



**ANNUAL FINANCIAL REPORT  
AS AT 31 DECEMBER 2020**

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**Financial Year 2020**

**DRAFT**

Board of Directors  
Milan, 12 March 2021

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## **DeA Capital S.p.A.**

### **Corporate information**

DeA Capital S.p.A. is subject to the management and coordination of De Agostini S.p.A.  
Registered office: Via Brera 21, Milan 20121, Italy  
Share capital: EUR 266,612,100 (fully paid up), comprising 266,612,100 shares with a nominal value of EUR 1 each (including 6,922,403 treasury shares at 31 December 2020)  
Tax Code and Registration in the Milan Companies Register No. 07918170015. Member of the "VAT Group B & D Holding" VAT No. 02611940038, Milan REA 1833926

### **Board of Directors (\*)**

<b>Chairman</b>	Lorenzo Pellicoli
<b>Chief Executive Officer</b>	Paolo Ceretti
<b>Directors</b>	Marco Boroli Donatella Busso <sup>(2/5)</sup> Nicola Drago Carlo Enrico Ferrari Ardicini Dario Frigerio Francesca Golfetto <sup>(3/5)</sup> Davide Mereghetti <sup>(3/5)</sup> Daniela Toscani <sup>(1/5)</sup> Elena Vasco <sup>(1/4/5)</sup>

### **Board of Statutory Auditors (\*)**

<b>Chairman</b>	Cesare Andrea Grifoni
<b>Permanent Auditors</b>	Annalisa Raffaella Donesana Fabio Facchini
<b>Deputy Auditors</b>	Andrea Augusto Bonafè Michele Maranò Marco Sguazzini Viscontini
<b>Manager responsible for preparing the Company's accounts and Chief Operating Officer</b>	Manolo Santilli
<b>Independent Auditors</b>	PricewaterhouseCoopers S.p.A.

(\*) In office until the approval of the Financial Statements at 31 December 2021

<sup>(1)</sup> Member of the Control and Risks Committee

<sup>(2)</sup> Member and Chairman of the Control and Risks Committee

<sup>(3)</sup> Member of the Remuneration and Appointments Committee

<sup>(4)</sup> Member and Chairman of the Remuneration and Appointments Committee

<sup>(5)</sup> Independent Director

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## **Notice of Shareholders' Meeting**



DeA Capital S.p.A.

Registered Office at Via Brera 21, 20121 Milan

Share capital of EUR 266,612,100 fully paid up

Tax code and registration in the Milan Companies Register No. 07918170015

Member of the "Gruppo IVA B&D Holding" VAT No. 02611940038, Milan REA 1833926

Company subject to the management and co-ordination of De Agostini S.p.A.

### **NOTICE OF SHAREHOLDERS' MEETING**

Those entitled to vote are summoned to the Ordinary Shareholders' Meeting, which will be held exclusively by means of telecommunication as specified below:

- at 10 am on Thursday 20 April 2021, first call;
- at 10 am on Friday 21 April 2021, second call,

to discuss and resolve on the following

#### **AGENDA**

1. Approval of the Annual Financial Statements as at 31 December 2020 and presentation of the Consolidated Financial Statements of the Group headed by DeA Capital S.p.A. as at 31 December 2020. Related and consequent resolutions:
  - 1.1 Approval of the Annual Financial Statements for the year ended 31 December 2020;
  - 1.2 Partial distribution of the Share Premium Reserve.
2. Authorisation to buy and sell treasury shares. Related and consequent resolutions;
3. Approval of a Performance Share Plan reserved for certain employees and/or directors holding special offices at DeA Capital S.p.A., its subsidiaries and the parent company De Agostini S.p.A. pursuant to Article 114-*bis* of Legislative Decree No 58/98 ("TUF"). Related and consequent resolutions;
4. Approval of a compensation plan based on financial instruments (phantom stock grant plan) reserved for a Company consultant pursuant to Article 114-*bis* of the TUF. Related and consequent resolutions.
5. Presentation of the Report on Remuneration Policy and compensation paid pursuant to Article 123-*ter*, TUF. Related and consequent resolutions:
  - 5.1 Approval of Section I - Remuneration Policy for financial year 2021;
  - 5.2 Resolutions on Section II - 2020 fees.
6. Appointment of a director pursuant to Article 2386(1) of the Civil Code. Related and consequent resolutions.

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#### **Submission of proposals for resolution/addition to the agenda**

Shareholders who, also jointly, represent at least 2.5% of the share capital may submit a request, within ten days of this notice being published (i.e. by **Monday 29 March 2021**), for items to be incorporated into the meeting agenda, indicating on the request the topics suggested, or submit resolution proposals on the items already on the agenda of the Shareholders' Meeting.

The application, together with the certification attesting to the ownership of the shareholding issued in accordance with the provisions in force by the intermediaries who hold the accounts on which the shares of the requesting Shareholders are registered, must be sent in writing by e-mail to [deacapital@legalmail.it](mailto:deacapital@legalmail.it) together with information that allows the identification of the submitting Shareholders (in this regard, please also provide a reference telephone number). Shareholders submitting such requests must also provide, by the same deadline and by the same means, a report setting out the reasons for the proposals for resolution/addition to the agenda of the new items or the reasons for the additional proposals for resolution relating to items already on the agenda. The Company is responsible for notifying shareholders of the addition to the meeting agenda of any new items or additional proposals relating to existing items, in the same form as for the publication of this notice of shareholders' meeting, at least fifteen days before the scheduled first-call meeting date.

At the same time as publication of the notice confirming incorporation into the agenda of new items or proposals for deliberations on existing items, the proposals for incorporation/deliberation, together with the corresponding reports submitted by the shareholders concerned and any opinion of the Board of Directors, must be made public pursuant to art. 125-*ter*, para. 1, TUF.

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No additions may be made to the agenda if they relate to matters which, by law, must be decided by the shareholders' meeting following a proposal by the Board of Directors or on the basis of a plan or report prepared by same, other than those specified under art. 125-ter, para. 1 TUF.

#### **Right to ask questions about items on the agenda**

Those who are entitled to vote may raise questions about items on the agenda, including in advance of the meeting. Applications, together with the certification issued in accordance with the provisions in force by the intermediaries who hold the accounts on which the shares of the person entitled are registered, certifying ownership of the shareholding, may be sent by e-mail to the following address [ir@deacapital.com](mailto:ir@deacapital.com). Applications must be received by the Company no later than the end of the seventh trading day preceding the date of the Meeting on first call (i.e. by Friday **9 April 2021**). Applications received by the aforementioned deadline shall be answered no later than 3 trading days before the Meeting (i.e. by Thursday **15 April 2021**). The Company may provide a single response to questions with the same content. The Company reserves the right to provide answers to the questions received through the "Questions and Answers" section that may be available on the Company's website. [www.deacapital.com](http://www.deacapital.com) (Governance/ Shareholders' Meetings section).

#### **Entitlement to take part in Shareholders' meeting**

Those entitled to participate in the shareholders' meeting are those who hold the right to vote at the end of the accounting day of the seventh trading day prior to the date set for the shareholders' meeting in first call coinciding with Friday **9 April 2021** (record date) and for whom the Company has received the relevant communication from the authorised intermediary. Those who only become shareholders after that date will not be entitled to take part or vote in the shareholders' meeting.

The statement by the authorised intermediary referred to above must be received by the Company before close of business on the third trading day prior to the date scheduled for the first-call meeting. If the statement is received by the Company after this date, shareholders will, however, still be entitled to take part in the meeting and vote, provided the statement is received before the start of the first-call meeting. As a reminder, the statement is communicated to the Company by the authorised intermediary at the request of the individual holding the voting right.

#### **Intervention and representation in the Shareholders' meeting**

Pursuant to Article 106, para. 4 of Decree-Law No. 18 of 17 March 2020 on "Measures to strengthen the National Health Service and economic support for families, workers and businesses related to the Covid-19 emergency" (c.d. "Decreto Cura Italia"), converted with amendments by Law no. 27 of 24 April 2020 and as extended by paragraph 6 of art. 3, Decree-Law no. 27 183/2020, as amended by Law No 21 of 26 February 2021, **attendance at the Shareholders' Meeting by those with voting rights is permitted exclusively through the representative appointed** by the Company pursuant to Article 135-undecies of the TUF, to whom proxy must be conferred, in accordance with the procedures and conditions indicated below.

The Company appointed Computershare S.p.A. - with registered office in Milan, Via Mascheroni 19, 20145 - as the shareholders' representative designated pursuant to Article 135-undecies of the TUF ("**Designated Representative**").

The Directors and Statutory Auditors, as well as other persons entitled by law, other than those who have the right to vote (who must grant proxy to the Designated Representative), may participate in the Shareholders' Meeting by means of telecommunication that also guarantee their identification. The instructions for participation in the Shareholders' Meeting by means of telecommunications will be made known by the Company to those interested.

#### **Granting of proxy to the Designated Representative**

Shareholders who wish to participate in the Shareholders' Meeting must grant the aforementioned Designated Representative a proxy - with voting instructions - on all or some of the proposals for resolutions on the items on the agenda using the specific proxy form, including electronic proxy, prepared by the Designated Representative in agreement with the Company, available on the Company's website at [www.deacapital.com](http://www.deacapital.com) under the Governance/Shareholders' Meetings section) where there is a link to a procedure for the electronic submission of the proxy.

The proxy form with the voting instructions must be submitted in accordance with the instructions on the proxy form and on the Company's website, by the second trading day prior to the meeting (i.e. by Friday **16 April 2021** in relation to the first call or by Monday **19 April 2021** in relation to the second call), and may be revoked by the same deadline.

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A proxy conferred in this way shall be effective only in respect of those proposals on which voting instructions have been given.

It should be noted that the shares for which proxy has been conferred, even partially, are counted for the purpose of the regular constitution of the Shareholders' Meeting. In relation to proposals for which no

voting instructions have been given, shares are not counted for the purpose of calculating the majority and the share of capital required for the approval of resolutions.

It should also be noted that the Designated Representative may also be granted proxies or sub-delegations pursuant to Article 135-novies, TUF, as an exception to Article 135-undecies, para. 4, TUF, in accordance with the procedures and terms indicated on the Company's website.

The Designated Representative will be available for clarification or information at 02-46776819 or at the following e-mail address [ufficiomi@computershare.it](mailto:ufficiomi@computershare.it).

