Annual Financial Statements for the Year Ending 31 December 2021

- Statement of financial position
- Income Statement
- Statement of Comprehensive Income
- Cash Flow Statement
- Statement of Changes in Shareholders' Equity
- Notes to the Financial Statements

Statements of Financial Position - Parent Company

(EUR)	Note	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Intangible and tangible assets			
Intangible assets	1a	0	0
Tangible assets	1b	1,970,451	2,171,753
- Leased buildings		*1,814,379*	*2,069,554*
- Other leased assets		*104,968*	*47,932*
- Other tangible assets		*51,104*	*54,267*
Total intangible and tangible assets		1,970,451	2,171,753
Investments			
Subsidiaries and joint ventures	2a	258,820,060	249,792,230
Associates	2b	20,118,929	21,845,264
Other Investments at Fair Value through P&L	2c	9,871,963	30,098,183
Funds at Fair Value through P&L	2d	90,607,971	79,708,603
Total Investments		379,418,923	381,444,280
Other non-current assets			
Deferred tax assets	3a	0	0
Financial receivables - non current position	3b	700,150	649,011
Financial receivables for leasing- non current position	3c	4,407,358	5,785,453
Total other non-current assets		5,107,508	6,434,464
Total non-current assets		**386,496,882**	**390,050,497**
Current assets			
Trade receivables			358,507
Financial receivables			1
Financial receivables for leasing- current position			1,365,830
Tax receivables from Parent companies			4,024,880
Other tax receivables			5,321,347
Other receivables			67,563
Cash and cash equivalents			72,023,426
Total current assets		98,476,846	83,161,554
Total current assets		**98,476,846**	**83,161,554**
TOTAL ASSETS		**484,973,728**	**473,212,051**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	5a	266,612,100	266,612,100
Share premium reserve	5b	129,454,279	155,542,010
Legal reserve	5c	61,322,420	61,322,420
Own share reserve	5d	(8,941,654)	(10,712,734)
Other reserves	5e	(2,968,391)	(4,658,751)
Retained earnings (losses)	5f	(8,262,344)	(33,214,718)
Profit/(loss) for the year	5g	28,446,367	25,431,066
Shareholders' equity		**465,662,777**	**460,321,393**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	3a	0	0
Provisions for employee termination benefits	6a	202,394	461,689
Financial liabilities - non current position	6b	5,892,104	7,501,924
- Financial liabilites for leased buildings		*5,892,104*	*7,501,924*
Total non-current liabilities		**6,094,498**	**7,963,613**
Current liabilities			
Trade payables	7a	537,763	742,555
Provision for risk and charges	7b	1,600,000	0
Payables to staff and social security organisations	7c	2,610,671	2,091,375
Tax payables to Parent company	7d	4,583,241	0
Other tax payables	7e	1,955,471	262,822
Other payables	7f	23,725	16,386
Short term financial payables	7g	1,905,582	1,813,907
- Short term financial payables for leased buildings		*1,905,582*	*1,813,907*
Total current liabilities		**13,216,453**	**4,927,045**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**484,973,728**	**473,212,051**

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

Income Statement - Parent Company

(EUR)	Note	Financial Year 2021	Financial Year 2020
Dividends from Subsidiaries and joint ventures	8a	11,296,469	5,360,129
Profit/(loss) from valuation in Subsidiary companies	8a	9,027,831	22,721,346
Profit/(loss) from valuation in Related companies	8a	422,983	3,172,652
Profit/(loss) from valuation in other investments	8a	26,411,323	(888,663)
Income from services	8b	888,339	864,062
Other income		1,099	199,839
Personnel costs	9a	(8,559,741)	(6,966,188)
Service costs	9b	(2,720,252)	(2,454,291)
Depreciation, amortization and impairment	9c	(511,283)	(524,803)
Risks and charges	9d	(1,600,000)	0
Other expenses	9e	(67,733)	(57,319)
Financial income	10a	224,228	421,748
Financial expenses	10b	(210,840)	(435,624)
PROFIT/(LOSS) BEFORE TAX		**34,602,423**	**21,412,888**
Income tax	11a	(6,156,056)	4,018,178
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**28,446,367**	**25,431,066**
PROFIT/(LOSS) FOR THE YEAR		**28,446,367**	**25,431,066**

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

Statement of Comprehensive Income
(*Statement of Performance* - IAS 1)

The Statement of Comprehensive Income (or Statement of Performance - IAS 1), in which the result for the year is recorded, including the results recognised directly in equity, shows a net positive balance of approximately +28,612 thousand euros (net positive balance of approximately +25,386,000 euros in 2020), composed of:

- a net profit of EUR +28,446 thousand recorded on the Income Statement;
- results recognised directly in shareholders' equity for a total of EUR +166, thousand, due to actuarial gains/losses on severance pay.

(in EUR)	**Financial Year 2021**	**Financial Year 2020**
Profit/(loss) for the year (A)	**28,446,367**	**25,431,066**
Components that may be subsequently restated under Profit/(Loss) for the year	0	0
Profits/(Losses) from recalculation of available-for-sale financial assets	*0*	*0*
Components that will not be subsequently restated under Profit/(Loss) for the year	165,531	(45,439)
Actuarial Profits/(Losses) to be revalued in defined benefit plans	*165,531*	*(45,439)*
Total other Profit/(Loss), net of tax effect (B)	**165,531**	**(45,439)**
Total comprehensive Profit/(Loss) for the year (A)+(B)	**28,611,898**	**25,385,627**

Cash flow statement - Parent Company - Direct method

(EUR thousand)	Financial Year 2021	Financial Year 2020
CASH FLOW from operating activities		
Investments in funds and shareholdings	(6,987)	(8,036)
Proceeds from the sale of investments	0	22,226
Capital reimbursements from funds and shareholdings	44,911	24,725
Intragroup interest received	0	3
Income from distribution from investments	0	310
Exchange gains (losses)	0	(3)
Taxes paid	(3,169)	(5,059)
Taxes refunded	5,428	4,855
Dividends received	11,296	6,418
Revenues for services	26	16
Intragroup revenues for services	2,444	2,119
Intragroup operating expenses	(329)	(510)
Operating expenses	(9,326)	(7,820)
Net cash flow from operations	**44,294**	**39,244**
CASH FLOW from investment activities		
Acquisition of tangible assets	(16)	(15)
Acquisition of intangible assets	0	(16,510)
Acquisition of property, plant and equipment ICO	0	(3)
Sale of intangible assets	0	22,320
Sale of property, plant and equipment ICO	0	2
Net cash flow from investments	**(16)**	**5,794**
CASH FLOW from financial activities		
Purchase of own shares	(133)	(1,653)
Cash flow from leasing contract	1,514	1,509
Cash flow for leasing contract	(2,045)	(2,052)
Dividends paid	(26,086)	(31,337)
Loans to third parties	(14)	(641)
Net cash flow from financial activities	**(26,764)**	**(34,174)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**17,514**	**10,864**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**72,023**	**61,159**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**89,537**	**72,023**

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

Statement of changes in shareholders' equity of the parent company DeA Capital S.p.A.

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Share issued costs reserve	Long-term incentive plans reserve	Reserve for sale of option rights/ warrant subcriptions	Reserve for the IDeA AI merger	Reserve for actuarial gains/ losses	Profit/ (Loss) carried forward	Profit/ (Loss)	Total
Total at 31.12.2019	**266,612**	**186,882**	**61,322**	**(10,415)**	**(7,512)**	**2,811**	**413**	**(831)**	**(53)**	**(45,450)**	**12,451**	**466,230**
Allocation of Profit	0	0	0	0	0	0	0	0	0	12,451	(12,451)	0
Own shares delivered for incentive plans	0	0	0	1,356	0	(1,139)	0	0	0	(217)	0	0
Performance shares cost	0	0	0	0	0	1,698	0	0	0	0	0	1,698
Purchase of own shares	0	0	0	(1,653)	0	0	0	0	0	0	0	(1,653)
Dividend paid 2020	0	(31,340)	0	0	0	0	0	0	0	0	0	(31,340)
Total comprehensive Profit/ (Loss) for 2020	0	0	0	0	0	0	0	0	(45)	0	25,431	**25,386**
Total at 31.12.2020	**266,612**	**155,542**	**61,322**	**(10,712)**	**(7,512)**	**3,370**	**413**	**(831)**	**(98)**	**(33,216)**	**25,431**	**460,321**

follows >>

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Share issued costs reserve	Long-term incentive plans reserve	Reserve for sale of option rights/ warrant subcriptions	Reserve for the IDeA AI merger	Reserve for actuarial gains/ losses	Profit/ (Loss) carried forward	Profit/ (Loss)	Total
Total at 31.12.2020	**266,612**	**155,542**	**61,322**	**(10,712)**	**(7,512)**	**3,370**	**413**	**(831)**	**(98)**	**(33,216)**	**25,431**	**460,321**
Allocation of Profit	0	0	0	0	0	0	0	0	0	25,431	(25,431)	0
Own shares delivered for incentive plans	0	0	0	1,904	0	(1,425)	0	0	0	(479)	0	0
Performance shares cost	0	0	0	0	0	2,950	0	0	0	0	0	2,950
Purchase of own shares	0	0	0	(133)	0	0	0	0	0	0	0	(133)
Dividend paid 2021	0	(26,088)	0	0	0	0	0	0	0	0	0	(26,088)
Total comprehensive Profit/ (Loss) for 2021	0	0	0	0	0	0	0	0	165	0	28,446	**28,611**
Total at 31.12.2021	**266,612**	**129,454**	**61,322**	**(8,941)**	**(7,512)**	**4,895**	**413**	**(831)**	**67**	**(8,263)**	**28,446**	**465,663**

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.

Notes to the Annual Financial Statements for the Year Ending 31 December 2021

Notes to the Annual Financial Statements for the Year Ending 31 December 2021

A. Structure and Content of the Financial Statements

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

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

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

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

The Statement of Financial Position provides a breakdown of current and non-current assets and liabilities with separate reporting for those resulting from discontinued or held-for-sale operations.
In the Income Statement, the Company has adopted the "*nature of expense method*", whereby costs and revenues are classified based on their nature. The Cash Flow Statement is prepared using the "*direct method*".

All statements and data included in these explanatory notes are presented in millions of euros, unless otherwise indicated.

As Parent Company, DeA Capital S.p.A. has also prepared the Consolidated Financial Statements for the DeA Capital Group at 31 December 2021.

In addition to the figures at 31 December 2021, the financial statement formats used also provide comparable figures for 31 December 2020.

The publication of the draft Financial Statements for the Year Ending 31 December 2021 was authorised by resolution of the Board of Directors dated 11 March 2022.

Statement of compliance with accounting standards

The financial statements for the year ended 31 December 2021 (Annual Report 2021) have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union and endorsed by the date of preparation of these financial statements, hereinafter referred to as International Accounting Standards or individually as IAS/IFRS or collectively as IFRS (*International Financial Reporting Standards*). In preparing the financial statements all interpretations of the *International Financial Reporting Interpretations Committee* ("IFRIC"), including those previously issued by the *Standing Interpretations Committee* ("SIC"), endorsed by the European Union, have also been applied.

