the amount ofEUR 1,014 thousand (EUR 540 thousand at 31 December 2019);
- financing to YARD S.p.A. for EUR 906 thousand.

3c – Receivables for the deferral of placement charges

The item at 31 December 2020 totalled EUR 1,673 thousand (EUR 377 thousand at 31 December 2019) and refers to the placement costs of the IDeA Taste of Italy and Taste of Italy 2 funds, which are deferred as they relate to the residual life of these funds; these costs will be gradually "released" to the income statement over the years until the expected maturity date of these funds.

3d – Financial receivables for non-current leases

This item, which totalled EUR 1,066 thousand at 31 December 2020 (EUR 1,313 thousand at 31 December 2019), relates to the receivable owed by DeA Capital S.p.A. to De Agostini Group companies for the use of space in the property at Via Brera 21 in Milan (recorded under Leased buildings in property, plant and equipment for the portion pertaining to the DeA Capital Group).

3e – Other non-current assets

The item, amounting to EUR 1,424 thousand at 31 December 2020 (EUR 4,613 thousand at 31 December 2019) relates for EUR 1,393 thousand to prepaid expenses for the reporting of DeA Capital Alternative Funds SGR (EUR 903 thousand at 31 December 2019).

4 – Current assets

At 31 December 2020, current assets amounted to EUR 174,078 thousand, compared to EUR 171,937 thousand at 31 December 2019.
This item mainly consists of:

4a – Trade receivables

Trade receivables were EUR 8,088 thousand at 31 December 2020, compared to EUR 8,653 thousand at 31 December 2019. The balance mainly relates to receivables of DeA Capital Real Estate SGR, amounting to EUR 6,226 thousand (EUR 6,157 thousand at 31 December 2019), mainly related to receivables from managed funds for fees accrued but not yet collected.

The table below shows the maturity schedule for the DeA Capital Group's trade receivables outstanding at 31 December 2020:

		expired				
(EUR thousand)	Not expired	less than 90 days	Between 90 days and 180 days	Between 180 days and 360 days	More than 360 days	Total
2020	6,481	777	269	366	195	**8,088**
	80%	10%	3%	5%	2%	**100%**

For details of transactions with related parties, see the appropriate section of the report (Transactions with parent companies, subsidiaries and related parties).

4b – Financial assets measured at fair value

At December 31, 2020, the item Financial assets at fair value amounted to EUR 14,297 thousand, compared to EUR 14,192 thousand at December 31, 2019, and referred to:

- the portfolio of government and corporate bonds held by DeA Capital Alternative Funds SGR for EUR 6,158 thousand (EUR 6,131 thousand at 31 December 2019);
- the CCT portfolio, held by DeA Capital Real Estate SGR, as an investment of part of the Regulatory Capital, for EUR 8,139 thousand (EUR 8,061 thousand at 31 December 2019).

4c – Financial receivables for current leases
This item, which totalled EUR 251 thousand at 31 December 2020 (EUR 245 thousand at 31 December 2019), relates to the receivable owed by DeA Capital S.p.A. to De Agostini Group companies for the use of space in the property at Via Brera 21, Milan (recorded under Leased buildings in property, plant and equipment for the portion pertaining to the DeA Capital Group).

4d – Tax credits from tax consolidation with parent companies
The item, amounting to EUR 4,025 thousand at 31 December 2020 (EUR 3,953 thousand at 31 December 2019), refers to the receivable from the parent company De Agostini S.p.A. for participation in the tax consolidation scheme by DeA Capital S.p.A..

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, which is irrevocable for the three-year period 2020-2022, was exercised by the company and De Agostini S.p.A. by signing the "Regulation for participation in the national tax consolidation scheme for De Agostini Group companies" and communicating the option to the tax authorities in accordance with the procedures and terms set out in the law; the option is irrevocable unless the requirements for applying the scheme are no longer met.

4e – Other tax receivables
At 31 December 2020, this item totalled EUR 8,515 thousand, compared with EUR 37,176 thousand at 31 December 2019. It mainly includes:
- the VAT receivable of DeA Capital Real Estate SGR of EUR 2,184 thousand (EUR 33,443 thousand at 31 December 2019), comprising the positive balance resulting from the transfer of the monthly VAT payable and receivable by the managed Funds;
- the withholding tax receivable of DeA Capital S.p.A. of EUR 5,084 thousand (EUR 2,398 thousand at 31 December 2019) relating mainly to capital gains arising from the distribution of the Funds of Funds (IDeA I FOF, ICF II, IDeA EESS and IDeA OF I).

4f – Other receivables
The item, amounting to EUR 15,336 thousand at 31 December 2020, compared to EUR 8,207 thousand at 31 December 2019, mainly includes receivables related to the management of VAT positions towards the funds managed by DeA Capital Real Estate SGR, as well as receivables for security deposits, advances to suppliers, prepaid expenses and other receivables.

Other receivables are due within one year.

4g – Cash and cash equivalents
This item comprises bank deposits and cash including interest accrued at 31 December 2020. This item amounted to EUR 123,566 thousand at 31 December 2020, compared to EUR 99,511 thousand at 31 December 2019.

Please see the Consolidated Cash Flow Statement for further information on changes to this item.