### **Other Shareholders' Rights**

Considering that attendance at the Shareholders' Meeting is exclusively through the Designated Representative, persons entitled to attend who wish to individually draw up proposals for resolutions on the items on the agenda are invited to submit them in advance, by Tuesday **6 April 2021**, in writing by sending an email to [deacapital@legalmail.it](mailto:deacapital@legalmail.it) together with information allowing for the identification of the Shareholder (please also provide a contact telephone number for this purpose) and the percentage of the share capital held in total, proven by the notice issued to the Company by the authorised intermediary pursuant to law. It is recommended that proposals be formulated in a clear and comprehensive manner, preferably accompanied by a report stating the reasons for the proposal.

After verifying the relevance of the proposals to the agenda, as well as their completeness and compliance with the applicable regulations, these proposals will be published on the Company's website [www.deacapital.com](http://www.deacapital.com) (under the section Governance/Shareholders' Meetings) by Thursday **8 April 2021**, in order to allow those entitled to vote to express themselves in an informed manner, also taking into account such new proposals, and to allow the Designated Representative to collect voting instructions, if necessary, on such proposals. The applicant shall provide appropriate documentation proving the right to participate in the Shareholders' Meeting and the issue of a proxy to the Designated Representative for participation in the Shareholders' Meeting.

### **Share capital and voting shares**

The share capital is Euro 266,612,100 divided into no. 266,612,100 ordinary shares, all with a nominal value of EUR 1.00 each.

Each ordinary share entitles the holder to one vote at the Shareholders' Meeting (excluding ordinary treasury shares, as at 19 March 2021, amounting to 7,038,678 shares, the voting rights of which are suspended in accordance with the law). However, it should be noted that the Shareholders' Meeting of 17 April 2015 amended Article 9 of the Articles of Association, introducing the mechanism of increased voting, pursuant to Article 127-quinquies, TUF. Specifically, pursuant to the aforementioned article 9, two voting rights will be allocated for every ordinary DeA Capital share held by the same shareholder of the Company, pursuant to a legal title establishing entitlement, for a continuous period of at least 24 months, starting from the registration of the shareholder on a special list, which will be set up and maintained by the Company at its registered office. As a result of the increases in voting rights achieved as of the date of publication of this notice, the total number of voting rights is 268,204,301. For the list of significant shareholders who have applied for inclusion in the DeA Capital S.p.A. enhanced voting list and who have obtained the enhanced vote, please see what is published on the internet [www.deacapital.com](http://www.deacapital.com) in the "Governance/Loyalty Shares" section.

### **Appointment of a director pursuant to Article 2386, paragraph 1 of the Civil Code**

With reference to the sixth point on the agenda, it is noted that the Board of Directors of the Company has proposed to the Shareholders' Meeting to confirm Mr Nicola Drago, notwithstanding the shareholders' right to submit further candidacy proposals by Tuesday 6 April 2021, in the manner and within the terms set out for the presentation of the individual resolution proposals. The candidacy proposals must be accompanied by their curriculum vitae and by declarations of the candidates that state their willingness to accept the office in the event of appointment and certify, under their own liability, the non-existence of causes of ineligibility or incompatibility and the possession of the requirements laid down by law and other applicable provisions, as well as any mention of suitability to qualify as independent pursuant to current legislation. It should also be noted that the list voting procedure does not apply and, therefore, as required by Article 11 of the Articles of Association, the Shareholders' Meeting shall resolve by means of the majorities required by law. For any further information, please refer to the Explanatory Report prepared by the Board of Directors.

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### Documentation and information

Please note that the documentation concerning the items on the agenda required by the applicable legal and regulatory provisions will be made available to the public on the Company's website [www.deacapital.com](http://www.deacapital.com) (Governance/Shareholders' Meetings section), at the following link <https://www.deacapital.com/governance-en/shareholders-meetings/shareholders-meeting-2021/?lang=en>, at the authorised storage mechanism 1info, at the address [www.1info.it](http://www.1info.it), and in any case in the manner provided for by the regulations in force within the terms prescribed therein, and Shareholders and others entitled to attend the Meeting shall be entitled to obtain a copy thereof. The following, in particular, will be made available to the public:

- from today's date, at the same time as publication of this notice, the directors' report on points 1, 2, 3, 4 and 6, and the information documents drawn up pursuant to Article 84-*bis* of Consob Issuers' Regulation No. 11971 with reference to points 3 and 4;
- on 29 March 2021, the annual financial report and the other documents referred to in Article 154-*ter* of the TUF, and the report on the remuneration policy and remuneration paid.

All eligible persons have the right to read and, on request, obtain a copy thereof.

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This notice is published pursuant to Article 125-*bis*, TUF, on the website of the company ([www.deacapital.com](http://www.deacapital.com)), in accordance with the other procedures provided for by current legislation, as well as in extracts from the daily newspaper Milano Finanza.

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Please note that the date, place and/or manner of holding the Shareholders' Meeting may be subject to change in the event of amendments to the regulations in force or measures issued by the competent Authorities for the Covid-19 emergency, effective on the date of holding the Shareholders' Meeting. Any changes will be promptly announced in the same way as the publication of the notice.

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Milan, 19 March 2021  
For the Board of Directors  
The Chairman  
Lorenzo Pellicoli



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## **Letter to the Shareholders**

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"We have been established as the leading independent player in the Alternative Asset Management sector in Italy for some time now. Our goal now is also towards pan-European growth through the expansion of our range of investment products and solutions, based on our usual approach of creating value for our investors and the communities in which we operate"

Dear Shareholders,

In 2020, despite the extraordinarily complicated environment created by the spread of Covid-19, we were able to further strengthen our Management Platform operations, increasing Combined Assets Under Management (to €23.8 billion) and continuing to responsibly manage all our assets.

The results, improving both economically and financially, were achieved with the main focus being on the health of our colleagues and associates, who have done an exceptional job and continue to be our Group's most important "asset".

In terms of income, Revenues reached €101 million (+36.6%, including the results of Quaestio Capital SGR), while the Group Net Result went up to €20.4 million (+66%); with reference to the latter, we would like to emphasise that this is the third consecutive year of increasing profits, following the €11.1 million posted in 2018 and the €12.3 million achieved in 2019. On a financial level, we have substantially completed the liquidation of a number of assets that had ceased to be functional insofar as the development of the Alternative Asset Management Platform, and with good cash generation.

In this context, we believe we are ready for a new phase of growth in our management activities. As mentioned, we are already a leader in Italy and we intend to expand further across Europe; to this end, it is important to note that offices have been established in the countries that we had prioritised for international development: in particular, we now have our own offices and teams covering France, Spain, Portugal, Germany, Austria, Switzerland and Poland, and deals have already been struck in certain of these countries.

The very positive results achieved in 2020 led the Board of Directors to replicate its proposal to actively remunerate shareholders for their invested capital, with a dividend of €0.10 per share, that is around 9% of the market value of the DeA Capital share at the 31 December 2020 closing date.

In the near future, we intend to consolidate our position as the leading independent player in Alternative Asset Management in Italy and - as mentioned above - continue to grow across Europe, based on our usual approach of creating value for our investors and the communities in which we operate.

It is clear that the framework in which we must operate will continue to be complicated, at least until the ongoing health emergency has been fully overcome.

At the same time, however, we believe that we can continue to grow even in the most difficult of situations, given that we are able to rely on a franchise of very talented people, who have already demonstrated their ability to overcome complex situations as they manage assets for the benefit of all our stakeholders.

Lorenzo Pellicoli  
*Chairman*

Paolo Ceretti  
*Chief Executive Officer*

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## **Report on Operations**

## 1. Profile of DeA Capital S.p.A.

DeA Capital S.p.A., with the companies that are part of the Group, is the leading independent Platform for Alternative Asset Management in Italy, with Combined AUM for about EUR 23,800 million and a wide range of products and services for institutional investors.

The Platform – concentrated on the two subsidiaries, DeA Capital Real Estate SGR and DeA Capital Alternative Funds SGR, as well as on the indirect equity investment in Quaestio Capital SGR – is engaged in the promotion, management and development of real estate, credit and private equity investment funds, as well as multi-asset/multi-manager investment solutions.

To support the Platform's activities, thanks to the available capital, DeA Capital S.p.A. has built up over time a portfolio of Alternative Investments, mainly consisting of funds managed by the platform's asset management companies.

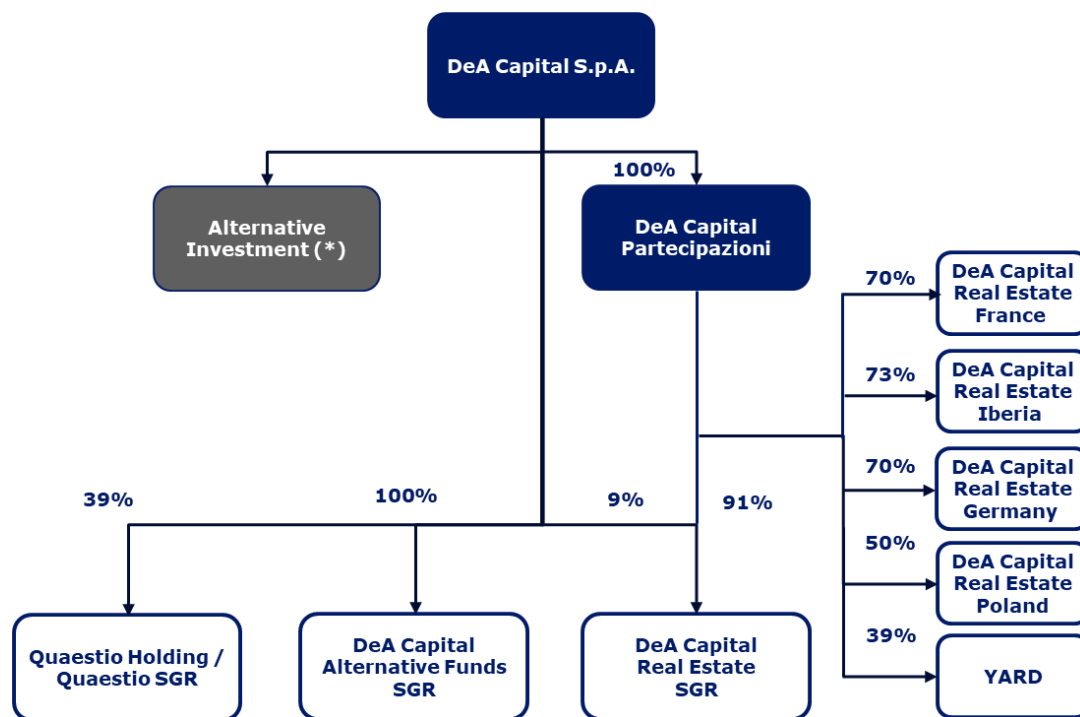
The ability on the one hand to execute investment initiatives of high structural complexity, and on the other to carry out fund-raising through asset management companies, is demonstrating the validity of the business model, which combines Alternative Asset Management with investment activities, capable of creating value in a way that is unique in Italy in the world of "alternative".