The Financial Statements have been prepared in a transparent manner and give a true and fair view of the assets, liabilities, financial position, results of operations and cash flows for the year.

Accounting standards, amendments and interpretations applied since 1 January

Below are the international accounting standards, amendments and interpretations approved by the IASB and endorsed for adoption in Europe and applied for the first time from 1 January 2021.

The Company did not apply any IFRS in advance.

Accounting standards or amendments	IASB publication date	Approval date	Date of entry into force
Amendments to IFRS 4 Insurance Contracts - Extension of Temporary Exemption from IFRS 9	25/06/2020	15/12/2020	1 January 2021
Reform of reference indices for the determination of interest rates - phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	27/08/2020	13/01/2021	1 January 2021

Amendments to IFRS 4 Insurance Contracts: Extension of the temporary exemption from the application of IFRS 9

Regulation 2097/2020 of 15 December 2020 implemented the extension of the temporary exemption from the application of IFRS 9 (Amendments to IFRS 4 Insurance Contracts) published by the IASB on 25 June 2020.
In view of the IASB's decision to postpone the date of first application of IFRS 17 to 1 January 2023 - a decision which also took place on 25 June 2020 - the authorisation to postpone the application of IFRS 9 (the so-called "Deferral Approach") is simultaneously extended to 1 January 2023 in order to remedy the temporary accounting consequences of the mismatch between the effective date of IFRS 9 "Financial Instruments" and that of the future IFRS 17 "Insurance Contracts".

Reform of the reference indices for determining interest rates phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On the other hand, Regulation No 25/2021 of 13 January 2021 implemented the amendments to accounting standards IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 resulting from the "Reform of the reference indices for determining interest rates - phase 2", published by the IASB on 27 August 2020. The main changes prepared concern:
- IFRS 9 *Financial Instruments*;
- IAS 39 *Financial Instruments: Recognition and Measurement;*
- IFRS 7 *Financial Instruments: Disclosures;*
- IFRS 4 *Insurance Contracts;*
- IFRS 16 *Leases.*

Modification/derecognition

The issue concerns the accounting treatment of changes to existing contracts to reflect new rates and whether these should be accounted for, under IFRS 9, as a modification or derecognition. In this respect, the regulatory measure aims to safeguard the changes inherent in IBOR Reform:
- it is specified that the changes, following the IBOR Reform, relative to the substitution of the existing IBOR rate with the new Risk Free Rate, even in the absence of a modification to the contractual terms, should not constitute an event of derecognition, but should be considered for accounting purposes as a "modification";
- a practical expedient is proposed that allows such changes, made on an equivalent economic basis, to be represented by a prospective adjustment to the effective interest rate, with an impact on net interest income in future periods (and not by applying modification accounting according to IFRS 9).

Similar changes to IFRS 16 'Leases' and IFRS 4 'Insurance Contracts' are also introduced in the area of contract modifications and in line with the provisions for financial instruments summarised above.

Hedge accounting

In the second phase of the project, the IASB analysed the impact on hedging relationships resulting from the changes caused by the IBOR reform on financial instruments that are part of a hedging relationship and that may constitute potential new triggers for discontinuing hedges, providing some exceptions to IAS 39 (and to IFRS 9 for those who have also adopted it for hedges) that allow discontinuing as a result of updating the documentation concerning the hedging relationship (for the change in the risk hedged, the underlying asset hedged or the hedging derivative or the method of verifying the effectiveness of the hedge). Any effect of ineffectiveness must be recognised in the income statement.

Changes have also been introduced regarding the designation of separately identifiable risk components. When a hedging relationship is modified as a result of the reform or new hedging relationships are designated, an alternative interest rate designated as a non-contractually specified risk component may not satisfy the separately identifiable requirement because the market for the alternative interest rate may not be adequately developed at the date of designation. In this regard, it has been determined that an alternative interest rate meets this requirement if the entity reasonably expects that within 24 months of designation it will become separately identifiable.

Disclosure

Further enhancement of disclosure is planned, in addition to the additions to IFRS 7 already implemented as part of the Phase 1 amendments, with additional qualitative and quantitative disclosure requirements to be included in the financial statements on the nature and risks associated with IBOR Reform, the management of these risks and progress in the transition process to the new rates. The adoption of these amendments, where applicable, had no significant impact on the financial statements of the parent company.

Future accounting standards, amendments and interpretations

Accounting standards, amendments and interpretations not yet applicable, not early adopted by the company and already endorsed for adoption in the European Union

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

Accounting standards or amendments	**IASB publication date**	**Approval date**	**Date of entry into force**
Amendments to IFRS 16 Leasing - Concessions on Fees Related to COVID-19 after 30 June 2021	31/08/2021	30/08/2021	1 April 2021
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvement Cycle 2018-2020	14/05/2020	28/06/2021	1 January 2022
IFRS 17 “Insurance Contracts” and its subsequent amendments	18 May 2017 and 25 June 2020	19/11/2021	1 January 2023

Amendments IFRS 3: Reference to the Conceptual Framework

In May 2020, the IASB published amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace references to the *Framework for the Preparation and Presentation of Financial Statements*, published in 1989, with references to the *Conceptual Framework for Financial Reporting* published in March 2018 without a significant change to the requirements of the standard.
The *Board* also added an exception to the measurement principles of IFRS 3 to avoid the risk of potential ‘day-after’ losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately. At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets will not be impacted by the updated references to the *Framework for the Preparation and Presentation of Financial Statements*.

Amendments IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment - Proceeds before Intended Use*, which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products sold during the period when that asset is brought to the location or the conditions necessary for it to be capable of operating in the manner for which it was designed by management. Instead, an entity accounts for the revenues from the sale of those products, and the costs of producing those products, in the Income Statement.
The amendment will be effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively to items of property, plant and equipment that are available for use at the start date or later of the period preceding the period in which the entity first applies that amendment.

Amendments IAS 37: Onerous Contracts - Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity should consider in assessing whether a contract is onerous or loss-making.

The amendment provides for the application of a so-called “*directly related cost approach*”. Costs that relate directly to a contract for the provision of goods or services include both incremental costs and costs directly attributable to contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable to the other party based on the contract.

The amendments will be effective for financial years beginning on 1 January 2022 and apply prospectively.

Amendment to IFRS 16 COVID-19 Concessions on Leases after 30 June 2021

On 28 May 2020, the IASB published an amendment to IFRS 16.
The amendment allows a lessee not to apply the requirements in IFRS 16 concerning the accounting effects of contractual modifications for reductions in lease payments made by lessors that are a direct result of the COVID-19 pandemic.

The amendment introduces a practical expedient whereby a lessee may choose not to assess whether reductions in lease payments represent contractual changes. A lessee that chooses to use this accounting method shall record these reductions as if they were not contractual modifications for the purpose of IFRS 16.

The amendments shall apply to financial years beginning on or after 1 April 2022.

Although the Company has not received any rent relief related to COVID-19, it plans to apply the practical expedient should the case arise within the permitted application period.

It should be noted that in 2020, DeA Capital SpA received 195,000 euros from Generali as an indemnity on rents due to the effects of Covid; the expedient was used to record this item as income in the income statement, without modifying the original leasing contract.

IFRS 17: Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new standard on insurance contracts covering recognition and measurement, presentation and disclosure. When it becomes effective, IFRS 17 will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (e.g. life, non-life, direct insurance, reinsurance) regardless of the type of entity that issues them, as well as to some guarantees and financial instruments with discretionary participation features.

Limited exceptions will apply. The overall objective of IFRS 17 is to present an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the provisions of IFRS 4, which are largely based on the maintenance of previous accounting policies, IFRS 17 provides a comprehensive model for insurance contracts covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:
- a specific adjustment for contracts with direct participation features (the variable fee approach);
- a simplified approach (the premium allocation approach) mainly for short-term contracts.

IFRS 17 will be effective for annual periods beginning on or after 1 January 2023 and will require the presentation of comparative balances. Earlier application is permitted, in which case the entity shall also have adopted IFRS 9 and IFRS 15 on or before the date when it first applies IFRS 17.

From the first analyses carried out in this regard, we do not believe that there will be any significant impact on the Company's financial statements arising from the adoption of these amendments and from the new International Accounting Standard IFRS 17.

Accounting standards, amendments and interpretations not yet applicable, not adopted early by the Company and not yet endorsed for adoption in the European Union

Finally, the following table lists the new international accounting standards, amendments to accounting standards and interpretations that have not yet been endorsed by the European Union and will take effect in the future:

Accounting standards or amendments	IASB publication date	Approval date	Date of entry into force
Amendments to IAS 1: Presentation of liabilities as current or non-current and subsequent - deferral of first application date	15/07/2020	-	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies	12/02/2021	-	1 January 2023
Amendments to IAS 8: Definition of accounting estimates	12/02/2021	-	1 January 2023
Amendments to IAS 12: Deferred taxes related to assets and liabilities arising from a single transaction	07/05/2021	-	1 January 2023
Amendments to IFRS 17: Comparative information in the context of the initial application of IFRS 17 and IFRS 9	09/12/2021	-	1 January 2023

Amendments IAS 1: Presentation of liabilities as current or non-current and subsequent - deferral of first application date

In July 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right of deferment of maturity
- that the right of deferment must exist at the close of the financial year
- the classification is not impacted by the likelihood that the entity will exercise its right of deferment
- only if a derivative embedded in a convertible liability is itself an equity instrument does the maturity of the liability not affect its classification.

The amendments will be effective for financial years beginning on or after 1 January 2023 and must be applied retrospectively.

Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS *Practice Statement 2 Making Materiality Judgements*, in which it provides guidance and examples to assist entities in applying materiality judgements to accounting policy disclosures. The amendments aim to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; in addition, guidance is added on how entities apply the concept of materiality in forming decisions about accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with early application permitted. Because the amendments to PS 2 provide non-mandatory guidance on applying the definition of material to accounting policy disclosures, an effective date for those amendments is not required.

Amendments to IAS 8: Definition of an Accounting Estimate

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates".
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is allowed provided that this fact is disclosed.

Amendments to IAS 12: Deferred taxes related to assets and liabilities arising from a single transaction

On 7 May 2021, the IASB announced that it had made amendments to IAS 12 to clarify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.
Specifically, it clarified that the exemption does not apply and that companies are required to recognise the deferred tax on such transactions.
The objective of the amendments is to reduce diversity in the reporting of deferred taxes on leases and decommissioning obligations.
The amendments are effective for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 17: Comparative information in the context of the initial application of IFRS 17 and IFRS 9

In December 2021, the IASB issued the initial application of IFRS 17 and IFRS 9 - Comparative information (amendment to IFRS 17).
The amendment is a transitional option relating to comparative information about financial assets presented for the first-time adoption of IFRS 17 and is intended to help insurers avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for users of financial statements.
IFRS 17 incorporating this amendment is effective for annual periods beginning on or after 1 January 2023.

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

B. Measurement criteria adopted

The accounting principles and valuation criteria adopted for the 2021 Annual Financial Statements of DeA Capital are the same as those used in drawing up the Consolidated Financial Statements, with the exception of specific principles and criteria relating to the Consolidated Financial Statements and methods for valuing subsidiaries and joint ventures, as specified below.