Cash deposited at banks accrues interest at floating rates, based on the prevailing overnight, 1-2-week and 1-3-month interest rates.

5 – Shareholders’ equity

At December 31, 2020, the Group's shareholders' equity amounted to EUR 446,351 thousand, compared to EUR 457,464 thousand at December 31, 2019.

The negative change in Group shareholders' equity in 2020 - amounting to EUR -11,113 thousand compared to the figure at 31 December 2019 - is mainly attributable to:
- the extraordinary dividend distributed by DeA Capital S.p.A. (Euro -31,340 thousand);
- the result for the period reported in the Statement of Performance - IAS 1 (EUR +19,907 thousand).

The main changes in shareholders’ equity are described in more detail in the relevant table of changes included in the Consolidated Financial Statements.

5a – Share capital

On 16 August 2019, the cancellation of 40,000,000 treasury shares was completed, as approved by the Extraordinary Shareholders' Meeting of DeA Capital S.p.A. on 18 April 2019. The transaction led to the reduction of the share capital from EUR 306,612,100 to EUR 266,612,100 and to the consequent amendment of Article 5 of the Articles of Association.

The share capital, fully subscribed and paid-up, is therefore EUR 266,612,100, represented by shares with a nominal value of EUR 1 each, for a total of 266,612,100 shares (of which 6,922,403 treasury shares in portfolio at 31 December 2020, whose nominal value together with the related share premium is deducted from shareholders' equity in the Reserve for treasury shares).

5b – Share premium reserve

This item amounted to EUR 155,542 thousand at 31 December 2020 compared to EUR 186,882 thousand at 31 December 2019. The change, amounting to EUR -31,340 thousand was due to the utilisation for the distribution of dividends.

5c – Legal reserve

This reserve, unchanged with respect to December 31, 2019, amounted to EUR 61,322 thousand at December 31, 2020.

5d - Treasury shares reserve

This item amounted to EUR -10,712 thousand at 31 December 2020 compared to EUR -10,415 thousand at 31 December 2019. The change of EUR -297 thousand was due to the following factors:

- the purchase of treasury shares (EUR -1,653 thousand);
- the allocation of shares to the Company's management under the performance share plans (EUR +1,356 thousand).

5e – Other reserves

Other reserves totalled EUR -17,967 thousand at 31 December 2020 (EUR -17,930 thousand at 31 December 2019) and are made up of:

- the reserve related to the cost of stock options amounting to EUR +3,370 thousand (EUR +2,811 thousand at 31 December 2019);
- the reserve for the sale of stock options amounting to EUR +413 thousand (unchanged with respect to the balance at 31 December 2019) originated from the sale of residual options on the share capital increase not taken up by shareholders and sold by the Company;
- other negative reserves of EUR -9,247 thousand unchanged with respect to 31 December 2019, related to the Santé investment, disposed of in 2014, mainly due to the pro-rata reclassification of minority interests in Santé related to the 2008-2009 distribution of extraordinary dividends by Générale de Santé and changes in 2010-2012;
- the reserve for share issue costs of EUR -7,512 thousand (unchanged from the balance at 31 December 2019);
- other reserves of EUR -4,991 thousand (EUR -4,395 thousand at 31 December 2019).

5f – Retained earnings (losses) carried forward

This item totalled EUR -29,338 thousand at 31 December 2020, compared with EUR -41,665 thousand at 31 December 2019. The positive change of EUR +12,327 thousand was mainly due to the allocation of the 2019 result (EUR +12,256 thousand).

5g – Profit (loss) for the year

The profit for the year of EUR +20,410 thousand is the consolidated result attributable to the Group for 2020 (EUR +12,256 thousand at 31 December 2019).

5h – Minority interests

This item, which totalled EUR 16,710, thousand at 31 December 2020 (EUR 23,634 thousand at 31 December 2019), relates to the shareholders’ equity attributable to non-controlling interests of the IDeA OF I fund and the Participating Financial Instruments relating to the intangible assets that emerged when the variable commissions were allocated to the residual value of FIMIT Asset Management Company on the date of the (reverse) merger into FARE Asset Management Company (now DeA Capital Real Estate SGR).

The negative change of EUR -6,924 thousand compared to the balance at December 31, 2019 mainly refers to:

- distributions (net of capital calls) of the IDeA OF I fund of EUR -1,194, thousand;
- the amount recorded in the Statement of Performance for a total of EUR -6,498, thousand.