The DeA Capital Platform				
Investment Solutions				
	Real Estate	Credit	Private Equity	Multi-Asset / Multi-Manager
	AUM (€)	AUM (€)	AUM (€)	AUM (€)
	10.4 Bln	3.3 Bln	2.2 Bln	7.9 Bln
Key Data	54 Funds ~750 Properties Rent ~€300 M	4 Funds 30 Companies GBV >€30 Bln	12 Funds 80 T-P Funds 900 Companies	9 internal "Pools" 30 T-P "Pools" ~50 Clients
Products	<ul style="list-style-type: none"> <li>Core / Core+</li> <li>Value Added</li> <li>Pan-Europe</li> </ul>	<ul style="list-style-type: none"> <li>Turn-around</li> <li>Debtor-in-possession</li> <li>Shipping</li> <li>NPLs</li> </ul>	<ul style="list-style-type: none"> <li>Global FoFs</li> <li>Food &amp; Beverage</li> <li>Agri-business</li> <li>Sustainable Development</li> </ul>	<ul style="list-style-type: none"> <li>Multi-Asset / Multi-Manager Platform</li> <li>"Pool" Strategies</li> <li>Overlay</li> </ul>

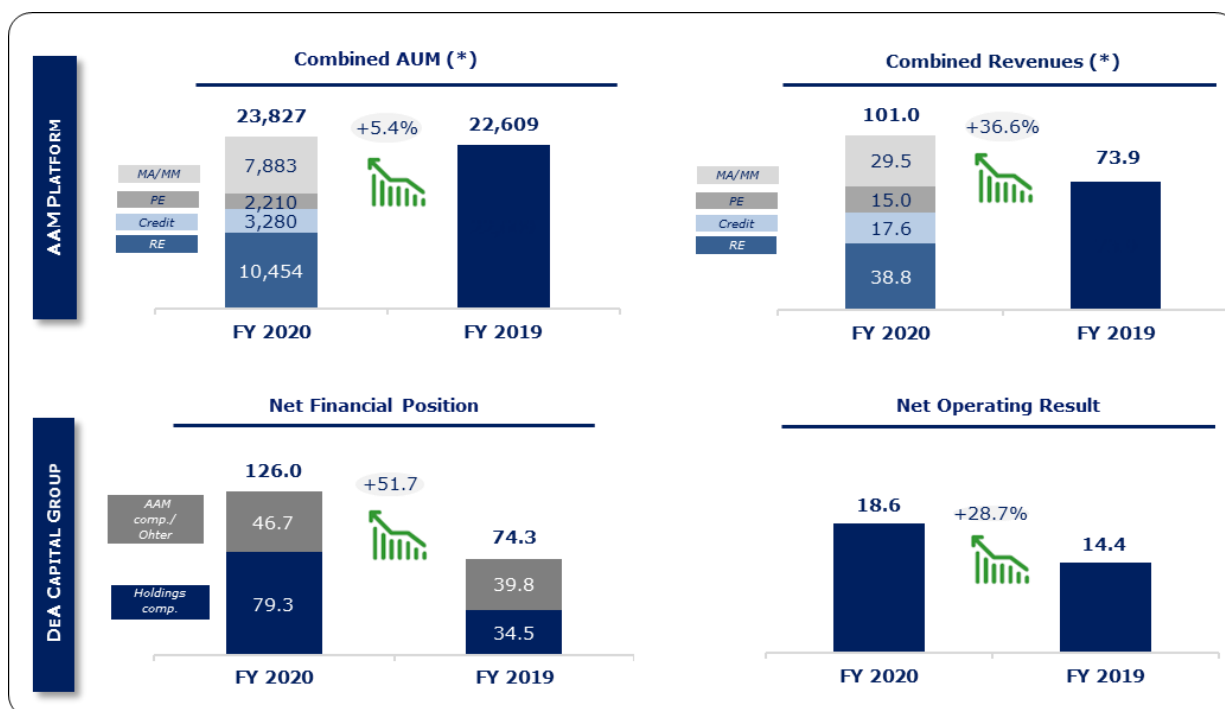
DeA Capital S.p.A. is listed on the Milan Stock Exchange - FTSE Italia STAR segment - and is the lead company of the De Agostini Group in Alternative Asset Management.

At 31 December 2020, the corporate structure of the Group headed by DeA Capital S.p.A. (the DeA Capital Group or the Group) was summarised below:



(\*) Alternative Investment mainly includes the portfolio of investments supporting the Platform ("Platform Investments"), relating to fund units (Real Estate, Credit, Private Equity) and co-investments (Real Estate, Private Equity).

## 2. Key Financials



(\*) Combined AUM (Assets Under Management) and Combined Revenues mean, respectively, the assets under management and the revenues of the asset management companies in which the Group holds an absolute/relative majority interest (non-consolidated), as well as the corresponding figures reported by the foreign subsidiaries. At 31 December 2020 the amounts relating to the included non-consolidated companies amounted to EUR 7,883 million at the level of Combined AUM and EUR 29.5 million at the level of Combined Revenues, (de facto corresponding to 100% of AUM and revenues of Quaestio Capital SGR)






### ➤ Managerial Income Statement

€M	FY 2020	FY 2019
<b>Net Operating Result AAM (*)</b>	<b>18.6</b>	<b>14.4</b>
AAM Other (Intern. RE Operations, Non Recurr. Items,...)	13.0	(2.7)
<b>Net Result AAM</b>	<b>31.6</b>	<b>11.7</b>
<b>Alternative Investment</b>	<b>(6.4)</b>	<b>5.4</b>
<b>Holding costs / Tax</b>	<b>(4.8)</b>	<b>(4.8)</b>
<b>Net Group Result</b>	<b>20.4</b>	<b>12.3</b>

(\*) Includes the Net Result Before PPA / non-recurring items of the three asset management companies of the Platform: DeA Capital RE SGR, DeA Capital AF SGR and Quaestio Capital SGR (@ 38.82%, incl. Quaestio Holding). Further details are provided in the section relating to segment reporting of the Consolidated Explanatory Notes.

## Alternative Asset Management

### ➤ Macroeconomic scenario

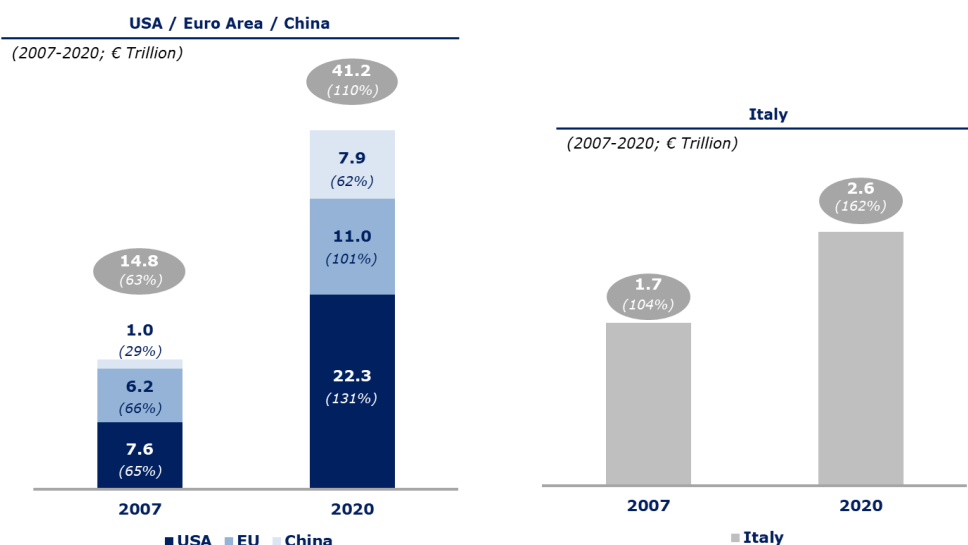
		CAGR	GDP 2020				Consensus (YoY %)		
		(2007–2020)	(Base 100: 31.12.2007)	Nominal GDP (€ Bln)	GDP PPP (€ Bln)	GDP Pro Capite PPP (€ k)	2020	2021	2022
World		2.8% ↑	143	68,585			-3.8%	5.2%	3.9%
USA		1.2% ↑	117	17,020	17,020	51.6	-3.5%	4.1%	3.4%
China		7.5% ↑	256	12,613	19,796	14.1	2.1%	8.2%	5.5%
Euro Area		0.1% →	102	12,208	15,867	35.7	-7.3%	4.3%	3.9%
Italy		-1.1% ↓	87	1,613	1,963	32.8	-9.0%	5.2%	3.7%

(Source: IMF - WEO Database October 2020; Bloomberg Consensus 31.12.2020)

Considering the evolution of world GDP from the pre-Lehman crisis period to the present (2007–2020), we can see that it is growing at a compound average annual rate of 2.8%, with a particularly strong increase recorded by China (which has overtaken both the US and Europe in terms of GDP at purchasing power parity - PPP).

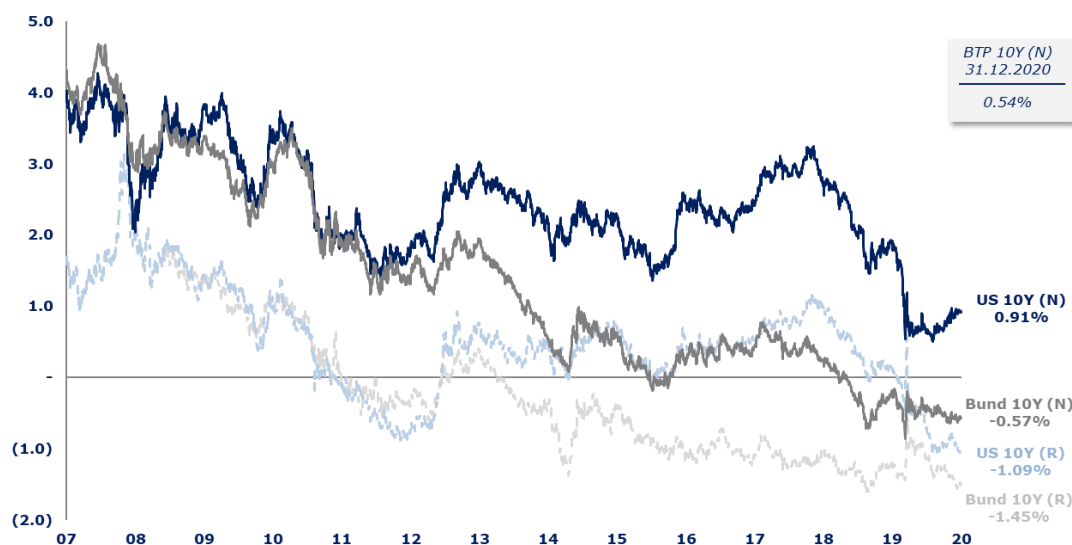
The year 2020 was characterised by the outbreak of the health crisis linked to the spread of COVID-19, resulting in a contraction of growth in the major economies. Of these, only China managed to close 2020 with an increase in GDP, albeit lower than the averages recorded in recent years. A significant recovery is expected in 2021–2022, also in relation to expectations of overcoming the health emergency.