Current and non-current assets and liabilities

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

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

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

Impairment (loss of value) - IAS 36

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

IAS 36 provides instructions on determining *fair value* less the costs of selling an asset, as follows:

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

IAS 36 defines value in use as the present value of future cash flows that an asset is projected to produce. The estimate of the value in use must include the items listed below:

- an estimate of future cash flows that the company expects to derive from the asset;
- expectations of potential changes in value and the timing of such cash flows;
- the time value of money;
- other factors such as value volatility and lack of liquidity of the asset.

For more information on determining value in use, please see Appendix A of IAS 36. However, the central elements for the correct estimation of value in use are: (*i*) an appropriate determination of the expected cash flows (for which the investee's business plan is fundamental) and their placement over time, as well as (*ii*) the application of a correct discount rate that considers both the present value of money and the specific risk factors of the asset to be measured.

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.

The item includes assets consisting of the right of use of an asset, for the portion belonging to the Company, relating to all contracts that fall within the definition of a *lease*, with the exception of *short term leases* and *leases* of low value *items* (5,000 euros) for which the lessor has the option not to recognise them (according to IFRS 16, paragraphs 5-6). At initial recognition, the lessee recognises the right-of-use asset at its cost (comprising the amount of the initial measurement of the lease liability, the upfront lease payments net of any incentives received, the initial direct costs incurred by the lessee and the restoration, removal or demolition costs (*dismantling cost*). 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 depreciation rates used are listed in the appropriate section to which reference should be made.

Financial assets

The principle of “IFRS 9 - Financial instruments” contains a framework for the classification and measurement of financial assets based on three business models:

- *Hold to collect (HTC)*, or financial assets held with the objective of receiving contractually agreed cash flows. In this case, the valuation criterion that can be adopted is either amortised cost (if the ‘SPPI Test’ - *Solely payment of principal and interest* - is passed) or *Fair Value* through profit and loss (FVTPL);
- *Hold to collect and sell (HTC&S)*, financial assets held either with the objective of collecting the contractually agreed cash flows or in order to sell them. In this case, the valuation method that can be adopted is *Fair Value through other comprehensive income (FVOCI)* or *Fair Value through profit and loss* (FVTPL);
- Other business models: in this case the valuation criterion that can be adopted is *Fair Value through profit and loss* (FVTPL).

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

The application of this principle by the company has concerned:
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 assets

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

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, reclassifications to other categories of financial assets are not permitted unless the *Business Model* for managing financial assets is changed.

In compliance with IFRS 9, the company has identified the following categories of financial assets:

1) Investment funds

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

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

2) Shares

Shares (listed and unlisted) are valued at *fair value*. IFRS 9 requires *fair value* as the sole measurement basis for investments in equity instruments.
The shares in the portfolio are not held for trading purposes and the company has decided to recognise changes in the value of this asset class 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 *plain vanilla* characteristics that enable them 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.

Loans and receivables include, in addition to loans for *real estate* co-investment vehicles, financial receivables for non-current and current leases, for the portion attributable to De Agostini Group companies for office space sublet to them, of the right of use (the portion attributable to DeA Capital Group companies is instead recognised under Property, plant and equipment, as described above).

In summary, non-controlling interests in companies and investments in funds, which constitute the company's principal and predominant area of business, 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 that are not listed on active markets, such as the Company's direct investments in companies, investments in *venture capital* funds and investments in funds of funds, the *fair value* presented in the financial statements has been determined by the Directors based on their best judgement and estimation, using the knowledge and evidence available at the date of the financial statements.

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

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

b) Loss in value of trade and financial receivables

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

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

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

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

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

c) Hedge accounting

The company does not hold any derivative financial instruments and has no hedging transactions in place at 31 December 2021 (or at 31 December 2020).

Trade receivables

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

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

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

IFRS 9 introduced the requirement to measure impairment on trade and financial receivables in terms of expected loss (*Expected Loss*). The Company has adopted the simplified model provided for by IFRS 9; this approach requires the company to always measure the provision for losses at an amount equal to the expected losses throughout the life of the loan, without carrying out the process of verifying the existence of a significant deterioration in 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 relate to risks associated with commitments to issue funds and guarantees given, risks associated with the company's operations that may entail future charges, and retirement provisions.

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

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

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

Revenues and income

Revenue from services is recognised when the service is rendered, in accordance with the requirements of IFRS 15, which requires revenue to be recognised when control of goods or services is transferred to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services.
The revenue recognition model defines a five-step model for recognising revenue from contracts with customers:

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

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

Interest is reported using the effective interest rate method.

Employee benefits

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

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

Specifically:
- for "*Post-employment benefits: defined benefit plans*", the possibility of using the "corridor method" for accounting for actuarial gains and losses is eliminated; these will have to be accounted for in the Complete Income Statement ("*Statement of Performance*"), with consequent accumulation in a specific "*not recycling*" equity reserve, with no other option available.

Actuarial gains and losses include profits and losses of a technical nature due to changes in the actuarial assumptions adopted and/or the fact that experience may differ from the actuarial assumptions adopted (e.g. staff *turnover*, early retirement, mortality, change in the discount rate...);
- *past service costs* (cost related to past services) and the effects generated by curtailments and/or settlements of the plan (caused, for example, by a significant reduction in the number of employees covered by the plan, changes to the terms of the plan...) are immediately charged to the Income Statement under Personnel Costs;
- the interest cost (resulting from the discounting process) and the expected returns on plan assets are replaced by a net interest cost/income ("net interest") accounted for in the Income Statement under Financial Charges and calculated by applying a discount rate (derived at the end of the period from the rate on high-profile *corporate bonds*) to the balance of the plan existing at the beginning of the financial year.

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

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

Share-based payments

The Company has recognised benefits in the form of equity holdings or share-based payments. This is the case for all employees, collaborators and Directors of the 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 recognised based on a reasonable expectation of the tax liability, as resulting from the application to taxable income of the tax rates in force in the various states in which the Company operates and considering any exemptions and tax credits to which they 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 as non-current assets and liabilities and are determined using the tax rates that are expected to apply, under the respective laws of the countries in which the Company operates, in the periods in which the temporary differences will be realised or settled.

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

DeA Capital S.p.A. took part in the national tax consolidation scheme of the De Agostini Group (i.e. the group headed by De Agostini S.p.A.). This option was exercised by the company and De Agostini S.p.A. by signing the "Regulations 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 by law; the option is irrevocable unless the requirements for applying the scheme are no longer met.

Currency transactions

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

C. Changes in accounting principles and errors

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

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

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

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

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

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

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

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 special reference to the valuations of the Investment Portfolio (Investments and Funds), the valuations were determined by the Directors based on their best judgement and appreciation, using the knowledge and evidence available at the time of preparation of the Annual Report. 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 in the macroeconomic framework following the COVID-19 epidemic, which primarily may affect the future enhancement capacity of the assets in the portfolio, consequently renders these estimates and valuations even more difficult, inevitably incorporating elements of uncertainty.

Information on the "fair value hierarchy"

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

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

The table below shows assets measured at *fair value* by hierarchical level at 31 December 2021:

(EUR m)	Level 1	Level 2	Level 3	Total
Investments in Subsidiaries	0.0	9.0	249.8	258.8
Investments in Associates	0.0	2.4	17.7	20.1
Other Investments at *Fair Value* through P&L	4.2	0.0	5.7	9.9
Funds at *Fair Value* through P&L	0.0	90.6	0.0	90.6
Total	**4.2**	**102.0**	**273.2**	**379.4**

For **level 3**, a reconciliation of the opening and closing balances is shown in the table below. Income and expenses posted to the Income Statement or shareholders' equity, and purchases and sales made during 2021, are identified separately:

(EUR thousand)	Balance at 1.1.2021	Increases	Decreases	*Fair value* adjustment	Balance at 31.12.2021
Subsidiaries					
DeA Capital Partecipazioni S.p.A.	166,300	0	0	400	166,700
DeA Capital Real Estate SGR S.p.A.	13,000	0	0	(600)	12,400
DeA Capital Alternative Funds SGR S.p.A.	62,800	0	0	7,900	70,700
Associates					
Quaestio Holding S.A.	17,700	0	0	0	17,700
Other Investments at Fair Value through P&L					
Toi Due S.r.l.	5,000	0	0	0	5,000
Participatory Financial Instruments	690	0	0	0	690
Total	**265,490**	**0**	**0**	**7,700**	**273,190**

Valuation techniques and main input data

Subsidiaries

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

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

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

DeA Capital Real Estate SGR S.p.A.

The economic value of the subsidiary DeA Capital Real Estate SGR S.p.A. was estimated by determining the value in use intended as the sum of the present value of *dividend* flows (dividend discount model method or "*DDM*") expected by DeA Capital Real Estate SGR S.p.A. for both the explicit forecast period (2022-2024) 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 +8.9% and +9.9%, supplemented by a terminal value based on a growth assumption ("g") of between 1.5% and 2.0%.

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Real Estate SGR, i.e. the cost of capital and the growth rate "g" used, leads to potential changes in the company's overall value of EUR -3.8/+4.4 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -1.3/+1.4 million (for changes of -0.25% and +0.25% in the growth rate "g", respectively).

DeA Capital Partecipazioni S.p.A.

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

DeA Capital Alternative Funds SGR S.p.A.

The economic value of the subsidiary DeA Capital Alternative Funds SGR S.p.A. was estimated based on a specific report by an independent expert, which was carried out using a *sum-of-the-parts* approach, determining the value as the sum of (*i*) the present value of the dividend flows (*dividend discount model method, "DDM"*) expected by DeA Capital Alternative Funds SGR S.p.A. and (*ii*) the present value of the *carried interest* flows expected from the funds managed by the company (*discounted cash flow method, "DCF"*), relating to the prospective funds that the company will manage, as per the company's *business plan*.

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 +8.1% and +10.5% 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 1.5% and 1.9%.

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 -4.6 million/+EUR +5.6 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -0.8 million/+EUR 0.8 million (for changes of -0.2% and +0.2% in the "g" rate, respectively).

Quaestio Holding S.A.

The economic value of the shareholding in Quaestio Holding S.A. was estimated by determining the value in use intended as the sum of the current value of the dividend flows (*dividend discount model method or "DDM"*) expected by its subsidiary Quaestio Capital SGR both for the explicit forecast period (2022-2024) and for future periods (based on the projection of a normalised figure in the *terminal value*), integrated with the projection of the *run-rate* hypotheses of the costs of the holding companies included in the scope of the shareholding.

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

The valuation was based on a cost of capital of between +7.5% and +10.5%, depending on the nature of the flows (management fees vs. performance fees) supplemented by a terminal value based on a growth assumption ("g") of between 1.25% and 1.75%.

A sensitivity analysis carried out on the most significant variables in terms of sensitivity to the recoverable amount of Quaestio Holding, i.e. the cost of capital and the growth rate "g" used, leads to potential changes in the overall value of the company of -2.5/+2.8 million euros (for changes of +0.5% and -0.5% respectively in the cost of capital) and -1.0/+1.1 million euros (for changes of -0.25% and +0.25% respectively in the growth rate "g").