The table below provides a summary breakdown of IDeA OF I's financial information, before elimination of intercompany transactions with other Group companies at 31 December 2020:

IDeA OF I

(EUR thousand)	**Financial Year 2020**
Management fees form Alternative Asset Managements	(7,885)
Net profit/(loss) for the period	(10,809)
of which attributable to minorities	**(5,730)**
Other profit/(loss), net of tax effect	0
Total comprehensive profit/(loss) for the period	**(10,809)**
Total comprehensive profit/(loss) for the period attributable to minorities	***(5,730)***

(EUR thousand)	**31.12.2020**
Current assets	3,698
Non-current assets	14,888
Current liabilities	(33)
Non-current liabilities	(2,182)
Net assets	**16,371**
Net assets attributable to minorities	***8,678***

(EUR thousand)	**31.12.2020**
Cash flow from operation actitivies	1,920
Cash flow from investment activities	0
Cash flow from financial activities	(1,194)
NET INCREASES IN CASH AND CASH EQUIVALENTS	***726***

Dividends paid to minorities during the period	***(1,194)***

6 – Non-current liabilities

At December 31, 2020, Non-current liabilities amounted to EUR 26,672 thousand, compared to EUR 26,463 thousand at December 31, 2019.
This item mainly consists of:

6a – Payables to suppliers

At 31 December 2020, the item totalled EUR 800 thousand (unchanged with respect to the balance at 31 December 2019) and refers to the long-term debt for the pre-emptive reporting related to the launch of the IDeA Agro Fund.

6b – Deferred tax liabilities

At 31 December 2020, the item amounted to EUR 5,963 thousand (EUR 5,993 thousand at 31 December 2019).

For more details, see Note 3a - Deferred tax assets and deferred tax liabilities.

6c – Staff Severance Provision and other staff-related provisions

This item amounted to EUR 6,541 thousand at December 31, 2020 (EUR 5,582 thousand at December 31, 2019) and mainly related to the reserve for employee severance indemnities (EUR 6,519 thousand at December 31, 2020 compared to EUR 5,556 thousand at December 31, 2019).

The end-of-service payment fund (TFR) is a defined benefit plan, and as such was measured using actuarial methodology. This resulted in a liability calculated in demographic and financial terms on amounts owed to workers according to the number of years worked. The total present value of the liability is proportioned to the period of employment already completed at the calculation date, taking account of future salary increases and the employee's projected length of service.

In particular, the actuarial simulations were performed according to the accrued benefits method using the (Projected Unit Credit Method) determining:
- the cost of the service already rendered by the employee (Past Service Liability);
- the cost of the service provided by the employee during the year (Service Cost);
- the cost related to staff recruited during the year (Past Service Liability of newly recruited staff);
- the interest cost arising from the actuarial liability (Net Interest Cost);
- Actuarial gains/losses for the period between one valuation and the next (Actuarial gain/loss).

The valuation assumptions use an annual average discount rate that takes the iBoxx Eurozone Corporates AA 10+ index as a benchmark, maintaining this parameter constant compared with previous valuations.

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%-5.00%; and an annual fund growth rate of 2.25%.

Changes in TFR in 2020 are shown in the table below.

(EUR thousand)	**Balance at 1.1.2020**	**Accrued portion**	**Payments / advance**	**Balance at 31.12.2020**
Movement in provision	**5,556**	**1,673**	**(709)**	**6,519**

The amounts recognised in the item were calculated as follows:

(EUR thousand)	**31.12.2020**	**31.12.2019**
Nominal value of provision	4,654	4,480
Discounting effect	1,865	1,076
Total provision	**6,519**	**5,556**

6d – Payables in respect of staff and social security organisations

The item of EUR 1,423 thousand at 31 December 2020 (EUR 631 thousand at 31 December 2019) relates to the long-term incentive plan for certain employees of DeA Capital Alternative Funds SGR.

6e – Financial liabilities

At 31 December 2020, the item amounted to EUR 11,945 thousand (EUR 13,457 thousand at 31 December 2019).

The item at 31 December 2020 refers:
- EUR 9,763 thousand (EUR 12,437 thousand at 31 December 2019) for the financial payables related to the lease of the buildings where the group companies have their headquarters (in particular, the building at Via Brera 21 in Milan and the Rome office of DeA Capital Real Estate SGR), as well as to the leasing contracts for the cars in use;
- EUR 2,182 thousand to liabilities associated with contractual commitments related to the investments of the OF I fund.

7 – Current liabilities

At 31 December 2020, current liabilities amounted to EUR 51,179 thousand (EUR 85,020 thousand at 31 December 2019). This item mainly consists of:

7a – Trade payables

Trade payables amounted to EUR 6,004 thousand at 31 December 2020, compared to EUR 5,470 thousand at 31 December 2019.

For details of transactions with related parties, see the appropriate section of the report (Transactions with parent companies, subsidiaries and related parties).

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

7b – Payables to staff and social security organisations

Payables to personnel and social security institutions amounted to EUR 12,707 thousand at December 31, 2020, compared to EUR 11,836 thousand at December 31, 2019, and are composed as follows:

- payables to social security institutions for EUR 2,100 thousand (EUR 1,629 thousand at 31 December 2019), paid on time after the end of the 2020 financial year, with the exception of social security payables calculated on bonuses accrued;
- payables to employees and directors for EUR 10,478 thousand (EUR 9,612 thousand as of 31 December 2019), for untaken holidays and accrued bonuses;
- payables related to social charges on salaries and wages and holiday days for EUR 129 thousand (EUR 595 thousand as of 31 December 2019).