From 2007 to 2020, the stock of accumulated government debt in the main economies (USA, Eurozone and China) has almost tripled in absolute terms, while at the same time its incidence in terms of GDP has also increased (from 63% in 2007 to 110% expected by 2020, mainly due to the expansionary policies adopted in the USA). Even in Italy, which started with a debt/GDP ratio already slightly above 100% in 2007, the stock of government debt is expected to reach around 160% by the end of 2020.



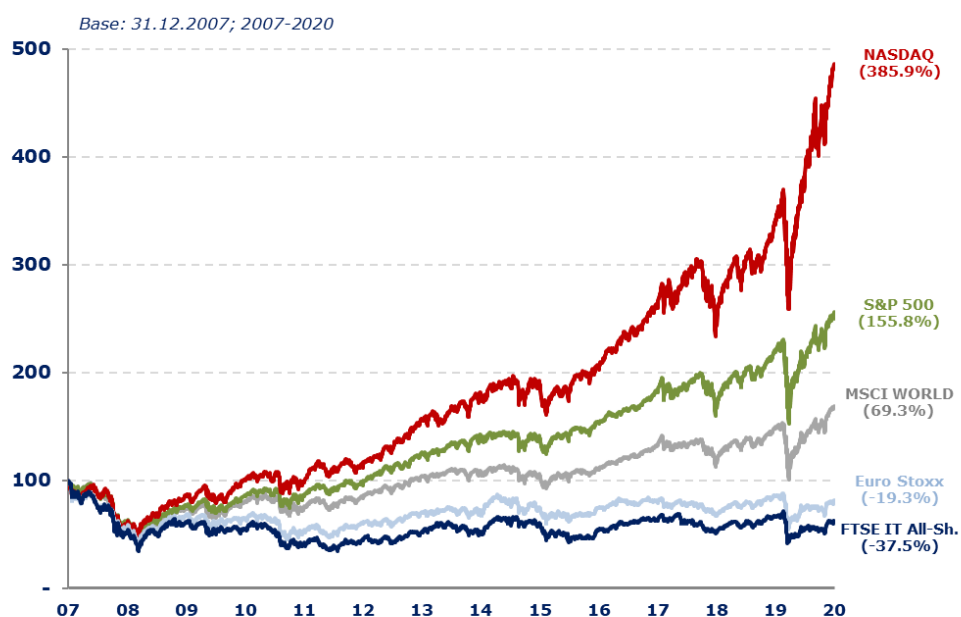
(Source: Bloomberg 31.12.2020)

10-year interest rates in the US, Germany and Europe in general have been steadily decreasing since 2007, with real values (net of inflation) now significantly negative. With the same stock of debt, there has in fact been a steady decrease in the cost of debt servicing over the years, which is now substantially lower than in previous years.



(Source: Bloomberg 31.12.2020)

Driven by the expansionary policies implemented by governments in recent years and the post-Lehman crisis economic recovery that has characterised many of the major mature and emerging economies, the main global stock market indices have recorded sustained growth, despite the fact that major financial and economic crises occurred between 2007 and 2020 (Lehman, sovereign debt in some European countries, COVID-19). In particular, the NASDAQ has recorded very significant growth rates over the last period, with an appreciation of almost 400% over the period 2007-2020. Europe, and Italy in particular, is struggling to return to the levels of capitalisation seen at the end of 2007.



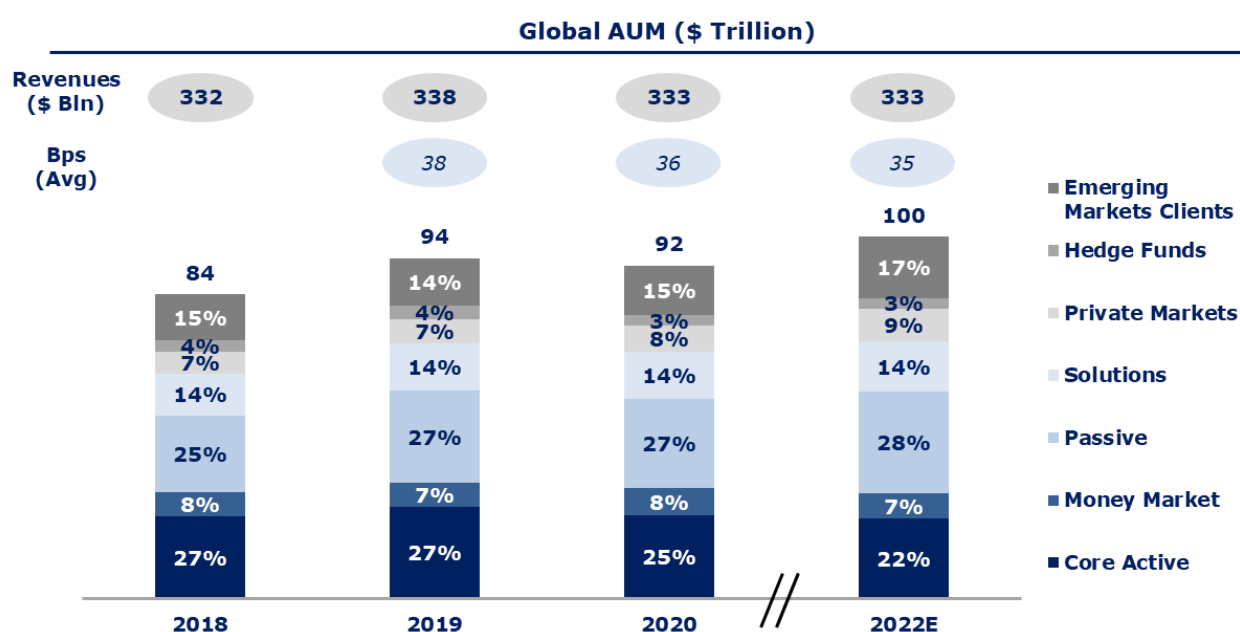
(Source: Bloomberg 31.12.2020)



Economic and financial expectations for 2021 are strongly impacted by the forecasts of exit from the health crisis resulting from the spread of COVID-19. In this respect, the effectiveness of the vaccination plans that governments manage to put in place will play a crucial role. National and supra-national plans to support economic growth through borrowing will also continue in an attempt to revive the economy. Such expansionary policies could lead, among other things, to the maintenance of a macroeconomic framework characterised by "controlled" interest rates and an increase in financial market volatility.

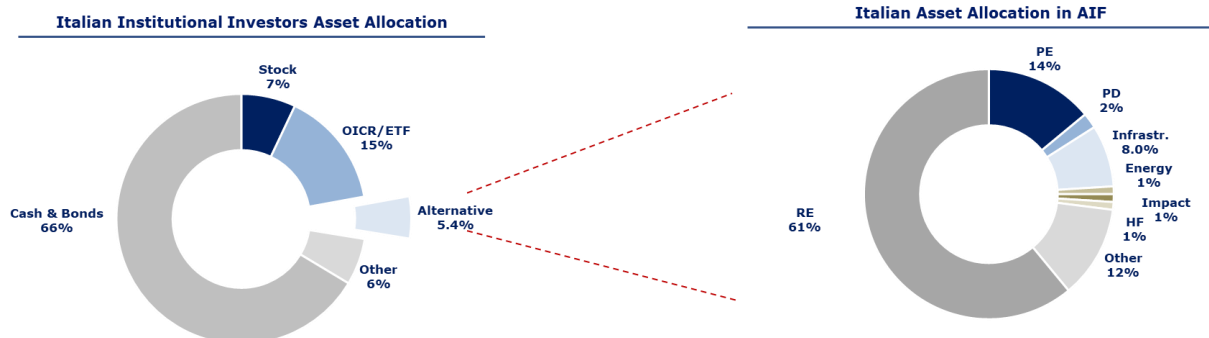
## ➤ Asset Management Segment

Globally, the Asset Management industry is expected to reach \$100 trillion in assets under management by 2022, with revenues of approximately \$333 billion. At the product level, we expect a reduction in the weight of Core Active strategies (from 27% in 2018 to 22% in 2022) and a parallel growth in Passive (28% vs 25%) and Private Markets (9% vs 7%). The expected growth in Emerging Markets Clients is also significant (from 15% in 2018 to 17% in 2022).



(Source: Morgan Stanley & Oliver Wyman - Global Asset Managers Report 2020)

In the Italian context, institutional investors' assets are mainly concentrated in monetary and bond products (66%); OICR units account for 14%, equities 7%, while FIAs account for 5.4% of the total asset allocation. In terms of FIA investments alone, real estate accounts for over 60%, private equity and private debt for 16% and infrastructure for 8%.



(Source: Social Security Itineraries - 7th Report Institutional Investors)

In a world of limited fixed income returns and increasing market volatility, the need for investors to seek structured solutions to manage their exposure to an optimised range of investments consistent with their risk-return objectives is driving the expected growth of the asset management industry over the coming years. Within this, Alternative Asset Management, also in Italy, is assuming an increasingly central role, offering investors new opportunities for diversification and return through its main asset classes.