Venture Capital Funds, Funds of Funds, Co-investment Funds, Thematic Funds

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

With reference to the Funds, including controlled and linked Funds, at 31 December 2021 DeA Capital S.p.A. owned investment units in:

- IDeA I FoF (valued at EUR 14.3 million);
- ICF II (valued at EUR 32.2 million);
- ICF III (valued at EUR 15.1 million);
- IDeA OF I (valued at EUR 9.0 million);
- IDeA EESS (valued at EUR 2.0 million);
- IDeA ToI (valued at EUR 13.4 million);
- IDeA CCR I (valued at EUR 0.5 million);
- IDeA CCR II (valued at EUR 6.9 million);
- IDeA Agro (valued at EUR 2.7 million);
- Venere (valued at EUR 0.4 million);
- Santa Palomba (valued at EUR 0.7 million);
- Taste Of Italy 2 (valued of EUR 3.4 million)
- Sviluppo Sostenibile (Sustainable Development) (worth 1.0 million euros);
- 2 venture capital funds (valued at approximately EUR 0.4 million).

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

For the other funds, the *fair value* of each fund is represented by the NAV advised by the management company in the half-year fund management report as at 31 December 2021, drafted in accordance with the Bank of Italy's regulation of 19 January 2015, as subsequently amended, on collective asset management.

Notes to the balance sheet

NON-CURRENT ASSETS

1 - Intangible and tangible assets

1 - Intangible assets

Changes in intangible assets are shown in the tables below:

(EUR thousand)	Historical cost at 1.1.2021	Cum. amort. & write-downs at 1.1.2021	Net carrying value at 1.1.2021	Historical cost at 31.12.2021	Cum. amort. & write-downs at 31.12.2021	Net carrying value at 31.12.2021
Concessions, licences and trademarks	350	(350)	0	350	(350)	0
Total	**350**	**(350)**	**0**	**350**	**(350)**	**0**

(EUR thousand)	Balance at 1.1.2021	Acquisitions	Disposals	Disposals (provision)	Amort.	Balance at 31.12.2021
Concessions, licences and trademarks	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Intangible fixed assets were written off after having been fully amortised.

1b - Tangible assets

Changes in tangible assets are shown in the tables below:

(EUR thousand)	Historical cost at 1.1.2021	Cum. depr. & write-downs at 1.1.2021	Net carrying value at 1.1.2021	Historical cost at 31.12.2021	Cum. depr. & write-downs at 31.12.2021	Net carrying value at 31.12.2021
Plant	7	(6)	1	7	(6)	1
Furniture and fixtures	425	(422)	3	423	(421)	2
Computer and office equipment	96	(88)	8	58	(49)	9
Leasehold improvements	663	(663)	0	658	(658)	0
Leased buildings	2,999	(929)	2,070	3,069	(1,255)	1,814
Leased vehicles	103	(55)	48	132	(27)	105
Other tangible assets	10	(5)	5	10	(8)	2
Non-depreciable tangible assets	37	0	37	37	0	37
Total	**4,340**	**(2,168)**	**2,172**	**4,394**	**(2,424)**	**1,970**

(EUR thousand)	Balance at 1.1.2021	Acquisitions	Disposals (at cost)	Disposals (provision)	Depr.	Balance at 31.12.2021
Plant	1	0	0	0	0	1
Furniture and fixtures	3	0	(2)	2	(1)	2
Computer and office equipment	8	12	(50)	48	(9)	9
Leasehold improvements	0	0	(5)	5	0	0
Leased buildings	2,070	245	(175)	145	(471)	1,814
Leased vehicles	48	89	(60)	55	(27)	105
Other tangible assets	5	0	0	0	(3)	2
Non-depreciable tangible assets	37	0	0	0	0	37
Total	**2,172**	**346**	**(292)**	**255**	**(511)**	**1,970**

At 31 December 2021, property, plant and equipment amounted to 1,970 thousand euros (2,172 thousand euros at 31 December 2020), after depreciation for the period of -511 thousand euros.

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

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

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

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

The depreciation rates used in the financial statements are:

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

2 - Financial investments

2a - Investments in subsidiaries and joint ventures

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

Details of the existing investments at 31 December 2021 are shown in the table below:

(EUR thousand)	Segment	% shareholding at 31.12.21	Value at 31.12.21	% shareholding at 31.12.20	Value at 31.12.20
DeA Capital Partecipazioni S.p.A.	Holding Companies	100.00%	166,700	100.00%	166,300
IDeA Opportunity Fund I	Platform Investments	46.99%	9,020	46.99%	7,692
DeA Capital Real Estate SGR S.p.A.	Alternative Asset Management	9.03%	12,400	9.03%	13,000
DeA Capital Alternative Funds SGR S.p.A.	Alternative Asset Management	100.00%	70,700	100.00%	62,800
Total			**258,820**		**249,792**

The changes in this item at 31 December 2021 compared to the end of 2020 are detailed below on an *asset-by-asset* basis..

DeA Capital Partecipazioni S.p.A.

The holdings in the financial statements as at 31 December 2021 amounts to EUR 166,700 thousand. The change in carrying amount, compared to 31 December 2020, was due to the favourable change in *fair value* of approximately +400 thausand euros, mainly as a result of (*i*) the valuation of the main investee companies and (*ii*) the increase in liquidity due to dividends received from the same investee companies.

In fact, the economic value of the subsidiary DeA Capital Partecipazioni S.p.A. was estimated on the basis of a "*sum-of-the-parts*" valuation that mainly includes the determination of the value of investments in DeA Capital Real Estate SGR S.p.A. (90.97% owned and valued as detailed below) and in Yard Reaas S.p.A..

IDeA Opportunity Fund I (IDeA OF I)

The units in IDeA OF I are valued at around EUR 9,020 thousand in the Financial Statements to 31 December 2021. The change in the carrying amount compared to 31 December 2020 is due to the favourable change in *fair value* of approximately EUR +1,328 thousand.

The *fair value* of the fund is represented by the NAV communicated by the Management Company in the Management Report of the Fund as at 31 December 2021, prepared in accordance with the provisions of the Bank of Italy's Provision of 19 January 2015, as amended, on collective asset management.

DeA Capital Real Estate SGR S.p.A.

The shareholding in the financial statements as at 31 December 2021 amounts to 12,400 thousand euros and corresponds to a 9.03% stake in the company. The change in the carrying amount compared to 31 December 2020, -600 thousand euros, is due to the unfavourable change in *fair value*.

The economic value of the subsidiary DeA Capital Real Estate SGR S.p.A. was estimated by determining the value in use intended as the sum of the present value of dividend flows (*dividend discount model or "DDM"* method) expected by DeA Capital Real Estate SGR S.p.A. for both the explicit forecast period (2022-2024) 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 +8.9% and +9.9%, supplemented by a terminal value based on a growth assumption ("g") of between 1.5% and 2.0%.

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of 100% of the capital of DeA Capital Real Estate SGR, i.e. the cost of capital and the "g" growth rate used, leads to potential changes in the overall value of the company (which, in addition to being held directly for 9.03%, is also held indirectly through the subsidiary DeA Capital Partecipazioni for the remaining 90.97%) of -3.8 million euros/+4.4 million euros (for variations of +0.5% and -0.5% in the cost of capital, respectively) and -1.3 million euros/+1.4 million euros (for variations of -0.25% and +0.25% in the growth rate "g", respectively).

DeA Capital Alternative Funds SGR S.p.A.

The holdings in the financial statements as at 31 December 2021 amounts to EUR 70,700 thousand. The change in carrying amount compared to 31 December 2020, equal to +7,900 thousand euros was caused by the unfavourable change in *fair value*.

The economic value of the subsidiary DeA Capital Alternative Funds SGR S.p.A. was estimated based on a specific report by an independent expert, which was based on a sum-of-the-parts approach, determining the value as the sum of (*i*) the present value of dividend flows (dividend discount model, "DDM" method) expected by DeA Capital Alternative Funds SGR S.p.A. and (*ii*) the present value of the carried interest flows expected from the funds managed by the company (discounted cash flow, "DCF" method), relating to the prospective funds that the company will manage, as per the company's business plan.

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 +8.1% and +10.5% 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 1.5% and 1.9%.
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 -4.6 million/+EUR +5.6 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -0.8 million/+EUR 0.8 million (for changes of -0.2% and +0.2% in the "g" rate, respectively).

Below is a list of equity investments, values as of 31 December 2021, with the information required by Article 2427 of the Italian Civil Code:

Company	Registered office	Currency	Share capital (EUR)	Consolidated shareholders' equity (EUR)	Consolidated net profit/ (loss) for the year (EUR)	% holding	Share of shareholders' equity (EUR)	Carrying value (EUR)
IDeA Opportunity Fund I	Milan, Italy	Euro	-	19,196,993	2,825,963	46,99%	9,020,060	9,020,060
DeA Capital Real Estate SGR S.p.A.	Rome, Italy	Euro	16,757,557	139,096,393	7,789,870	9,03%	12,560,404	12,400,000
DeA Capital Alternative Funds SGR S.p.A.	Milan, Italy	Euro	1,300,000	28,934,131	7,002,106	100,00%	28,934,131	70,700,000
Total					**31,810,370**		**210,510,109**	**258,820,060**

2b - Investments in associated companies

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

At 31 December 2021, this item totalled EUR 20,119 thousand, as shown in the following table:

(EUR thousand)	Segment	Balance at 1.1.2021	Capital increases	Capital decreases	*Fair value* adjustment	Balance at 31.12.2021
Quaestio Holding S.A.	Alternative Asset Management	17,700	0	0	0	17,700
IDeA EESS	Platform Investments	3,541	133	(2,198)	498	1,974
Venere	Platform Investments	604	0	(84)	(75)	445
Total		**21,845**	**133**	**(2,282)**	**423**	**20,119**

The changes in the item under review at 31 December 2021 compared with end-2020 relate to:

- decrease of EUR -84, thousand in the Venere shares for capital redemptions received during the year;
- a decrease of 2,065 thousand euros in the shares of IDeA EESS due to capital calls paid out during the year (+133 thousand euros) and capital redemptions received (-2,198 thousand euros);
- the *fair value* measurement of associate companies, which resulted in a change of -75 thousand euros for Venere and +498 thousand euros for IDeA EESS.

2c - Other Investments at Fair Value through P&L

This item, amounting to 9,872 thousand euros as of 31 December 2021, includes the investments in Cellularline S.p.A., in Category A Participating Financial Instruments and in Toi Due S.r.l., as shown in the following table:

(EUR thousand)	Segment	Balance at 1.1.2021	Increases (capital call/ purchase)	Decreases (capital distribution)	*Fair value* adjustment	Balance at 31.12.2021
Equity Financial Instruments	Alternative Asset Management	690	0	0	0	690
Toi Due S.r.l.	Platform Investments	5,000	0	0	0	5,000
Cellularline S.p.A.	Other Investments	4,750	0	0	(568)	4,182
Kenan Investments S.A.	Other Investments	19,658	(19,464)	0	(194)	0
Total		**30,098**	**(19,464)**	**0**	**(762)**	**9,872**

The changes in the item under review at 31 December 2021 compared with end-2020 relate to:

- a decrease of -19,464 thousand euros for the reimbursement of capital following the liquidation of Kenan Investments S.A., with the realisation of a negative delta *fair value* of 194 thousand euros;
- the *fair value* measurement of investments in other companies, which resulted in a decrease of 568 thousand euros for Cellularline S.p.A..