7c – Current tax payables

Current tax payables amounted to EUR 8,138 thousand at December 31, 2020, compared to EUR 4,336 thousand at December 31, 2019, and are composed as follows:

- the payable to the parent company De Agostini S.p.A. for participation in the tax consolidation scheme by DeA Capital Alternative Funds SGR (EUR 2,722 thousand at 31 December 2020 compared with EUR 1,844 thousand at 31 December 2019) and DeA Capital Real Estate SGR (EUR 2,276 thousand at 31 December 2020 compared with EUR 1,394 thousand at 31 December 2019);
- payables to tax authorities for current taxes amounting to EUR 3,140 thousand (EUR 1,098 thousand at 31 December 2019), not included in the scope of the Tax Consolidation Agreement.

7d – Other tax payables

Other Payables to Tax Authorities amounted to EUR 2,889, thousand at December 31, 2020, compared to EUR 1,491 thousand at December 31, 2019, and referred mainly to payables to Tax Authorities for withholding taxes on employee and self-employed income paid on time after the end of the 2020 Financial Year, amounting in total to EUR 1,357 thousand (EUR 1,157 thousand at December 31, 2019).

7e – Other payables

Other Payables amounted to EUR 17,725, thousand at 31 December 2020, compared to EUR 42,299 thousand at 31 December 2019, and referred to DeA Capital Real Estate SGR for EUR 17,199 thousand (EUR 42,134 thousand at 31 December 2019) and in particular to payables related to the management of VAT positions towards the funds managed by the same Asset Management Company for EUR 15,427 thousand (EUR 41,621 thousand at 31 December 2019).

7f – Short-term financial payables

At 31 December 2020, the item amounted to EUR 3,679 thousand (EUR 19,567 thousand at 31 December 2019).

The item at December 31, 2020 mainly referred to the following for EUR 3,672 thousand (EUR 3,045 thousand at December 31, 2019) financial liabilities linked to the lease of the buildings where group companies have their headquarters (in particular, the building at Via Brera 21 in Milan and the Rome office of DeA Capital Real Estate SGR), as well as to the leasing contracts for the cars in use.

The change recorded with respect to the figure at 31 December 2019 is mainly attributable to the payment of EUR 16,510 million by way of price integration due to the sale by Quaestio Holding of its stake in Quaestio Cerved Credit Management (NPL Servicing Activities), as agreed in the agreements signed in 2019 in the context of Quaestio Holding's entry into the shareholding structure.

Income statement

8 – Alternative Asset Management fees

Fees from Alternative Asset Management in FY 2020 amounted to EUR 71,316 thousand, compared to EUR 66,117 thousand in FY 2019, and related to:

a) set-up/subscription fees of a fund: the fees received as remuneration for work done in creating a fund.

b) management fees: the fees that the company receives as remuneration for the management of a fund. These fees mainly relate to management fees paid to DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR for the funds that they manage.

c) Performance fees: are the fees received upon the achievement of certain performance parameters by managed funds.

The following is a breakdown of Alternative Asset Management fees by company:

(EUR million)	Financial Year 2020	Financial Year 2019
DeA Capital Real Estate SGR	37.0	40.4
DeA Capital Alternative Funds SGR *	32.5	24.2
DeA Capital Real Estate France S.A.S.	1.5	1.5
DeA Capital Real Estate Iberia S.L.	0.3	0.1
Total management fees from Alternative Asset Management	**71.3**	**66.2**

(*) Net of intercompany management fees to IDeA OF I, which is consolidated on a line-by-line basis.

9 – Result from equity holdings

This item includes the share of results of associates accounted for using the shareholders' equity method for the period.

The item, amounting to EUR +147, thousand in 2020, compared to EUR -647, thousand in 2019, was mainly due to the pro-rata share of the result of the holdings in:

- DeA Capital Real Estate Poland (EUR -121 thousand compared to a zero value in 2019);
- Quaestio Holding S.A. (EUR +593 thousand compared to EUR -240 thousand in 2019);
- YARD (EUR +78 thousand in 2020 compared to -EUR 255 thousand in 2019);
- IDeA EESS fund (EUR -161 thousand in 2020 compared to EUR +231 thousand in 2019);
- Venere Fund (EUR -243 thousand in 2020 compared to EUR -383 thousand in 2019).

10 – Other investment income and expenses

Other net investment income and expenses (from investments and funds) were negative for EUR 9,219 thousand compared to positive for EUR 6,832 thousand in FY2019.

This item mainly includes:

- the impairment loss of the investment in Pegaso Transportation Investments (Talgo) for EUR -5,884 thousand and the impairment loss of the investment in Iacobucci for EUR -2,000 thousand;
- the impairment of the investment in Cellularline, for EUR -2,040 thousand;
- the revaluation of the investment in Kenan Investments / Migros for a total of EUR +3,918 thousand due to the favourable change in fair value, resulting from 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).

The item in 2019 mainly contained:
- the capital gain of EUR +3,173 thousand realised from the accelerated bookbuilding ("ABB") of a share in Migros;
- the revaluation of the investment in Kenan Investments / Migros for a total of EUR +4,407 thousand due to the favourable change in fair value, resulting from the combined effect of the increase in the price per share (TRY 24.22 per share at 31 December 2019, compared to TRY 14.90 per share at 31 December 2018) and the depreciation of the Turkish lira against the Euro (EUR 6.68 per share at 31 December 2019, compared to EUR 6.06 per share at 31 December 2018).