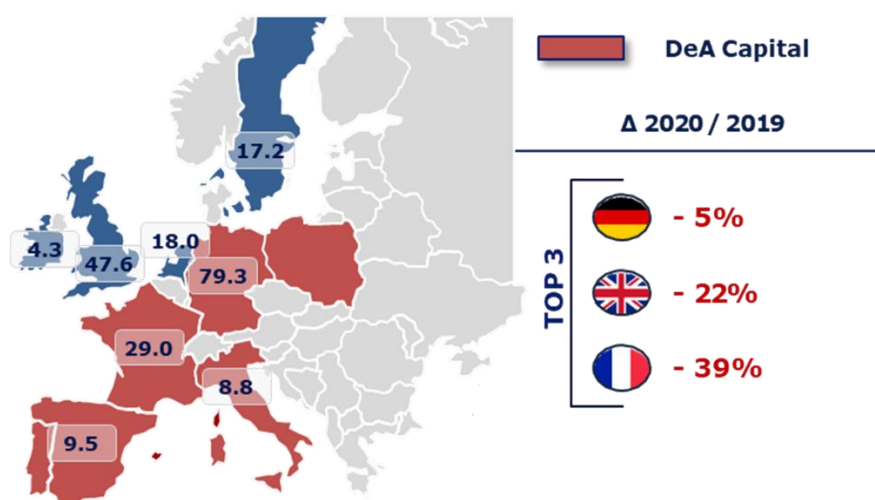
## ➤ Alternative Asset Management – Real Estate

Commercial real estate investment in Europe amounted to €91.3bn in Q4 2020, with a total of €276.6bn recorded for the year. Although volumes invested are down on 2019, performance is better than initially expected with a return to pre-COVID volumes expected by 2022.

The three most active European countries in terms of investments were Germany, Great Britain and France, accounting for about 60% of the total investments registered:

- Germany, with €79.3bn in sales, remained the largest market, although it fell by 5% YoY;
- Great Britain, although volumes remained strong, recorded a 22% YoY decline to around €48bn;
- France, with a total transacted volume of around €29 billion, recorded a 39% YoY decrease.

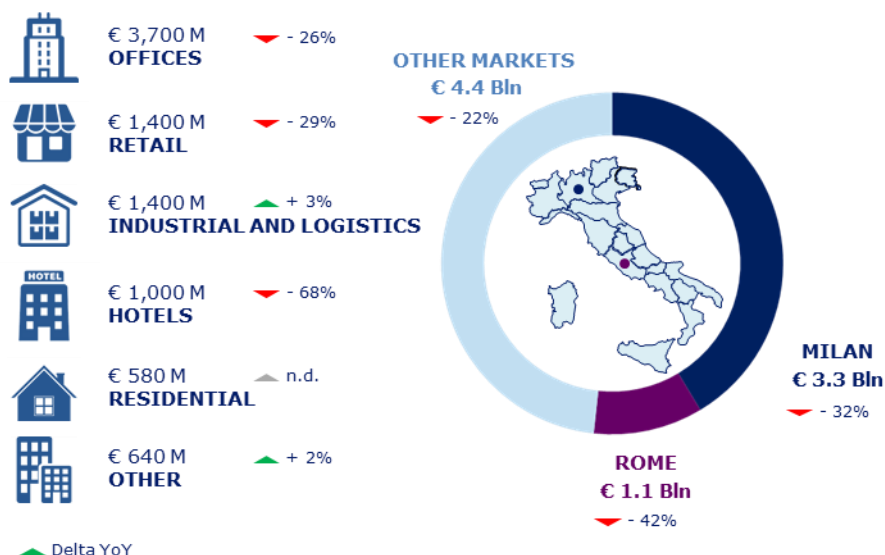
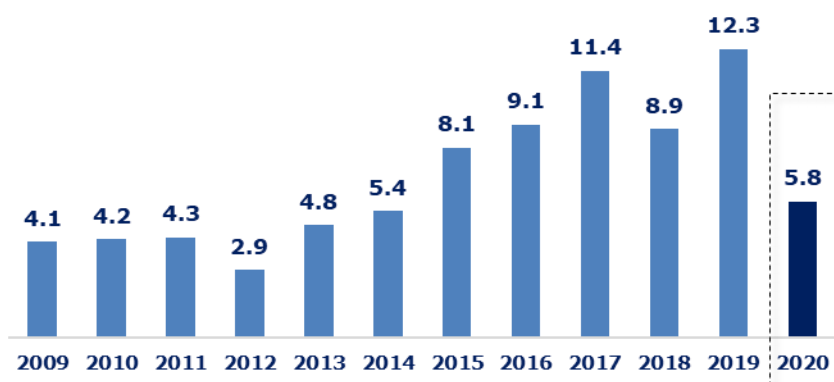
Commercial RE Investments Evolution in Europe (€/Bln)



(Source: CBRE - European Investment Market Snapshot - FY 2020)

In Italy, the volume of investments for the whole of 2020 is estimated at around €8.8bn, down from the record values of 2019 but essentially at the same levels recorded in 2018. Investors' focus remained on core products, particularly in the office segment, which continued to be the segment with the highest investments. Despite the large amount of liquidity available, the uncertainty surrounding the pandemic limited the use of leverage for value-added transactions. In the retail segment, investors' cautious attitude was confirmed despite the recovery in retail sales since the end of the March/April 2020 lockdown. Good performance for logistics, financed mainly by foreign capital. Finally, significant transactions were also recorded in the residential segment where, despite the lack of product, investor interest and demand remained high, driven by the perceived security of this asset class in an uncertain environment.

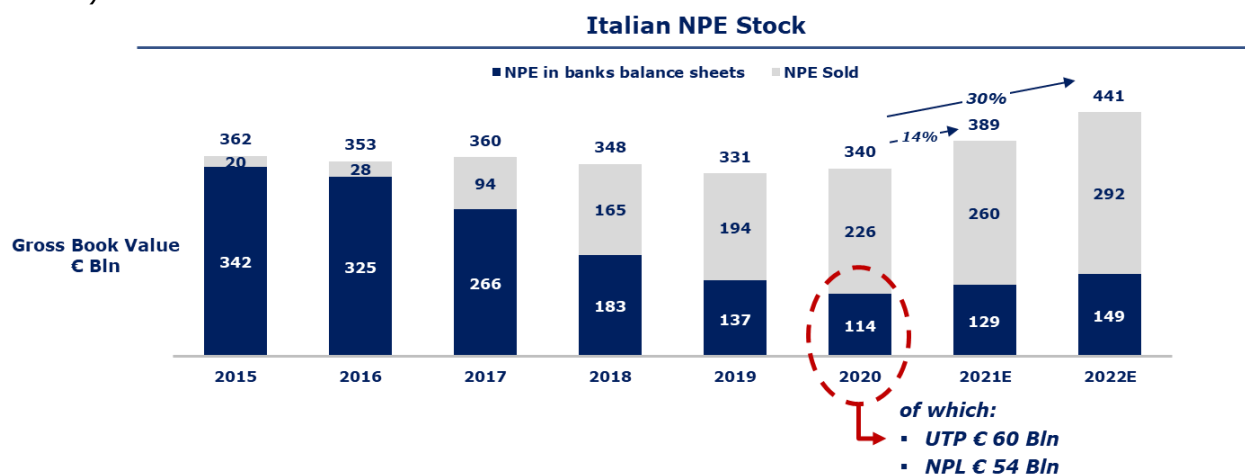
### Commercial RE Investments Evolution in Italy (€/Bln)



(Source: CBRE - Press release of 2.2.2021)

## ➤ Alternative Asset Management – Credit

From the record stock of Non Performing Exposures ("NPE") reached in 2015 (over €340bn), banks have progressively made a series of divestments to arrive in 2020 at a stock of around €115bn of which €60b of UTP and €54b of NPLs. The positions sold were essentially taken over by specialised operators (AMCO, Quaestio, Banca IFIS, Fortress, etc.) and were also finalised with the support of the GACS Guarantee (a state guarantee on the securitisation of non-performing loans, aimed at facilitating the release of these loans from the banks' balance sheets).



(Source: Banca IFIS - NPL Transaction Market and Servicing Industry - January 2021)

In the early months of 2020, due to the spread of COVID-19 and uncertainty over the duration of the health emergency, investors largely adopted a wait-and-see approach, resulting in a declining market. Following the lockdown period in March/April, the market nevertheless rebounded strongly, with an acceleration starting in June and July. Overall, more than €30bn worth of deals were completed in 2020, in line with expectations.

The emergence of COVID-19 suggests a pick-up in new bank NPE flows in the coming years, with estimates of up to €150bn in 2022 for loans on bank balance sheets, rising to more than €440bn if transferred NPLs and UTPs are also considered.

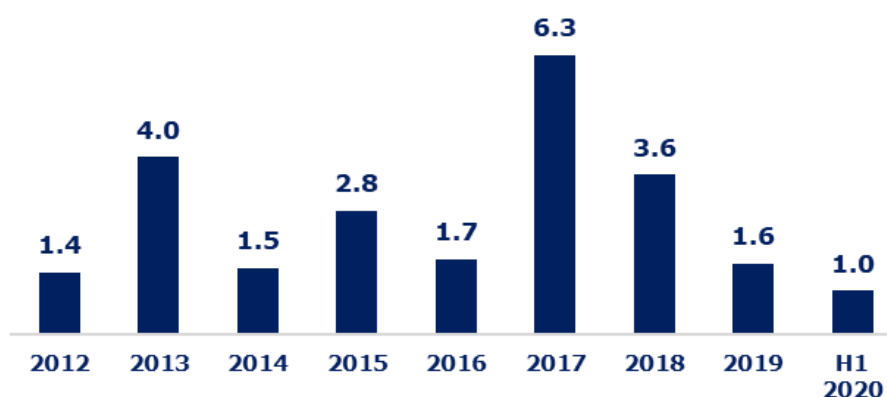
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## ➤ Alternative Asset Management – Private Equity

In the first six months of 2020, funding in the private equity and venture capital market amounted to €960M, more than double the €435M of the first half of the previous year, although lower than the funding figures for the first six months of 2018 and 2017 of €1,850M and €1,195M respectively. The capital raised comes mainly from insurance companies (43%), pension funds and provident funds (18%), the public sector (16%) and individual investors / Family Office (14%).