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

This item refers to investments in 2 venture capital funds (for 416 thousand euros, compared to 427 thousand euros at the end of 2020) and 10 closed-end mutual funds (for 90,192 thousand euros , compared to 79,282 thousand euros at the end of 2020), as shown in the following table:

(EUR thousand)	**Balance at 1.1.2021**	**Increases (capital call)**	**Decreases (capital distribution)**	***Fair value* adjustment**	**Translation effect**	**Balance at 31.12.2021**
IDeA I FoF	15,185	132	(5,629)	4,604	0	14,292
ICF II	23,723	143	(4,554)	12,851	0	32,163
ICF III Core	1,076	22	(466)	1,015	0	1,647
ICF III Credit & Distressed	3,289	33	(920)	1,537	0	3,939
ICF III Emerging Markets	7,560	55	(555)	2,479	0	9,539
IDeA ToI	16,327	82	(8,155)	5,155	0	13,409
IDeA Agro	1,729	1,024	0	(74)	0	2,679
ToI 2	2,355	1,319	0	(283)	0	3,391
SS II	44	1,180	0	(234)	0	990
Total Platform Investments / Private Equity	**71,288**	**3,990**	**(20,279)**	**27,050**	**0**	**82,049**
IDeA CCR I CD	46	0	(5)	(1)	0	40
IDeA CCR I NF	961	18	(453)	(20)	0	506
IDeA CCR II CD	83	0	(14)	(7)	0	62
IDeA CCR II NF	6,201	2,847	(2,341)	102	0	6,809
Total Platform Investments / Credit	**7,291**	**2,865**	**(2,813)**	**74**	**0**	**7,417**
Santa Palomba	703	0	0	23	0	726
Total Platform Investments / Real Estate	**703**	**0**	**0**	**23**	**0**	**726**
Total Fondi di venture capital / Other Investments	**427**	**0**	**(75)**	**27**	**36**	**416**
Total funds	**79,709**	**6,855**	**(23,167)**	**27,174**	**36**	**90,608**

During the year 2021, the company received reimbursements amounting to 23,167 thousand euros.

Venture capital funds

Venture capital fund shares amounted to approximately EUR 416 thousand. The change in the carrying amount compared to 31 December 2020 is due to the distribution received of -75 thousand euros and the favourable change in *fair value* of approximately +63 thousand euros.

Closed-end mutual investment funds

Units in closed-end funds amounted to approximately EUR 90,192 thousand. The change in carrying value compared to 31 December 2020 was due to contributions paid as capital calls for 6,855 thousand euros, reimbursements received for -23,092 thousand euros and the favourable change in *fair value* of approximately +27,147 thousand euros.

3 - Non-current assets

3b Financial receivables - non current position

This item includes a loan of up to a maximum of approximately EUR 750 thousand in favour of SAS Saint Denis Le Cap, a company under French law intended for a real estate co-investment, in which DeA Capital Partecipazioni S.p.A. holds an interest (conditions 5.75% p.a., to be reimbursed by April 2025), used, at the date of this document, for approximately 700 thousand euros.

3c - Financial receivables for leasing non-current position

This item amounted to approximately 4,407 thousand euros (5,785 thousand euros at 31 December 2020) and mainly relates to the receivable of DeA Capital S.p.A., due in more than 12 months, from companies belonging to the same group as the parent company that uses space in the property at Via Brera 21 in Milan.

4 - Current assets

At 31 December 2021, current assets were approximately EUR 98,477 thousand compared with EUR 83,162 thousand at 31 December 2020.

4a - Trade receivables

This item amounted to 183 thousand euros (359 thousand euros at 31 December 2020) and mainly relates to the following trade receivables due within 12 months:

- 70 thousand euros to DeA Capital Alternative Funds SGR and 98 thousand euros to DeA Capital Real Estate SGR, for the sublease agreement for rental units and for the chargeback of accessory costs relating to this agreement;
- 10 thousand euros to Yard Reaas S.p.A. for the remuneration of the director with offices in the company, paid to DeA Capital;
- 4 thousand euros to IGT Lottery S.p.A. for the sublease agreement for rental units and the chargeback of ancillary costs related to this agreement;
- 1 thousand euros to De Agostini S.p.A. for the sublease contract of rental units and for the chargeback of accessory costs related to this contract.

Receivables are broken down by geographical area as follows:
- 91.57% for receivables from Subsidiaries - Italy;
- 5.67% for receivables from third parties - Italy;
- 2.10% for receivables from affiliated companies - Italy;
- 0.66% for receivables from Parent Company - Italy.

4c - Financial receivables for leasing - current leases

This item, amounting to approximately EUR 1,403 thousand (EUR 1,366 thousand at 31 December 2020), relates to the receivable of DeA Capital S.p.A. from the companies using space in the property at Via Brera 21 in Milan.

4d - Tax receivables from parent company

This item, amounting to approximately 3,256 thousand euros at 31 December 2021 (4,025 thousand euros at 31 December 2020), refers to the receivable from the parent company De Agostini S.p.A. for participation in the tax consolidation scheme and relates to the transfer to the parent company of the receivable for withholding taxes from the previous year.

4e - Other tax receivables

These receivables, which amounted to 3,991 thousand euros (5,321 thousand euros at 31 December 2020), mainly related to:
- withholding taxes of 3,188 thousand euros withheld by DeA Capital Alternative Funds SGR as withholding agent on distributions of income by IDeA I FoF, ICF II, IDeA EESS and IDeA ToI;
- the residual receivable from the sale of an IRES receivable from the 2020 Tax Consolidation for 704 thousand euros.

4f - Other receivables

These receivables, totalling EUR 107 thousand (EUR 68 thousand at 31 December 2020), relate mainly to prepaid expenses and receivables for guarantee deposits.

These receivables fall due within the next year.

4g - Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and cash (EUR 2 thousand), including interest accrued at 31 December 2021. This item amounted to 89,537 thousand euros at the end of 2021, compared to 72,023 thousand euros at the end of 2020. This increase is primarily due to the combined effect of the following factors:

- collection of dividends of +1,356,000 euros from DeA Capital Real Estate SGR, +1,941 thousand euros from Quaestio and +8,000 thousand euros from DeA Capital Alternative Funds SGR;
- payment of dividends of EUR -26,086 thousand;
- receipt of EUR +37,924 thousand for pay-outs from available-for-sale funds excluding capital calls paid;
- collection of EUR +4,824 thousand for the remuneration of losses transferred to the parent company De Agostini S.p.A. for participation in the tax consolidation scheme;
- disbursement of EUR -3,094 thousand for tax advances paid;
- disbursement of EUR -133 thousand for the purchase of treasury shares;
- service expenses net of recharges to Subsidiaries and Affiliated Companies amounting to -7,205 thousand euros;
- disbursement of EUR -13 thousand for an interest-bearing loan to third parties.

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

5 - Shareholders' equity

At 31 December 2021, shareholders' equity totalled approximately EUR 465,663 thousand, compared with EUR 460,321 thousand at 31 December 2020.
The change in shareholders' equity in 2021 (approximately +5,342 thousand euros) is mainly attributable to:

- the distribution of a dividend of EUR -26,088 thousand;
- the profit of EUR +28,446 thousand for the period.

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

5a - Share capital

The share capital, fully subscribed and paid up, is 266,612,100 euros, unchanged from 31 December 2020, represented by shares with a nominal value of 1 euro each, for a total of 266,612,100 shares (of which 5,734,546 shares are in the portfolio).

5b - Share premium reserve

This item decreased by -26,088 thousand euros, from 155,542 thousand euros at 31 December 2020 to 129,454 thousand euros at 31 December 2021, due to the distribution of dividends.

5c - Legal reserve

This reserve totalled EUR 61,322 thousand, which was unchanged from the figure at 31 December 2020.

5d - Own shares reserve

The reserve was negative at -8,942 thousand euros, from -10,713 thousand euros at 31 December 2020, and changed as shown below:

	No. of shares	Amount (EUR)
Shares at 31 December 2020	**6,922,403**	**(10,712,734)**
Changes in 2021		
Shares issued for performance shares	(1,304,132)	1,904,033
Purchase of own shares	116,275	(132,953)
Shares at 31 December 2021	**5,734,546**	**(8,941,654)**

5e - Other reserves

Other reserves, totalling EUR -2,968 thousand, comprise:

- the reserve related to the cost of long-term incentive plans amounting to EUR +4,895 thousand;
- the merger reserve of the subsidiary IDeA Alternative Investments of EUR -831 thousand (unchanged compared with 31 December 2020);
- the reserve for actuarial gains/losses on the end-of-service payment fund of EUR +67 thousand;
- the reserve for the sale of option rights/warrant subscription, amounting to EUR +413 thousand originating from the sale of residual options on the share capital increase not taken up by shareholders and sold by the Company;
- the reserve for share issuance costs, amounting to EUR -7,512 thousand, arising from the costs incurred for the share capital increase in 2007 for EUR -7,828 thousand and from the subscription of warrants by the Company's management in 2019 for EUR +316 thousand.

5f - Retained earnings (losses)

The item at 31 December 2021 amounted to -8,262 thousand euros, compared to -33,216 thousand euros at 31 December 2020, mainly due to the allocation of the previous year's result.

5g - Profit (loss) for the year

This item includes the positive result of EUR +28,446 thousand in 2021, compared to a profit of EUR +25,431 thousand in 2020.

Article 2427, paragraph 1 no. 7-bis of the Italian Civil Code: breakdown of shareholders' equity items.

The table below analyses the items of Shareholders' Equity as at 31 December 2021, detailing their origin, possibility of utilisation and distribution, as well as their utilisation in previous years:

	Amount	**Potential use**	**Amount available**	**Summary of use in the three previous years**	
Description (in EUR)				**to cover losses**	**for other reasons**
Share capital	**266.612.100**	=	=	=	=
Share premium reserve	**129.454.279**	A,B,C	129.454.279 (#)	=	115.766.699
Legal reserve	**61.322.420**	B	=	=	=
Profits (losses) of previous and current years	**20.184.023**	=	=	=	600.996
- of which: Portion from asset revaluation	*90.073.132*	*B (*)*	=	=	=
- of which: Other	*(69.889.109)*	=	=	=	=
Other reserves	**(2.968.391)**	=	=	=	=
Own Shares	**(8.941.654)**	=	=	=	=
TOTAL	**465.662.777**				

Key: A = capital increase, B = to cover loss, C = distribution to shareholders.
(#) Distributable portion equal to Eur 47,655,125
(*) this portion of the reserve can be used to cover losses only subordinate to the legal reserve.

6 - Non-current liabilities

Non-current liabilities amounted to EUR 6,094 thousand (EUR 7,964 thousand at 31 December 2020); they are not secured by any collateral on company assets.