Details of other investment income and expenses in FY 2020 with relative comparison to FY 2019 are as follows:

(EUR thousand)	Financial Year 2020	Financial Year 2019
Income and charges unrealized		
Change in the fair value of funds FVTPL (note 2d):	**(3,329)**	**1,599**
- Venture capital funds	(1,536)	(869)
- Private Equity funds	(1,445)	227
- Real Estate funds	(348)	2,241
Change in the fair value of investments FVTPL held by funds (note 2b):	**(7,884)**	**(738)**
- Iacobucci HF Electronics	(2,000)	(3,000)
- Pegaso Transportation Investments (Talgo)	(5,884)	2,262
"Change in the fair value of other investments FVTPL (note 2c):"	**1,878**	**2,094**
- Kenan Investments	3,918	4,407
- IDeaMI	0	(1,400)
- Cellularline	(2,040)	(926)
- Other		13
Income and charges realized	**116**	**3,877**
- Gain from ABB Migros	*0*	*3,173*
- Gain from the sale of Harvip	*0*	*416*
- Other	*116*	*288*
Total	**(9,219)**	**6,832**

Fair value adjustments

The fair value measurement of investments in funds and holdings at 31 December 2020, as well as at 31 December 2019, is based on the information and documents received from the funds and participations and other available information.

11 – Operating costs

Operating expenses in FY 2020 were EUR 62,505 thousand compared to EUR 59,475 thousand in FY 2019.

11a – Personnel costs

Details of personnel expenses in FY 2020 and their comparison with FY 2019 are provided below:

(EUR thousand)	Financial Year 2020	Financial Year 2019
Salaries and wages	24,800	21,103
Social security charges	6,730	5,804
Board of directors' fees	5,456	5,491
Long term incentive plans cost	1,698	1,560
End-of-service payment fund	1,578	1,310
Other personnel costs	784	1,701
Total	**41,046**	**36,969**

The total number of employees of the DeA Capital Group at 31 December 2020 was 227 (212 at 31 December 2019).

The table below shows the changes and average number of Group employees during 2020.

Position	1.1.2020	Recruits	Departures	Other changes	31.12.2020	Average
Senior Managers	42	5	(4)	4	47	44
Junior Managers	72	6	(6)	1	73	74
Staff	98	26	(17)	0	107	102
Total	**212**	**37**	**(27)**	**5**	**227**	**220**

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 number of shares of the Company attributable under the Performance Shares Plans outstanding but not yet vested at 31 December 2020 is 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, granting the Chairman of the Board of Directors and the Chief Executive Officer all the necessary powers, to be exercised severally and with the right to sub-delegate, and (ii) to assign 1,420,000 Units (representing the right to receive ordinary shares of the Company free of charge, at the terms and conditions indicated in the plan) to certain employees and/or directors holding special offices of the Company and its subsidiaries.

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).

11b – Service costs

The breakdown of expenses for services in FY 2020 and their comparison with FY 2019 is shown below:

(EUR thousand)	Financial Year 2020	Financial Year 2019
Administrative, Tax Legal consultancy and other costs	5,955	6,377
Fees to corportae bodies	565	569
Ordinary maintenance	246	220
Travel expenses	322	772
Utilities and general expenses	903	1,042
Third-party rental, royalties and leasing	946	861
Bank charges	52	56
Books, stationery and conferences	182	231
Commission expenses	825	872
Other expenses	2,946	2,806
Total	**12,942**	**13,806**

11c – Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment in FY 2020 was EUR 5,048 thousand compared to EUR 4,778 thousand in FY 2019.

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

11d – Other costs

This item totalled EUR 3,469 thousand in 2020 (EUR 3,922 thousand in 2019) and mainly consisted of:

- non-deductible VAT pro-rated on costs accrued in FY 2020 by DeA Capital Real Estate SGR of EUR -1,012 thousand (EUR -1,140 thousand in FY 2019);
- the impairment loss / loss on receivables of DeA Capital Real Estate SGR of EUR -2,144 thousand (EUR -1,715 thousand in FY 2019).

12 – Financial income and charges

12a – Financial income

Details of the financial income in FY 2020 and its comparison with FY 2019 are shown below:

(EUR thousand)	Financial Year 2020	Financial Year 2019
Interest incomes	351	566
Exchange gains	62	604
Other income	753	2,418
Total	**1,166**	**3,588**

The item “Other income” mainly refers to the effects of the value adjustment related to the earn-outs related to the acquisitions up to 100% of DeA Capital Real Estate SGR.

12b – Financial charges

Details of the financial expenses in FY 2020 and their comparison with FY 2019 are shown below:

(EUR thousand)	Financial Year 2020	Financial Year 2019
Interest expenses	329	373
Exchange losses	208	385
Losses from financial instruments valued at fair value through profit and loss	2,182	0
Financial charges IAS 19	44	39
Total	**2,763**	**797**

Expenses arising from financial instruments, amounting to EUR 2,182 refer to one-off expenses for liabilities connected with contractual commitments related to the investments of the OF I fund.