### Fundraising (€ Bln)

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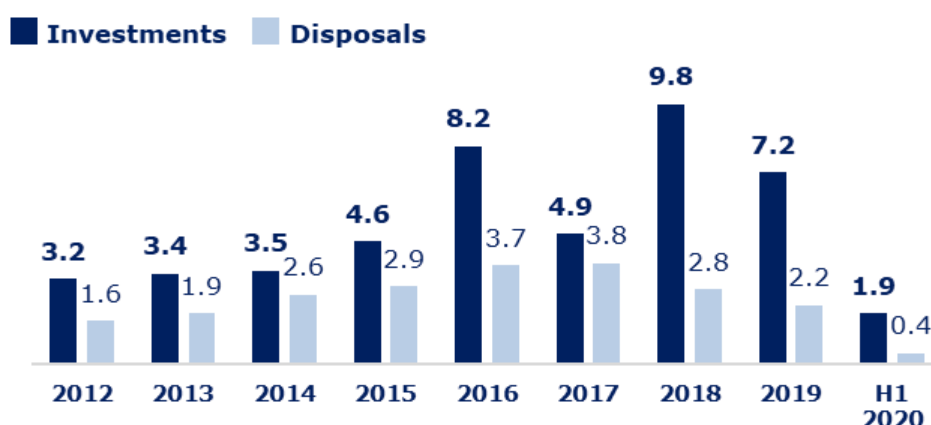


(Source: AIFI - The Italian Private Equity and Venture Capital market H1 2020)

In the first half of 2020, the amount of disinvested holdings was €0.4bn, with investments of €1.9bn. The number of exits was 30, down from 66 in the first half of 2019. The most popular channel for divestments, in terms of volume, was the sale to another private equity firm (71%).

### Investments and disposals (€ Bln)

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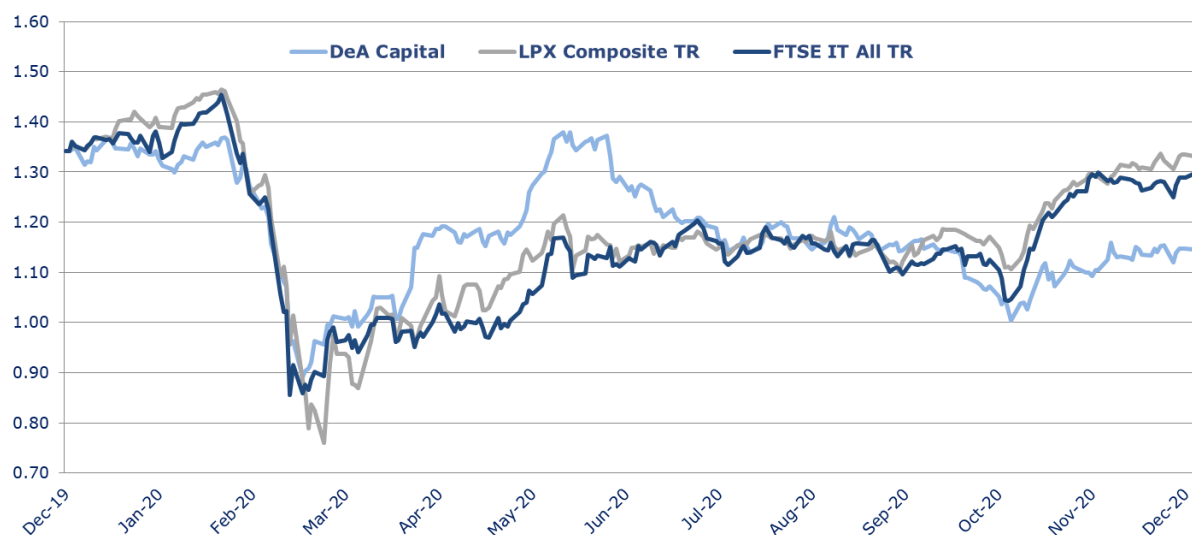
(Source: AIFI - The Italian Private Equity and Venture Capital market H1 2020)

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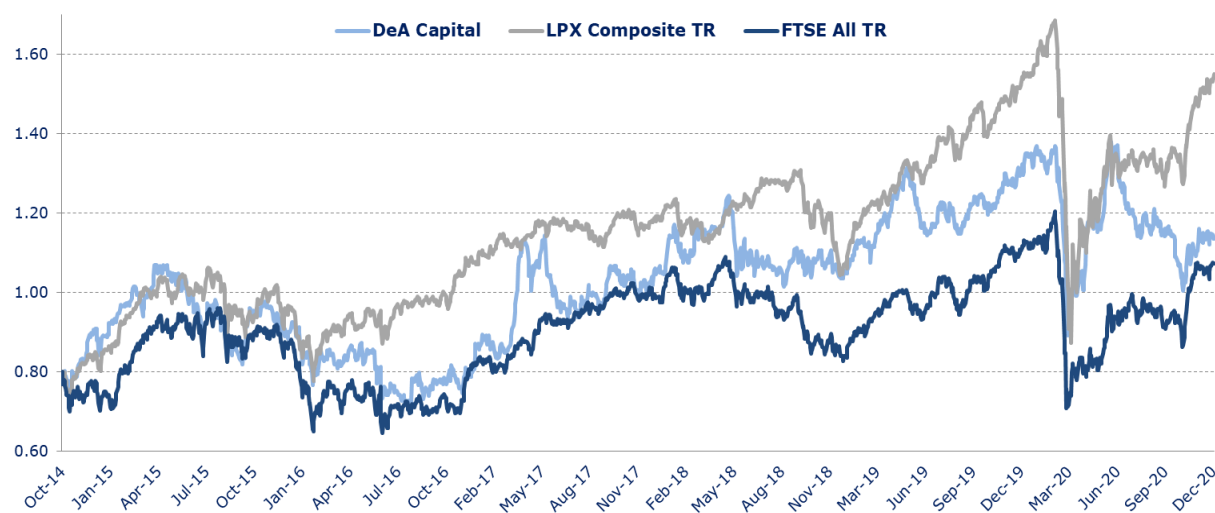
### 3. Information for shareholders

#### ➤ Share performance

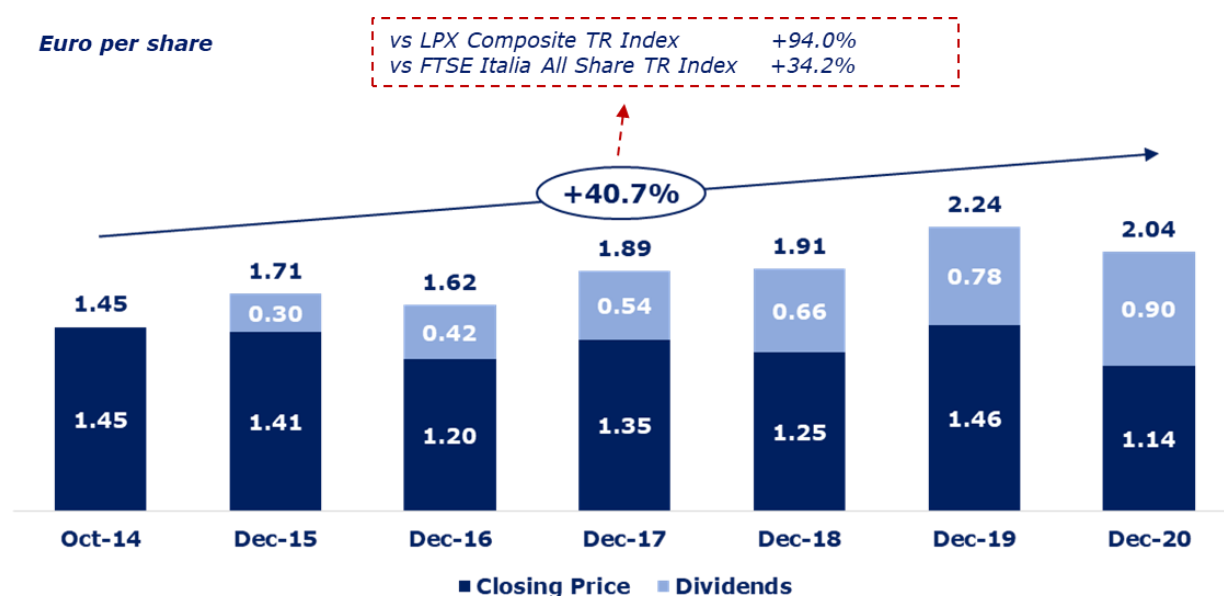
##### - From 1 January 2020 to 31 December 2020



##### - From 1 October 2014 to 31 December 2020



- **From 1 October 2014 <sup>(\*)</sup> to 31 December 2020 – Total Shareholder Return**



(\*) Performance since 1 Oct. 2014 (closing date for the exit from the investment in Générale de Santé) to 31 Dec. 2020

### Performance of the DeA Capital share

In terms of performance in 2020, the DeA Capital share price changed by -15.3%; over the same period, the FTSE All-Share® TR and LPX Composite® TR have recorded performances of -3.5% and +0.46% respectively.

From 1 October 2014, (the closing date for the sale of the investment in GDS) to 31 December 2020, the overall performance (including extraordinary dividends) of DeA Capital shares was up +40.7%, while the Italian FTSE All-Share® TR index +34.2% and the LPX Composite® TR index +94.0% (source Bloomberg).

Share liquidity during 2020 stood at average daily trading volumes of approximately 206,000 shares, up from the average daily trading volume in 2019.

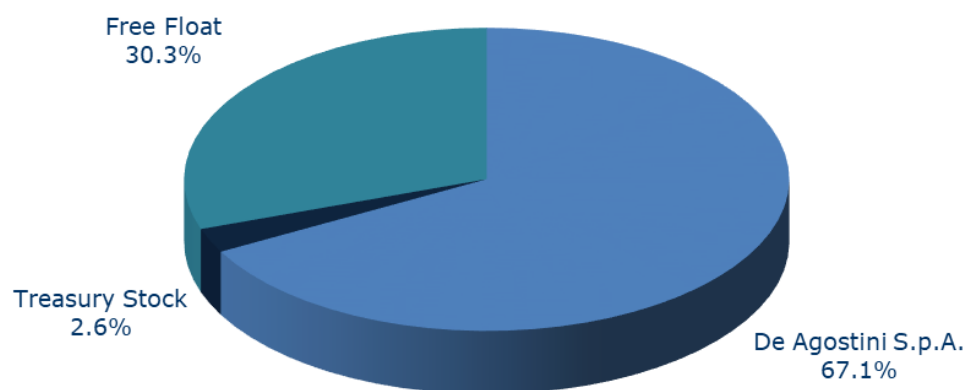
DeA Capital's share prices recorded in 2020 are listed below:

in EUR	1 Jan. / 31 Dec. 2020
Maximum price	1.38
Minimum price	0.89
Average price	1.18
Price at 31 December 2020 (EUR per share)	1.14
<b>Market capitalisation as at 31 December 2020 (EUR million)</b>	<b>296</b>



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➤ **Shareholder structure of DeA Capital S.p.A. (#)**



(#) Figures at 31 December 2020

Note: as at 12 March 2021, the number of treasury shares is 7,038,678

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## **Investor Relations**

DeA Capital S.p.A. maintains stable and structured relationships with institutional and individual investors. During 2020, despite the difficult context due to the global spread of the COVID-19 virus, the Company maintained a constant and timely **communication activity**, also through participation in roadshows held in virtual mode: the STAR Conference 2020 Milan, held at the end of May (the event normally takes place in March), and the Virtual STAR Conference 2020 Fall Edition, held in October. On these occasions, the Company met with numerous institutional investors (both domestic and international). In general, telephone videoconferences were held during the year with institutional investors, portfolio managers and financial analysts, both from Italy and other countries.