6a - Provision for employee termination benefits

The end-of-service payment fund is a defined benefit plan, and has therefore been valued using actuarial assessments. The assumptions used in calculating the fund were: a discount rate of 0.98%; an annual rate of inflation of 1.20%; annual salary growth of 2.50%; and an annual fund growth rate of 2.40%.

Movements in the TFR can be summarised as follows:

(EUR thousand)	Balance at 1.1.2021	Portion accrued	Payments	Balance at 31.12.2021
Moviment in end-of-service payment fund	**462**	**(102)**	**(158)**	**202**

The amounts concerned were calculated as follows:

(EUR thousand)	31.12.2021	31.12.2020
Nominal value of end-of-service payment fund	341	407
Discounting effect	(139)	55
Current value of end-of-service payment fund	**202**	**462**

6b - Non-current financial liabilities

This item was 5,892 thousand euros in total and mainly related to the financial payable recorded as a result of the application of IFRS 16 for the lease of the building located in Via Brera 21, Milan, for 5,641 thousand euros, for the lease of buildings used by personnel for 179 thousand euros, and for the lease contracts of motor vehicles in use for 72 thousand euros.

7 - Current liabilities

Current liabilities amounted to EUR 13,216 thousand (EUR 4,927 thousand at 31 December 2020) and are all due within one year; they are not secured by any collateral on company assets.

7 - Trade payables

This item totalled EUR 538 thousand, compared with EUR 743 thousand in the previous year, and stems from ordinary operations.

With regard to transactions with related parties, this item includes payables to affiliate De Agostini Editore S.p.A. of approximately 20 thousand euros, to subsidiary DeA Capital Alternative Funds SGR S.p.A. of approximately 83 thousand euros, and to subsidiary DeA Capital Real Estate SGR S.p.A. of approximately 13 thousand euros.

Payables are broken down by region as follows:
- 76.69% for payables to suppliers - Italy;
- 17.85% for payables to suppliers - Italian subsidiaries;
- 3.84% for payables to suppliers - Italian affiliates;
- 1.39% for payables to suppliers - Luxembourg;
- 0.23% for payables to suppliers - Spain.

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

7b - Provisions for risks and charges

The provisions for risks and charges, which amounted to 1,600 thousand euros at 31 December 2021 (zero at 31 December 2020), mainly take into account a preliminary estimate of the potential adverse impact of recent Russia-Ukraine geopolitical tensions on the performance of certain assets related to the former Soviet area and held by portfolio funds.

7c - Payables to staff and social security organisations

This item amounted to EUR 2,611 thousand (EUR 2,091 thousand at 31 December 2020) and breaks down as follows:
- 446 thousand euros for payables to social security institutions, paid on time after the end of the 2021 financial year;
- 2,165 thousand euros of payables to employees for unused holidays and accrued bonuses.

7d - Tax payable to Parent Company

This item totalled 4,583 thousand euros (not present at 31 December 2020) and relates to fees payable to the parent company De Agostini S.p.A. for participation in the tax consolidation scheme.

7e - Other tax payables

These payables amounted to 1,955 thousand euros (263 thousand euros at 31 December 2020) and related to:

- payables to tax authorities for withholding taxes on income from employment and self-employment for 287 thousand euros;
- payables to tax authorities for current corporate income taxes of 134 thousand euros and to IRAP of 1,534 thousand euros.

7f - Other payables

This item amounted to 24 thousand euros (16 thousand euros at 31 December 2020) and mainly consisted of a payable for dividends not yet paid.

7g - Short Term financial liabilities

The item amounted to EUR 1,906 thousand and related to the financial payables recorded as a result of the application of IFRS 16 for the lease of the building located in Via Brera 21, Milan for EUR 1,796 thousand, for the lease of buildings used by personnel for EUR 74 thousand and for the lease contracts of motor vehicles in use for EUR 36 thousand.

Notes to the Income Statement

8 - Revenues and income

8a - Investment income and expenses

In the 2021 financial year, net investment income was EUR 47,159 thousand (compared to net investment income of EUR 30,365 thousand in the 2020 financial year).

Details of this item are shown below:

(EUR thousand)	Financial year 2021	Financial year 2020
Dividends from subsidiaries and other income	**11,296**	**5,360**
Income from valuation of Dea Capital Allternative Funds SGR S.p.A.	7,900	(700)
Income from valuation of IDeA Opportunity Fund I	1,328	(5,079)
Loss from valuation of DeA Capital Real Estate SGR S.p.A	(600)	700
Income from valuation of DeA Capital Partecipazioni S.p.A	400	27,800
Income/(Loss) from valuation in subsidiary companies	**9,028**	**22,721**
Income from valuation of IDeA EESS	498	(161)
Income from valutation Quaestio Holding S.A.	0	3,415
Loss from valuation of Venere	(75)	(81)
Income/(Loss) from valuation in related companies	**423**	**3,173**
Dividends from Cellularline S.p.A.	0	310
Loss from Kenan Investments S.A.	(194)	0
Income from valuation of Kenan Investments S.A.	0	3,918
Loss from valuation of IDeaMI S.p.A. in liquidation	0	(194)
Loss from valuation of Cellularline S.p.A.	(568)	(2,040)
Income/(Loss) from valuation of Venture Capital	27	(1,536)
Income from valuation of IDeA FoF	4,604	(3,114)
Income from valuation of IDeA ICF II	12,851	2,759
Income from valuation of IDeA ICF III	5,031	(439)
Income from valuation of Santa Palomba	23	59
Income from valuation of IDeA ToI	5,155	(443)
Loss from valuation of ToI 2	(283)	(234)
Loss from valuation of SS II	(234)	(51)
Loss from valuation of IDeA CCR I	(21)	(54)
Income/(Loss) from valuation of IDeA CCR II	95	194
Loss from valuation of IDeA Agro	(74)	(24)
Income/(Loss) from valuation in other investments	**26,412**	**(889)**
Total investment Income (Losses)	**47,159**	**30,365**

Dividends from associates and other income

The item comprises dividends paid out by:

- DeA Capital Alternative Funds SGR S.p.A. for EUR 8,000 thousand;
- Quaestio Capital SGR for 1,941 thousand euros;
- DeA Capital Real Estate SGR S.p.A. for EUR 1,355 thousand.

8b - Service revenues

In the financial year 2021, an income of 888 thousand euros (864 thousand euros in the financial year 2020) was recorded due to the recharging of costs or the provision of services of:

-EUR 536 thousand to DeA Capital Real Estate SGR;
-EUR 225 thousand to DeA Capital Alternative Funds SGR;
-EUR 58 thousand to De Agostini S.p.A.;
-EUR 35 thousand to DeA Capital Partecipazioni;
-EUR 30 thousand for services rendered to third parties;
-EUR 4 thousand to IGT Lottery S.p.A..

9 - Operating costs

9a - Personnel costs

Total personnel costs amounted to 8,560 thousand euros compared to 6,966 thousand euros in 2020.

The item breaks down as follows:

(EUR thousand)	Financial year 2021	Financial year 2020
Salaries and wages	2,950	2,480
Social security charges	822	735
Net remuneration for the Board of Directors	1,589	1,854
Performance shares cost	2,950	1,698
End-of-service payment fund	222	168
Other personnel costs	27	31
Total	**8,560**	**6,966**

There are a total of 22 employees of the Parent Company (23 as at 31 December 2020).

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

Employees	**1.1.2021**	**Recruits**	**Departures**	**31.12.2021**	**Average no.**
Senior managers	6	1	1	6	6
Junior managers	7	3	3	7	9
Staff	10	0	1	9	9
Total	**23**	**4**	**5**	**22**	**24**

Compensation benefits in the form of stock options

Employees of DeA Capital S.p.A. and of the parent company De Agostini S.p.A. are beneficiaries of share plans and performance shares on DeA Capital S.p.A. shares. The Company's share options still valid but not yet vested at 31 December 2021 amount to 4,671,709. The notional cost of the long-term share-based incentive plans amounted to 2,950 thousand euros at 31 December 2021 (1,698 thousand euros at 31 December 2020) and related to the accrual of the 2021 portion of the *fair value* calculated at the *grant date* for the *vesting period*. The value of long-term incentive plans is also adjusted periodically based on the degree of achievement of the plans.

On 20 April 2021, the shareholders' meeting of DeA Capital S.p.A. approved the DeA Capital 2021-2023 *Performance Share* Plan, which provides for the allocation of a maximum of 1,750,000 *Units*. On 11 May 2021, in implementation of the shareholders' resolution, the Board of Directors of DeA Capital S.p.A. voted: (*i*) to launch the 2021-2023 *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 1,385,000 units (representing the right to receive ordinary shares in the Company free of charge, under the terms and conditions of the plan) to certain employees and/or directors performing particular roles at the Company, its subsidiaries and the Parent Company De Agostini S.p.A..

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

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

Please note that the terms and conditions of the above-mentioned 2021-2023 *Performance Share* Plan are described in the Information Document prepared pursuant to article 84-*bis* of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 ("Issuers' Regulation"), which is available to the public at the registered office of DeA Capital S.p.A., as well as on the company's website (in the "*Corporate Governance*/Incentive Plans" section).

9b - Service costs

Costs for services in 2021 amounted to 2,720 thousand euros (2,454 thousand euros in 2020) and are detailed as follows:

(EUR thousand)	Financial year 2021	Financial year 2020
Administrative, tax, legal consultancy and other fees	1,337	1,338
Fees to corporate bodies and Advisory Board	425	198
Ordinary maintenance	345	315
Travel expenses	34	31
Utilities and general expenses	482	484
Bank charges	32	29
Advertising, conferences, online subscriptions, office supplies	58	54
Other charges	7	5
Total	**2,720**	**2,454**

9c - Depreciation, amortization and impairment

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

9d - Provision for risks and charges

The provision for risks and charges, which amounted to 1,600 thousand euros at 31 December 2021 (zero at 31 December 2020), mainly takes into account a preliminary estimate of the potential adverse impact of recent Russia-Ukraine geopolitical tensions on the performance of certain assets related to the former Soviet area and held by portfolio funds.

9e - Other expenses

This item amounted to EUR 68 thousand (EUR 57 thousand in 2020) and is mainly composed of registration tax, municipal taxes and non-deductible VAT due to the application of the pro-rata.

10 - Financial income and charges

10a - Financial income

Financial income was EUR 224 thousand (EUR 422 thousand in 2020) and is detailed as follows:

(EUR thousand)	Financial year 2021	Financial year 2020
Interests income	37	15
Interests income on leasing	144	175
Financial liabilities adjustment	0	170
Exchange gains	43	62
Total	**224**	**422**

In detail, this item mainly consists of:
- interest income on receivables, amounting to 37 thousand euros, accrued on the loan to SAS Saint Denis Le Cap;
- Interest income on *leases*, amounting to 144 thousand euros, related to financial receivables recognised as assets in the balance sheet following the application of IFRS 16;
- exchange gains of 43 thousand euros.