13 – Income tax for the period, deferred tax assets and deferred tax liabilities

This item, amounting to EUR+14,896 thousand for 2020 (EUR -5,003 thousand for 2019), included current income taxes for the year for EUR -6,847 thousand (EUR -5,625 thousand for 2019) and net positive deferred taxes for EUR +21,743 thousand (EUR +622 thousand for 2019), as it benefited from the following factors:

- at the level of DeA Capital Alternative Funds Asset Management, the net positive effect (EUR +1,142 thousand) due to the release of deferred tax liabilities (EUR +1,978 thousand) recognised on completion of the PPA process relating to the acquisition of the NPL Management business unit, following the tax redemption of customer relationship intangible assets (EUR -836 thousand);
- at the level of DeA Capital Alternative Funds SGR, the net positive effect (EUR +840 thousand) due to the recognition of deferred tax assets (EUR +1,831 thousand) against the tax benefit associated with the future deductibility of goodwill, which was also subject to tax redemption, net of the recognition of the cost of the substitute tax (EUR -991 thousand);
- at the level of DeA Capital Real Estate SGR, the net positive effect (EUR 16,238 thousand) due to the recognition of deferred tax assets (EUR +18,110 thousand), against the tax benefit associated with the future deductibility of goodwill, subject to tax redemption, net of the recognition of the cost of the substitute tax (EUR -1,872 thousand).

The table below shows the taxes determined on the basis of the rates and on the basis of the taxable amounts calculated in light of the legislation deemed applicable.

(EUR thousand)	**Financial Year 2020**	**Financial Year 2019**
Current taxes:		
- Income from tax consolidation scheme	327	1,953
- IRES	(4,956)	(5,547)
- IRAP	(2,218)	(2,031)
- Other tax	0	0
Total current taxes	**(6,847)**	**(5,625)**
Deferred taxes for the period:		
- Charges for deferred/prepaid taxes	6	187
- Income from deferred/prepaid taxes	21,737	435
Total deferred taxes	**21,743**	**622**
Total income tax	**14,896**	**(5,003)**

The table below shows a reconciliation of the tax charges recorded in the Consolidated Financial Statements and the theoretical tax charge for 2020 calculated using the corporate income tax (IRES) rate applicable in Italy.

	2020		2019	
(EUR thousand)	**Amount**	**Rate**	**Amount**	**Rate**
Profit before tax	**(984)**		**16,059**	
Tax on theoretical income	(236)	24.0%	3,854	24.0%
Tax on inter-company dividends	(486)	49.4%	(136)	(0.8%)
Effect of companies with different taxation from that of Italy	(3,490)	354.7%	(1,403)	(8.7%)
Use of tax losses not previously recognised	0	0.0%	0	0.0%
Tax expenses previously not noticed	0	0.0%	(94)	(0.6%)
Net profit/(loss) from subsidiaries not subject to taxation	2,594	(263.6%)	173	1.1%
Net profit/(loss) from associates not subject to taxation	(35)	3.6%	156	1.0%
Non-deductible interest	0	0.0%	15	0.1%
Income from tax consolidation scheme	782	(79.5%)	(210)	(1.3%)
Other net differences	464	(47.2%)	1,234	7.7%
Cost for tax relief	3,700	(376.0%)	0	0.0%
Deferred tax assets from tax relief	(19,940)	2,026.4%	0	0.0%
Release of derred tax liabilities from tax relief	(1,978)	201.0%	0	0.0%
Net effect of prepaid/deferred taxes	176	(17.9%)	(621)	(3.9%)
IRAP and other taxes on foreign income	3,553	(361.2%)	2,035	12.7%
Income tax reported in the income statement	**(14,896)**	**1513.7%**	**5,003**	**31.2%**

14 – Basic earnings (loss) per share

Basic earnings per share are calculated by dividing net profit for the period attributable to the Group's shareholders by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to the Group's shareholders by the weighted average number of shares outstanding during the period, including any dilutive effects of existing stock option plans, if these options are "in the money".

The table below shows the income and the share information used to calculate basic and diluted earnings per share:

(EUR thousand)	Financial Year 2020	Financial Year 2019
Consolidated net profit/(loss) - Group share (A)	**20,410**	**12,256**
Weighted average number of ordinary shares outstanding (B)	260,684,760	258,890,621
Basic earnings/(loss) per share (€ per share) (C=A/B)	**0.078**	**0.047**
Restatement for dilutive effect	0	0
Consolidated net profit/(loss) restated for dilutive effect (D)	**20,410**	**12,256**
Weighted average number of shares to be issued for the exercise of stock options (E)	0	0
Total number of outstanding shares and to be issued (F)	260,684,760	258,890,621
Diluted earnings/(loss) per share (€ per share) (G=D/F)	**0.078**	**0.047**

Options have a diluting effect only when the average market price of the share for the period exceeds the strike price of the options or warrants (i.e. when they are "in the money").

Primary and secondary reporting formats

The information on businesses reflects the Group's internal reporting structure. These businesses are:

- Alternative Asset Management, which includes asset management and related services, focusing on the management of real estate, credit and private equity funds.
- Alternative Investment, which includes:
  - investments in support of the Platform ("Platform Investments") relating to units of funds (Real Estate, Credit, Private Equity) and co-investments (Real Estate, Private Equity) managed by the Platform;
  - other investments in Funds and Holdings (mainly the participation in Kenan Investments / Migros).