The stock is currently hedged with **research** by one of the leading intermediaries on the Italian market, **Intermonte SIM**, which is also a DeA Capital specialist. In addition, **Kepler Cheuvreux**, a leading international platform in Europe in the coverage of SMEs, with in-depth knowledge of the Alternative Asset Management sector, and **Banca Akros**, a leading Italian Broker House with excellent market expertise, with a focus on diversified financials and the Italian Asset Management market, began coverage of the stock at the end of 2020. The research carried out by these intermediaries is available in the Investor Relations / Analyst Coverage section of the website [www.deacapital.com](http://www.deacapital.com).

In December 2008, the DeA Capital share joined the LPX® **indices**, specifically the LPX Composite® and LPX Europe®. The LPX® indices measure the performance of the main listed companies operating in private equity (Listed Private Equity, or LPE) and, thanks to the significant diversification by region and type of investment, have become one of the most popular benchmarks for the LPE asset class. The methods used to construct the indices are published in the LPX Equity Index Guide. For further information, please visit the website: [www.lpx.ch](http://www.lpx.ch). In addition, DeA Capital is included in the FTSE Italia Small Cap Index, the index of the Italian stock exchange that includes around 130 listed companies with a total capitalisation of around 4% of the market value <https://www.borsaitaliana.it/borsa/azioni/small-cap/lista.html>.

The DeA Capital S.p.A. **website** can be accessed at [www.deacapital.com](http://www.deacapital.com) and is available in Italian and English. The site is packed with information, financial data, instruments, documents and news about the DeA Capital Group. It is also possible to access the social networks where DeA Capital S.p.A. is present directly from the homepage, as well as to share articles, press releases or sections on social networks. DeA Capital S.p.A. has consolidated its presence on LinkedIn (with the latest institutional documents, such as reports, presentations and press releases).

Furthermore, DeA Capital S.p.A. has published an **interactive report** containing the annual financial results. These are available from the "Annual and quarterly reports" section of the website.

The web is the main point of contact for investors, who can subscribe to various mailing lists and receive all news on the DeA Capital Group in a timely manner, as well as send questions or requests for information and documents to the Company's Investor Relations area, which is committed to answering queries promptly, as stated in the Investor Relations Policy published on the site.

DeA Capital S.p.A. is thus continuing to strengthen its presence on the web and make its information available.

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## 4. Significant events during the year

Significant events in 2020 are outlined below.

### **ALTERNATIVE ASSET MANAGEMENT**

Despite the complex framework induced by the spread of COVID-19, during 2020 the Group continued the Platform development activities in all business segments.

More specifically, in the **Real Estate** segment, new initiatives for Assets under Management totalling approximately EUR 900 million have been finalised.

In the **Credit** area, new assets of EUR 93 million were contributed to the CCR II fund, bringing its total size to over EUR 650 million.

In the context of **Private Equity**, the Platform has:

- launched new funds, raising a total of EUR 400 million (of which EUR 330 million for the **Taste of Italy 2** fund, intended for initiatives in the agri-food sector in Italy and Spain, and EUR 70 million for **Sviluppo Sostenibile II**, with a focus on ESG Compliant companies). To support the initiatives, DeA Capital S.p.A. has made a commitment of up to approximately EUR 25 million;
  - finalised a new EUR 25 million closing for the multi-manager **DeA Endowment Fund**, dedicated to Foundations.
- **Acquisition of Quaestio Holding / Quaestio Capital SGR - Payment of the price supplement of the NPL Servicing activities and collection related to the disposals of the NPL Servicing and NPL Management activities**

In February 2020, following the sale by Quaestio Holding of its stake in Quaestio Cerved Credit Management (NPL Servicing business) and on the basis of the agreements signed in connection with Quaestio Holding's entry into the company structure, DeA Capital S.p.A. paid EUR 16.5 million as a price supplement (with the amount already recognised under financial liabilities as at 31 December 2019).

Also in accordance with the aforementioned agreements, in May 2020 Quaestio Holding distributed the amounts substantially attributable to the disposals of the NPL (Management and Servicing) activities, for a cash-in by DeA Capital S.p.A. equal to EUR 22.3 million (amount already included in the NFP as at 31 December 2019).

- **A further step in the internationalisation process of the Alternative Asset Management Platform**

In October 2020, the incorporation of **DeA Capital Real Estate Germany** was completed. This is a company under German law, 70% of which is owned by the DeA Capital Group and the remainder by a local key manager. The company's objective is to develop the real estate advisory business for fundraising and real estate asset advisory and management, with a focus on core+, value-add and opportunistic segments, in Germany, Austria and Switzerland.

In addition, the company also intends to offer products and services in the field of real estate investments through REITs; with this in mind, a specialised team has been acquired to deal with investments in listed companies in the real estate sector. The launch of DeA Capital Real Estate

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Germany represents a further boost to the internationalisation process of DeA Capital's Alternative Asset Management platform, which already operates in France, Spain, Portugal and Poland. Like the other foreign subsidiaries, the company intends to act as a privileged point of contact for institutional investors to diversify their "alternative" investments, including through the establishment and management of pan-European funds.

## **OTHER MAJOR EVENTS**

### **➤ Distribution by IdeaMI**

In 2020, DeA Capital S.p.A. received EUR 22.2 million from the balance of the liquidation assets for ordinary shareholders and the residual amount pertaining to the special shares of IDeaMI (SPAC).

### **➤ Share buy-back plan**

On 20 April 2020, the Shareholders' Meeting of DeA Capital S.p.A. authorised the Board of Directors to buy and sell, on one or more occasions and on a revolving basis, a maximum number of shares in the Company up to a stake of no more than 20% of the share capital (or approximately 53.3 million shares).

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

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

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

The Shareholders' Meeting determined a minimum consideration, conferring on the Board of Directors the power to determine, from time to time, 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 prior to each individual disposal transaction, except in specific cases identified by the Shareholders' Meeting.

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➤ **Long-term incentive schemes**

In April 2020, 1,184,906 treasury shares (representing approximately 0.4% of the share capital) were allocated under the 2016-2018 and 2017-2019 Performance Share Plans.

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

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

➤ **Appointment by co-option of Mr Nicola Drago as non-executive and non-independent Director of DeA Capital S.p.A.**

On 12 May 2020, the Company's Board of Directors appointed Mr Nicola Drago as the new non-executive and non-independent Director of DeA Capital S.p.A., following the resignation of Mr Marco Drago. Mr Marco Drago, who held the position of non-executive and non-independent Director, held no positions on the internal committees of the Board of Directors. Mr Nicola Drago, who will remain in office until the next Company's Shareholders' Meeting, was co-opted into the administrative body in accordance with the provisions of the law and Articles of Association.

➤ **Approval of the new organisational structure of DeA Capital S.p.A., with the appointment of Manolo Santilli, Chief Financial Officer, as Chief Operating Officer from 1 July 2020**

On 12 May 2020, the Board of Directors also approved the new organisational structure of DeA Capital S.p.A., on the proposal of CEO Paolo Ceretti and following the favourable opinion of the Remuneration and Appointments Committee.

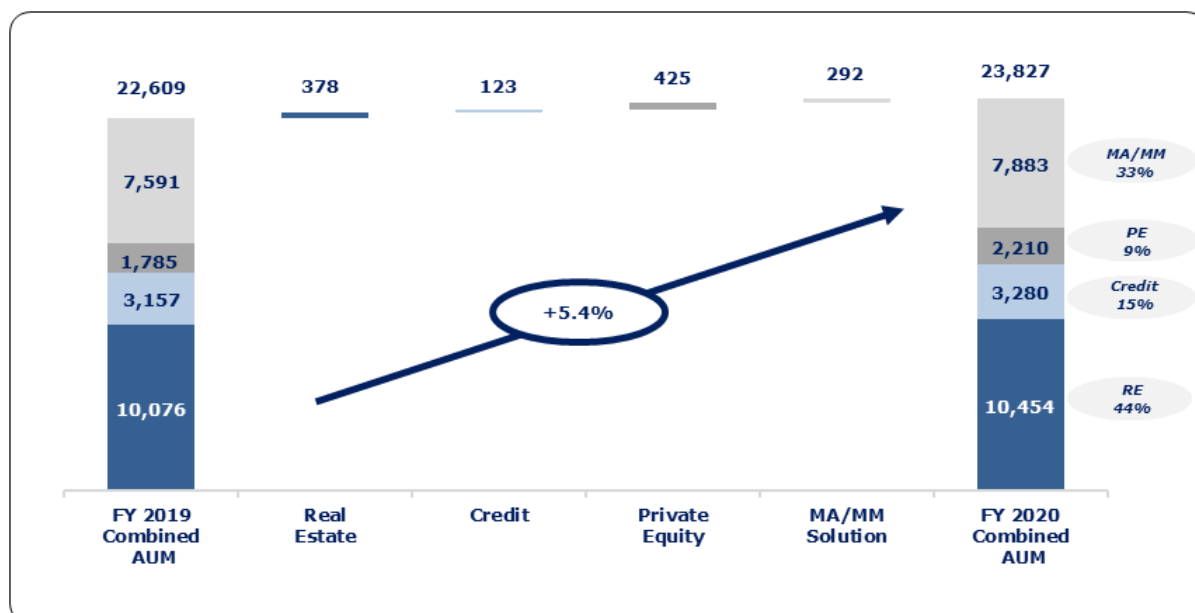
The new organisational structure, defined in the framework of both a greater complexity and operational scale, as well as the need to support the Group's development, provided for the appointment – effective from 1 July 2020 – of Manolo Santilli (Chief Financial Officer) as Chief Operating Officer of DeA Capital S.p.A; Emanuele Caniggia, Chief Executive Officer of DeA Capital Real Estate Asset Management Company; and Gianandrea Perco, Chief Executive Officer of DeA Capital Alternative Funds Asset Management Company, who will continue to report to the Company's Chief Executive Officer, Paolo Ceretti.