10b - Financial charges

Financial expenses amounted to EUR 211 thousand (EUR 436 thousand in 2020) and are detailed as follows:

(EUR thousand)	Financial year 2021	Financial year 2020
Interest payable on leasing	185	226
Interest's realignment on financial istruments - available for sale	15	0
Financial liabilities adjustment	2	0
Charges on financial liabilities	2	3
Exchange losses	7	207
Total	**211**	**436**

In detail, this item mainly consists of:
- interest payable on leases, amounting to EUR 185 thousand and related to the financial payables recognised as a liability in the balance sheet following the application of IFRS 16;
- negative adjustment on the discounting of the provision for severance indemnities accrued in the year 2021, amounting to EUR 2 thousand;
- exchange rate charges of EUR 7 thousand.

11 - Tax

11a - Income tax

The item, amounting to 6,156 thousand euros, consisted of:
- current IRES taxes for 4,669 thousand euros;
- current IRAP taxes for 1,534 thousand euros;
- tax income of 47 thousand euros, which refers to the benefit of participating in the De Agostini S.p.A. Group's national tax consolidation scheme.

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

	2021		2020	
(EUR thousand)	Amount	Rate	Amount	Rate
Profit before tax	**34,602**		**21,413**	
Tax on theoretical income	8,304	24.0%	5,139	24.0%
Additional tax art. 1, co. 65 L. 208/2015	1,211	3.5%	749	3.5%
Tax on theoretical income	**9,515**	**27.5%**	**5,888**	**27.5%**
Tax effect of permanent differences				
- Write-downs on equity investments	*(1,961)*	*-5.7%*	*(9,100)*	*-42.5%*
- Losses on the sale of investments	*0*	*0.0%*	*53*	*0.2%*
- Dividends	*(2,951)*	*-8.5%*	*(1,481)*	*-6.9%*
- Other changes	*648*	*1.9%*	*28*	*0.1%*
Use of fiscal losses	(535)	-1.5%	0	0.0%
Income from tax consolidation scheme	(47)	-0.1%	7	0.0%
Additional tax art. 1, co. 65 L. 208/2015 not calculated on income from consolidation	0	0.0%	587	2.7%
Income tax reported in the income statement	**4,669**		**(4,018)**	

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

	2021		2020	
(EUR thousand)	Amount	Rate	Amount	Rate
Gross taxable income	**39,464**		**(869)**	
Theroretic IRAP	**2,198**	**5.6%**	**(48)**	**5.6%**
Temporary and permanent differences				
- Dividends	*(315)*	*-0.8%*	*(158)*	*18.2%*
- Other deductible expenses	*(133)*	*-0.3%*	*(131)*	*15.0%*
- Tax wedge deduction	*(217)*	*-0.5%*	*0*	*0.0%*
IRAP reported in the income statement	**1,534**		**n.a.**	

Notes to the Cash Flow Statement

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

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

In 2021, operating activities as defined above generated 44,294 thousand euros of cash and cash equivalents (39,244 thousand euros in 2020). Please see the Cash Flow Statement for information on changes to this item.

In the financial year 2021 there was no investment activity flow (6,000 thousand euros in 2020).

In 2021, financial activities absorbed 26,764 thousand euros (34,174 thousand in 2020), mainly related to the payment of dividends of 26,086 thousand euros.

Cash and cash equivalents at the end of 2021 amounted to 89,537 thousand euros (72,023 thousand euros at the end of 2020).

Other information

Commitments

The residual commitments (commitments) as at 31 December 2021 for the total funds in portfolio amounted to EUR 84.8 million, compared to EUR 88.7 million in 2020.

The change in commitments is shown in the table below:

Residual *commitments* - €M	1.1.2021	Capital calls / purchase of units	New commit."	Exchange rate / commitment decrease / others	31.12.2021	Commitment undertaken	Vintage
Funds with investment period open							
IDeA CCR I - CD	0.0	0.0	0.0	0.0	0.0	0.1	2016
IDeA CCR II - CD	0.0	0.0	0.0	0.0	0.0	0.1	2017
IDeA CCR II - NF	9.6	(2.8)	0.0	0.0	6.8	15.6	2017
IDeA Agro	1.5	(1.0)	2.5	(0.1)	2.9	5.8	2018
SS	9.9	(1.2)	0.0	0.0	8.7	10.0	2020
ToI 2	12.6	(1.3)	0.0	0.0	11.3	15.2	2020
Total Funds with inv. period open	**33.6**	**(6.4)**	**2.5**	**(0.1)**	**29.7**	**46.8**	
Funds with investment period closed (*)							
IDeA I Fund of Funds	14.0	(0.1)	0.0	0.0	13.9	164.8	2007
ICF II	12.8	(0.1)	0.0	0.0	12.7	51.0	2009
ICF III	2.6	(0.1)	0.0	0.0	2.5	12.5	2009
IDeA OF I	4.5	0.0	0.0	0.0	4.5	92.4	2008
IDeA CCR I - NF	5.6	(0.0)	0.0	0.0	5.6	8.1	2016
IDeA EESS	5.5	(0.1)	0.0	0.0	5.4	30.4	2011
IDeA ToI	2.2	(0.1)	0.0	0.0	2.1	25.2	2014
Venere	0.0	0.0	0.0	0.0	0.0	7.0	2011
Santa Palomba	0.4	0.0	0.0	0.0	0.4	1.0	2016
Venture capital funds	7.5	0.0	0.0	0.5	8.0	18.8	2000
Total Funds with inv. period closed	**55.2**	**(0.6)**	**0.0**	**0.5**	**55.1**	**411.2**	
Total	**88.7**	**(7.0)**	**2.6**	**0.5**	**84.8**	**458.0**	

(*) Funds whit completed investment period.

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

Treasury and parent company shares

On 20 April 2021, the Shareholders' Meeting of DeA Capital S.p.A. authorised the Board of Directors to buy and sell, in one or more tranches 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 of 20 April 2020 (which was due to expire upon the approval of the 2020 Financial Statements), includes the following objectives: (*i*) the acquisition of treasury shares to be used for extraordinary transactions and/or share incentive plans; (*ii*) the offer to shareholders of an additional instrument for the monetisation of their investment; (*iii*) the support of the liquidity of the financial instruments issued; (*iv*) usage of excess liquidity resources. The treasury shares may also be disposed of for trading purposes.

The Shareholders' Meeting authorisation specifies that purchases may be made until the date of the Shareholders' Meeting called to approve the Financial Statements as at 31 December 2021 (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 cannot, however, be more than 20% below the share's reference price on the trading day prior to each disposal (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, except in specific cases identified by the Shareholders' Meeting.

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

Movements in treasury shares during the 2021 financial year are summarised below:

(i) allocation of 1,304,132 treasury shares under the 2017-2019 and 2018-2020 *Performance Shares* Plans of DeA Capital S.p.A.;
(ii) purchase of 116,275 treasury shares (for a countervalue of EUR 132,953).

Taking into account the purchases made in previous years on the plans in place from time to time, as well as the movements of treasury shares described above, at 31 December 2021 the Company owned 5,734,546 treasury shares (representing approximately 2.2% of the share capital).

During 2021, 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 2021, the DeA Capital S.p.A. Shareholders' Meeting approved the "DeA Capital Performance Share Plan 2021-2023" Incentive Plan, under which a maximum of 1,750,000 units may be granted. On 11 May 2021, in implementation of the shareholders' resolution, the Board of Directors of DeA Capital S.p.A. voted: (i) to launch the "2021-2023 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 separately and with the right to sub-delegate, and (ii) to assign 1,385,000 Units (representing the right to receive ordinary shares of the company free of charge, on the terms and conditions indicated in the plan itself).

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 (Figures in euros)	***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 (Figures in euros)	**Plan 2018**	**Plan 2019**	**Plan 2020**	**Plan 2021**
N° units granted	1,350,000	1,050,000	1,420,000	1,385,000
Unit value (€)	1.56	1.51	1.29	1.48
Value at the grant date/amendment date of the regulation (€)	2,106,000	1,585,500	1,831,800	2,049,800
Expiry date	30/06/22	30/06/23	30/06/24	30/06/25

Related-party transactions

Related-party transactions, 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 Article 2391-bis of the Italian Civil Code by means of Consob Resolution 17221 of 12 March 2010, as amended.

It should be noted that during the first half of 2021, 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 2021 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, investor relations, legal, corporate, tax and institutional and press relations services, at market rates. Currently, this agreement is only active for the tax area.

   At the same time, on 1 January 2013, DeA Capital S.p.A. signed an "Agreement to sub-let property for intended use other than residential use" with the controlling shareholder, De Agostini S.p.A. The agreement relates to parts of a building located at Via Brera 21, Milan, comprising spaces for office use, warehousing and car parking. This contract, which is renewable every 6 years after an initial term of 7 years, provides for the same conditions as the contract held by DeA Capital S.p.A..

2) DeA Capital S.p.A., DeA Capital Partecipazioni, DeA Capital Alternative Funds SGR and DeA Capital Real Estate SGR have joined 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.

   In the case of DeA Capital S.p.A., the option is irrevocable for the three-year period 2020-2022.

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

   It is expected that the deposit/financing operations that fall within the scope of the aforesaid Framework Agreement shall be activated only after verifying the convenience of the economic terms and conditions as determined from time to time, on a revolving basis and on the basis of a duration of the operations themselves not exceeding three months. It is also expected that the Framework Agreement will have a duration of one year and will be tacitly renewed every year.

   The amounts involved in deposit/financing operations will, however, always be below the thresholds defined for "transactions of lesser importance" pursuant to Consob Regulation 17221/2010 (Related-Party Transactions) and the internal Procedure for Related-Party Transactions adopted by DeA Capital S.p.A.

   Note that there were no deposit/financing operations between DeA Capital S.p.A. and De Agostini S.p.A. arising from the above-mentioned Framework Agreement.

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

The following is reported with reference to transactions with Subsidiaries:

1) On 1 January 2013, DeA Capital S.p.A. signed sublease agreements with the subsidiaries DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR for real estate portions of the property located at 21 Via Brera, Milan, consisting of office space, warehouse and parking spaces. This contract, which is renewable every 6 years after an initial term of 7 years, provides for the same conditions as the contract held by DeA Capital S.p.A..