Summary Group Income Statement - Performance by business in 2020

(EUR thousand)	*Alternative Investment*	*Alternative Asset Management*	*Holdings/ Eliminations*	**Consolidated**
Alternative Asset management fees	71,466	0	(150)	71,316
Income (loss) from equity investments	388	(241)	0	147
Other investment income/expense	(446)	(8,773)	0	(9,219)
Other revenues and income	576	0	298	874
Other expenses and charges	(52,111)	(853)	(9,541)	(62,505)
Financial income and expenses	(306)	(2,213)	922	(1,597)
PROFIT/(LOSS) BEFORE TAXES	**19,567**	**(12,080)**	**(8,471)**	**(984)**
Income tax	11,266	0	3,630	14,896
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**30,833**	**(12,080)**	**(4,841)**	**13,912**
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	**30,833**	**(12,080)**	**(4,841)**	**13,912**
- Group share	31,601	(6,350)	(4,841)	20,410
- Non controlling interests	(768)	(5,730)	0	(6,498)

Summary Group Income Statement - Performance by business in 2019

(EUR thousand)	*Alternative Investment*	*Alternative Asset Management*	Holdings/ Eliminations	**Consolidated**
Alternative Asset management fees	66,414	0	(297)	66,117
Income (loss) from equity investments	(751)	104	0	(647)
Other investment income/expense	2,264	4,568	0	6,832
Other revenues and income	53	0	388	441
Other expenses and charges	(50,225)	(374)	(8,876)	(59,475)
Financial income and expenses	(251)	598	2,444	2,791
PROFIT/(LOSS) BEFORE TAXES	**17,504**	**4,896**	**(6,341)**	**16,059**
Income tax	(6,584)	0	1,581	(5,003)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**10,920**	**4,896**	**(4,760)**	**11,056**
Profit (Loss) from discontinued operations/held-for-sale assets	0	0	0	0
PROFIT/(LOSS) FOR THE PERIOD	**10,920**	**4,896**	**(4,760)**	**11,056**
- Group share	11,739	5,277	(4,760)	12,256
- Non controlling interests	(819)	(381)	0	(1,200)

Connection table between the Statutory Income Statement and the Managerial Income Statement for Alternative Asset Management

Shown below is the Alternative Asset Management sector's link between the Statutory Summary Statement of Financial Position and the Managerial Income Statement presented in the Report on Operations.

Connection table between the Statutory Income Statement and the Managerial Income Statement for AAM in FY 2020

Connecting Table between Group Net Result and Operating Profit and Loss of AAM - €M	*Operating Net Result*	*Other AAM*	Net Result AAM
Alternative Asset Management fees	69.7	1.8	71.5
Income (loss) from investments valued at equity	0.6	(0.2)	0.4
Other investment incomes/expenses	(0.1)	(0.3)	(0.4)
Other revenues and incomes	0.4	0.2	0.6
Other expenses and charges	(43.7)	(8.4)	(52.1)
Financial income and expenses	(0.1)	(0.2)	(0.3)
PROFIT/(LOSS) BEFORE TAXES	**26.7**	**(7.1)**	**19.6**
Income tax	(8.1)	19.4	11.3
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**18.6**	**12.2**	**30.8**
Profit (Loss) from discontinued operations/held-for-sale assets	0.0	0.0	0.0
PROFIT/(LOSS) FOR THE PERIOD	**18.6**	**12.2**	**30.8**
- Group share	18.6	13.0	31.6
- Non controlling interests	0.0	(0.8)	(0.8)

Connection table between the Statutory Income Statement and the Managerial Income Statement for AAM in FY 2019

Connecting Table between Group Net Result and Operating Profit and Loss of AAM - €M	*Operating Net Result*	*Other AAM*	Net Result AAM
Alternative Asset Management fees	65.0	1.5	66.4
Income (loss) from investments valued at equity	(0.2)	(0.6)	(0.8)
Other investment incomes/expenses	0.1	2.2	2.3
Other revenues and incomes	0.1	0.0	0.1
Other expenses and charges	(43.6)	(6.6)	(50.2)
Financial income and expenses	(0.1)	(0.1)	(0.3)
PROFIT/(LOSS) BEFORE TAXES	**21.2**	**(3.7)**	**17.5**
Income tax	(6.8)	0.2	(6.6)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**14.4**	**(3.5)**	**10.9**
Profit (Loss) from discontinued operations/held-for-sale assets	0.0	0.0	0.0
PROFIT/(LOSS) FOR THE PERIOD	**14.4**	**(3.5)**	**10.9**
- Group share	14.4	(2.7)	11.7
- Non controlling interests	0.0	(0.8)	(0.8)

Notes to the Cash Flow Statement

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

Given the operating activities carried out by the Group, cash flow from investment activities in companies and funds (one of the Group's typical activities) is included in cash flow from operating activities.

In FY 2020, **operating activities** as defined above generated EUR +60,785 thousand of cash and cash equivalents (EUR +9,151 thousand in FY 2019).

Please see the Consolidated Cash Flow Statement for information on changes to this item.

In FY 2020, **investment activities** generated EUR +4,974 thousand (EUR -6,640 thousand in FY 2019), mainly attributable to the outlay for the price adjustment related to the acquisition of Quaestio Holding.

In FY 2020, financial activities absorbed EUR -41,704 thousand (EUR -49,371 thousand in FY 2019). Please see the Consolidated Cash Flow Statement for information on changes to this item.
Specifically, EUR -32,531 thousand in dividends/redemptions were distributed in 2020 (EUR -37,531 thousand in FY 2019), of which EUR -31,340 thousand to shareholders of DeA Capital S.p.A. and the remainder to minority shareholders of IDeA OF I (see Note 5h).

Cash and cash equivalents totalled EUR 123,566 thousand at end-2020, compared with EUR 99,511 thousand at the end of the 2019.

Other information

Commitments

The remaining commitments as at 31 December 2020 for the total funds in the portfolio are indicated in the following table:

Residual commitments - M€	**31.12.2020**
Residual commitments DeA Capital S.p.A. (*)	78.7
Residual commitments DeA Capital Alternative Funds SGR	0.1
Residual commitments DeA Capital Real Estate SGR	2.5
Total	**81.3**

(*) Net of funds' residual commitments included in the Consolidation Area (IDeA OF I e IDeA EESS).

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. The assessment, which alleged that revenues had been under-reported, was challenged in an appeal by DeA Capital before the Milan Provincial Tax Court.

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. This assessment was also challenged in an appeal by DeA Capital before the Milan Provincial Tax Court.

On 14 November 2016, the Provincial Tax Commission of Milan fully upheld the appeals filed with regard to the presumption of higher revenues not accounted for the years 2009 / 2010 and partially that relating to 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.

Treasury and parent company shares

On 20 April 2020, the Shareholders' Meeting of DeA Capital S.p.A. authorised the Board of Directors to buy and sell, on one or more occasions and on a revolving basis, a maximum number of shares in the Company up to a stake of no more than 20% of the share capital (or 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 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.

The Shareholders' Meeting determined a minimum consideration, conferring on the Board of Directors the power to determine, on a case-by-case basis, any further conditions, procedures and terms of the act of disposal. This minimum price may not be 20% lower than the reference price recorded by the share during the stock exchange session preceding each individual disposal transaction, except in specific cases identified by the Shareholders' Meeting.

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 movements in previous years and the movements of treasury shares during the 2020 financial year, as described above, at 31 December 2020 the Company owned 6,922,403 treasury shares (or 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 same 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 agreement, which is renewable every six years after an initial term of seven years, is priced at market rates.

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 is irrevocable for DeA Capital S.p.A. for the three-year period 2020-2022, for DeA Capital Holdings for the three-year period 2019-2021, for DeA Capital Alternative Funds SGR for the three-year period 2018-2020 and for DeA Capital Real Estate SGR for the three-year period 2019-2021.

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.

   Deposit/financing operations in 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. 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.

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 summarises the amounts of trade-related transactions with related parties.

	31.12.2020					**Financial Year 2020**			
(EUR thousand)	**Trade receivables**	**Financial receivables for leasing**	**Tax receivables**	**Tax payables**	**Trade payables**	**Income from services**	**Personnel costs**	**Service costs**	**Interest on leasing**
De Agostini S.p.A.	75	1,199	4,107	3,248	0	81	16	310	29
B&D Holding S.p.A.	0	0	206	0	0	0	0	0	0
Gruppo De Agostini Editore	0	0	0	0	40	0	122	222	0
Gruppo IGT	9	119	0	0	0	8	0	0	3
YARD Group	0	0	0	0	0	0	0	0	0
Total related parties	**84**	**1,318**	**4,313**	**3,248**	**40**	**89**	**(41,046)**	**(12,942)**	**32**
Total financial statement line item	**8,088**	**14,297**	**12,540**	**8,138**	**6,004**	**98**	**(36,969)**	**(13,806)**	**351**
As % of financial statement line item	**1.0%**	**9.2%**	**34.4%**	**39.9%**	**0.7%**	**90.8%**	**111.0%**	**93.7%**	**9.1%**

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 in EUR thousand	Non-cash benefits	Bonuses and other incentives	Statutory auditors' fees for positions held at subsidiaries	Other remuneration EUR/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/ 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 and 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 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 and Senior managers with strategic responsibilities		251,785	1.19	4	0	0	0	235,134	16,651	0	0	0
Chief Operating Officer and 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 and Senior managers with strategic responsibilities		200,000	1.56	4	0	0	0	0	0	200,000	1.56	4
Chief Operating Officer and Senior managers with strategic responsibilities		225,000	1.51	4	0	0	0	0	0	225,000	1.51	4
Chief Operating Officer and Senior managers with strategic responsibilities		0	0	0	500,000	1.29	4	0	0	500,000	1.29	4

Main risks and uncertainties to which the Parent Company and consolidated Group companies are exposed

The assessment of risk factors for the DeA Capital Group should be viewed 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 to support the platform's operations (i.e. **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, the Group has been able to oversee the governance of its activities 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 Consolidated 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

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.

Acquisition of the management of a "logistics" real estate fund

On 1 March 2021, the management of a closed-end real estate fund focused on the acquisition of real estate for logistics use was acquired, with assets under management of **over 700 million**.