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

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

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

The following table shows the amounts involved in transactions with related parties:

	31.12.2021					**Financial year 2021**				
(EUR thousand)	**Trade receivables**	**Financial receivables**	**Tax receivables**	**Tax payables**	**Trade payables**	**Revenues for services**	**Financial income**	**Tax income**	**Personnel costs net of recharged (*)**	**Service costs**
DeA Capital Alternative Funds SGR S.p.A.	70	2,173	-	-	(83)	225	51	-	337	-
DeA Capital Real Estate SGR S.p.A.	98	2,745	-	-	(13)	536	69	-	316	-
DeA Capital Partecipazione S.p.A.	-	-	-	-	-	35	-	-	10	-
Yard Reaas S.p.A.	10	-	-	-	(3)	-	-	-	10	(7)
Quaestio Capital SGR S.p.A.	-	-	-		-	20	-	-	-	-
De Agostini S.p.A.	1	796	3,256	(4,583)	-	58	21	47	-	(20)
DeA Planeta Libri S.p.A.	-	-		-	(1)	-	-	-	-	(1)
De Agostini Scuola S.p.A.	-	-		-	-	-	-	-	-	(7)
IGT Lottery S.p.A.	4	96	-	-	-	4	2	-	-	-
De Agostini Editore S.p.A.	-	-	-	-	(20)	-	-	-	(63)	(55)
Total related parties	**183**	**5,810**	**3,256**	**(4,583)**	**(120)**	**878**	**143**	**47**	**610**	**(90)**
Total financial statement line item	**183**	**5,810**	**3,256**	**(4,583)**	**538**	**888**	**224**	**47**	**(8,372)**	**(2,720)**
As % of financial statement line item	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**(22.3%)**	**98.9%**	**63.8%**	**100.0%**	**(7.3%)**	**3.3%**

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

Remuneration of Directors, Auditors, General Manager and Senior Managers with strategic responsibilities

The table below shows the remuneration paid to the Directors and Statutory Auditors in the financial year 2021:

Director	Position	Period position held	Position expires	Fees for position at company preparing the financial statements -(€/000)	Non-cash benefits - (€/000)	Bonuses and other incentives - (€/000)	Statutory auditors' fees for positions held at subsidiaries - (€/000)	Other remuneration - (€/000)
Lorenzo Pellicioli	Chairman	2021	Approval fin. statements 2021	30	0	0	0	0
Paolo Ceretti	Chief Executive Officer	2021	Approval fin. statements 2021	750	0	840	0	41
Dario Frigerio	Director	2021	Approval fin. statements 2021	30	0	0	0	217
Dario Mereghetti	Director	2021	Approval fin. statements 2021	30	0	0	0	5
Carlo Ferrari Ardicini	Director	2021	Approval fin. statements 2021	30	0	0	0	0
Donatella Busso	Director	2021	Approval fin. statements 2021	30	0	0	0	27
Francesca Golfetto	Director	2021	Approval fin. statements 2021	30	0	0	0	5
Nicola Drago	Director	2021	Approval fin. statements 2021	30	0	0	0	0
Daniela Toscani	Director	2021	Approval fin. statements 2021	30	0	0	0	15
Elena Vasco	Director	2021	Approval fin. statements 2021	30	0	0	0	25
Marco Boroli	Director	2021	Approval fin. statements 2021	30	0	0	0	0
Cesare Grifoni	Chairman of the Board of Statutory Auditors	2021	Approval fin. statements 2021	45	0	0	7	10
Fabio Facchini	Permanent Auditor	2021	Approval fin. statements 2021	30	0	0	0	0
Annalisa Donesana	Permanent Auditor	2021	Approval fin. statements 2021	30	0	0	5	0
Total				**1,155**	**0**	**840**	**12**	**345**

“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/ Senior Managers with strategic responsibilities of the Parent Company amounted to approximately 1,099 thousand euros for the year 2021.

It should be noted that the emoluments and compensation indicated above do not include share based payments and social security contributions, where applicable, unlike the data contained in the Remuneration Report, drawn up pursuant to Article 123 ter of the Consolidated Law on Finance in accordance with Article 84 quater of the Regulation on Issuers.

Shares held by Directors, Statutory Auditors, General Manager/Senior Managers with strategic responsibilities

Information on the equity investments held by members of the management and supervisory bodies and by the General Manager/Senior Managers with strategic responsibilities (shown as an aggregate) in DeA Capital S.p.A. and its subsidiaries is provided in tabular form.

This includes all individuals who, during the course of the financial year in question, held the position of member of the administrative and control bodies, General Manager/Strategic Senior Managers with strategic responsibilities, even for part of a year.

Name and surname	Investee company	No. of shares held at 1.1.2021	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2021
Lorenzo Pellicioli	DeA Capital S.p.A.	2,566,323	0	0	2,566,323
Paolo Ceretti	DeA Capital S.p.A.	2,507,242	471,956	0	2,979,198
Chief Operating Officer	DeA Capital S.p.A.	1,332,735	331,813	0	1,664,548
Total		**6,406,300**	**803,769**	**0**	**7,210,069**

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, the General Manager/Senior 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 2021			Options granted during 2021			Options exercised during 2021	Options lapsed/ cancelled during 2021	Options outstanding at 31 December 2021		
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 a total of 695,459 *performance shares* were assigned to the Company's Chief Executive Officer and General Manager/Senior Managers with strategic responsibilities in the 2021 financial year, as shown in the table attached:

Performance shares		Units outstanding at 1 January 2021			Units granted during 2021			Units delivered during 2021	Units lapsed/ cancelled during 2021	Units outstanding at 31 December 2021		
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	175,000	1.36	4	76,015	1.36	4	251,015	0	0	0	0
Paolo Ceretti	CEO	500,000	1.56	4	54,291	1.56	4	220,941	0	333,350	1.56	4
Chief Operating Officer/ Senior managers with strategic responsibilities		100,000	1.36	4	43,437	1.36	4	143,437	0	0	0	0
Chief Operating Officer/ Senior managers with strategic responsibilities		200,000	1.56	4	21,716	1.56	4	88,376	0	133,340	1.56	4
Chief Operating Officer/ Senior managers with strategic responsibilities		225,000	1.51	4	0	0	0	0	0	225,000	1.51	4
Chief Operating Officer/ Senior managers with strategic responsibilities		500,000	1.29	4	0	0	0	0	0	500,000	1.29	4
Chief Operating Officer/ Senior managers with strategic responsibilities		0	0	0	500,000	1.48	4	0	0	500,000	1.48	4

Contingent liabilities

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

For the following contingent liabilities, the risk was deemed to be low and therefore the company did not recognise any contingent liabilities, but disclosed the relevant information.

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

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

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

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

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

Management and coordination

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

The essential data of the parent company De Agostini S.p.A. set out in the summary required by Article 2497-bis of the Civil Code were extracted from the financial statements for the year ended 31 December 2020.

For an appropriate and complete understanding of the balance sheet and financial position of De Agostini S.p.A. at 31 December 2020, as well as of the company's operating result for the year ended at that date, please refer to the financial statements, which, together with the independent auditor's report, are available according to the forms and methods required by law.

(in EUR)

INCOME STATEMENT	**2020**	**2019**
Revenues	2,888,143	5,675,418
Production costs	(25,974,480)	(32,484,708)
Financial income and charges	74,287,869	90,895,259
Adjustments to the value of financial assets	(18,069,064)	(16,373,933)
Taxes for the year	8,241,594	7,560,349
Net profit	41,374,062	55,272,385

STATEMENT OF FINANCIAL POSITION	**2020**	**2019**
Non-current assets	3,140,581,668	3,143,995,120
Current assets	179,552,936	184,799,715
Accruals and deferrals	4,502,087	8,306,143
Shareholders' equity	(2,669,773,536)	(2,582,781,567)
Provisions for risks and charges	(2,264,807)	(7,370,605)
End-of-service payment provision	(616,146)	(634,991)
Payables	(650,978,051)	(744,631,561)
Accruals and deferrals	(1,004,151)	(1,682,254)

Risks

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

With reference to ***Alternative Asset Management*** activities, these are particularly sensitive to all the risk variables that can 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 value of the assets in which these are invested, in the case of open-ended funds to which the *multi-asset/multi-management investment solutions* offered to investors have access, 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. However, 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 there is exposure to the same "country-specific" contextual factors relating to the new markets) while acting on the endogenous risk factors by increasing 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 achieved 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;
- the continuous monitoring of the trend in key performance indicators of Alternative Asset Management and platform investments;
- 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 cross-sector 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 prompt and general adoption of a smart-working policy (implemented, inter alia, by substantially equipping all staff with the appropriate technical means), and subsequently, once the regulatory constraints on the mobility of persons had been relaxed, through the implementation of a regulatory protocol for combating and containing the spread of the virus in the workplace (supported by the adoption of all the technical and organisational devices necessary to ensure that all professionals in the workforce could return to their operational headquarters on a rotating basis). In this way, DeA Capital was able to oversee the governance of its business in a period of extraordinary uncertainty with substantially unchanged response capabilities compared to *business-as-usual*, all without significant costs/investments in terms of general and administrative *expenses/capex*.

At an operational level, asset management has seen the integration of the aspect resulting from sensitivity to the "COVID-19 effect" in the monitoring of portfolios, both with an aggregate cut (typically by reference industry), and 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 funds under management, actions were promptly taken primarily 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.

Finally, with regard to the recent geopolitical turmoil triggered by the development of relations between Russia and Ukraine, this has adversely affected the macroeconomic environment, representing a new factor of uncertainty that could affect the development of investments in funds managed by the Group, as well as geographical choices in asset allocation for some international investors. In this regard, the Group immediately initiated the appropriate monitoring activities on the potential impacts that could arise on the product portfolio under management and on business development forecasts. However, it should be noted that current tensions on financial markets could lead investors to review the product asset allocation, making alternative products that are structurally characterised by lower volatility levels more attractive.

Significant events after the reporting date for the 2021 Financial Statements

New *closing* of the Sviluppo Sostenibile (Sustainable Development) Fund

In January 2022, the *private equity* fund known as Sviluppo Sostenibile (Sustainable Development) completed the 3rd closing for 50.5 million euros (bringing the total commitment to 141.5 million euros).

Russia-Ukraine geopolitical tensions

With reference to the geopolitical developments in question, at the date of approval of this document there is no evidence of any aspect that could have a significant impact on the financial position and operating results represented at 31 December 2021, as determined by IAS 10 § 9, or rather that would require their incorporation into the balance sheet values or that could affect business continuity.

Outlook

The recent geopolitical and macroeconomic developments - primarily concerning the conflict between Russia and Ukraine, as well as the continued spread of Covid-19, inflation dynamics in various countries worldwide and difficulties supplying raw materials and semi-finished products—are marking a decidedly complicated frame of reference worldwide and it remains unclear how the scope thereof will unfold.

In this context, the Group has already put in place the tightest controls in order to be prepared to face even the most negative scenarios, relying on management teams of outstanding excellence, on assets in the portfolio that have already demonstrated notable resilience in the most acute phases of the COVID-19 health care crisis and on a very solid balance sheet.

The management activity will therefore continue to focus on the development of the *Alternative Asset Management* platform, namely through the launch of new products and the further growth of activities at international level.

Final Points

Publication of the 2021 Financial Report

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

Positions or transactions arising from atypical and/or unusual operations

Pursuant to CONSOB Communication no. 6064293 of 28 July 2006, it should be noted that, with reference to the activities carried out by the Company and the Group in the 2021 financial year, there are no positions or transactions deriving from atypical and/or unusual operations; in the period of reference, the Company and the Group did not carry out any atypical and/or unusual transactions as defined in the aforementioned CONSOB Communication, nor any significant transactions that are not part of their core business.

Significant non-recurring events and transactions

Pursuant to the aforementioned CONSOB Communication, the DeA Capital Group did not carry out any significant non-recurring transactions in 2021, since acquisitions or divestments relating to equity investments and funds in the portfolio are to be considered ordinary activities, nor did any significant non-recurring events occur within the scope of the aforementioned CONSOB Communication.