➤ **Partial extraordinary distribution of the Share Premium Reserve.**

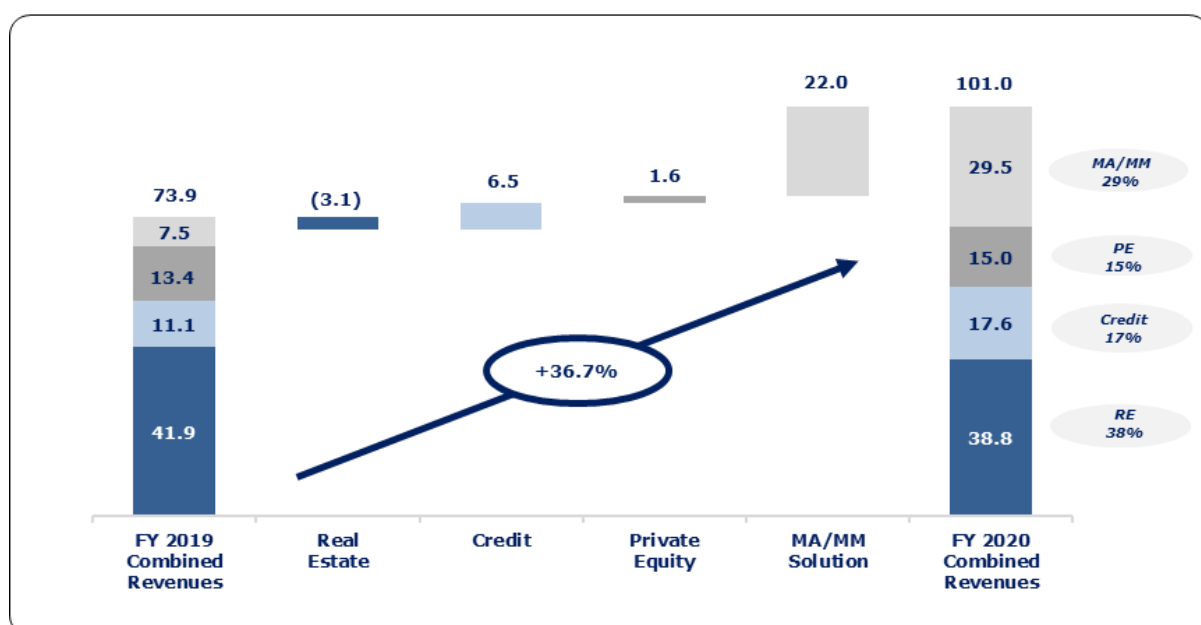
On 24 June 2020, in accordance with the vote of the Shareholders' Meeting on 20 April 2020, DeA Capital S.p.A. made a partial distribution of the Share Premium Reserve at EUR 0.12 per share, i.e., for an overall amount of around EUR 31.3 million based on the total number of entitled shares.

## 5. Results of the DeA Capital Group

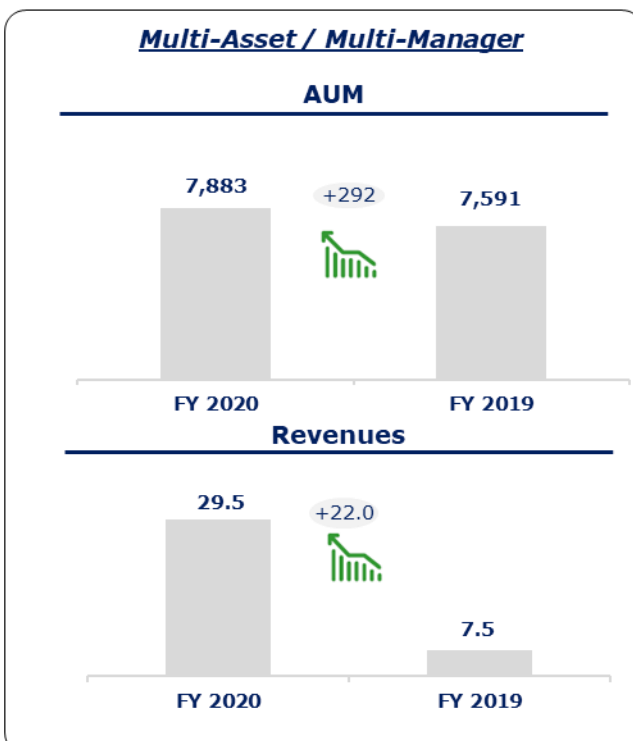
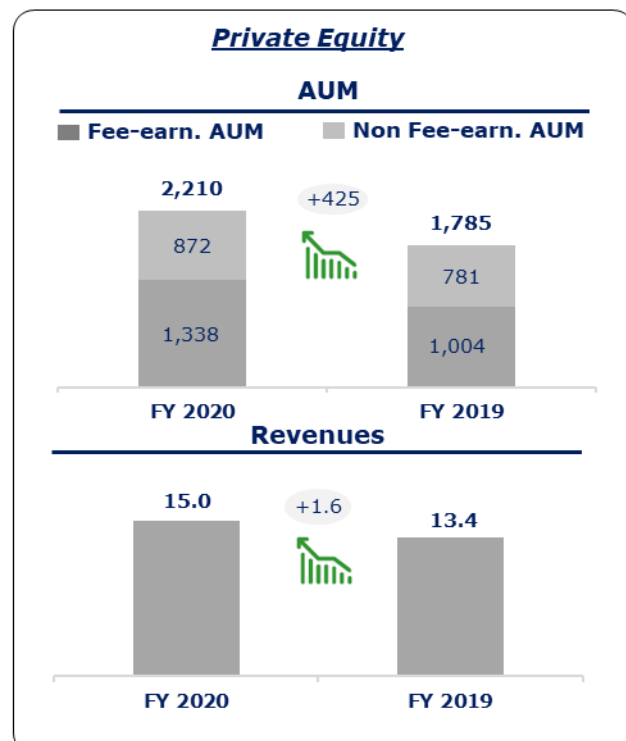
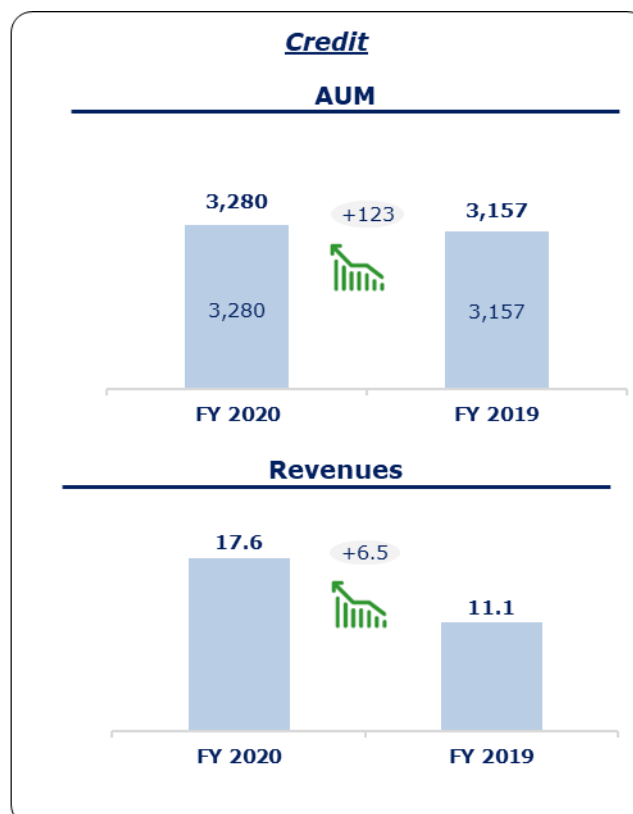
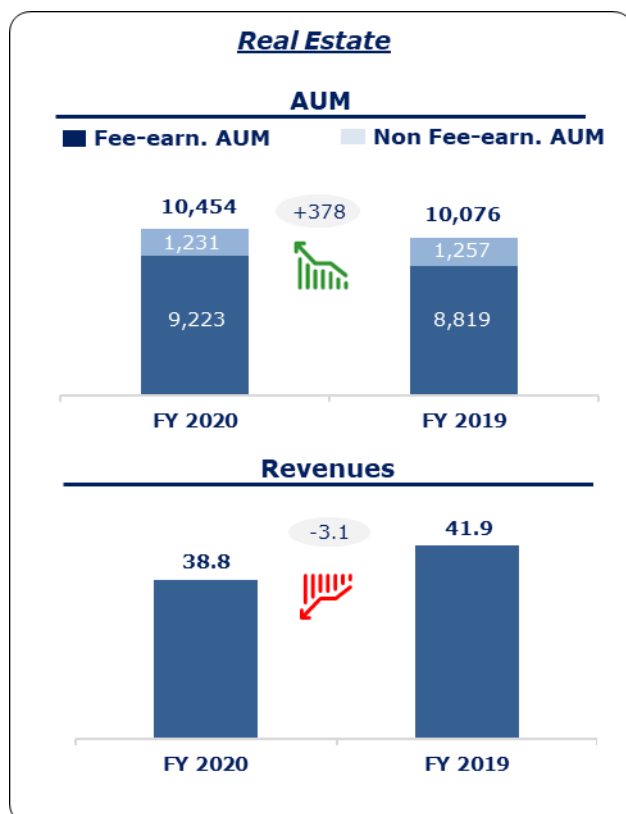
### ➤ Alternative Asset Management Platform - AUM (M€)



### ➤ Alternative Asset Management Platform - Revenues (M€)



➤ Details for Investment Solution (M€)



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➤ **Consolidated Results - Income Statement**

The Group Net Profit recorded in FY 2020 was positive and amounted to EUR 20.4 million, compared to EUR 12.3 million in FY 2019.

Revenues and other income as at 31 December 2020 break down as follows:

- Commissions from Alternative Asset Management of EUR 71.5 million (EUR 66.4 million in 2019);
- Result from holdings valued at equity positive by EUR +0.1 million (EUR -0.6 million in 2019);
- Other investment income and expenses totalling EUR -9.2 million (EUR +6.8 million in 2019), mainly due to the reduction in the fair values of the assets in the Opportunity Fund I portfolio ( EUR -10.8 million).

Operating expenses totalled EUR 62.5 million (of which EUR 52.1 million related to Alternative Asset Management), compared to EUR 59.5 million in 2019.

Financial income and expenses totalled EUR -1.6 million at 31 December 2020 (EUR +2.8 million in 2019), mainly relating to the Opportunity Fund I.

The overall impact of taxes in 2020 of EUR +14.9 million (EUR -5.0 million in 2019) is the result of taxes relating to Alternative Asset Management of EUR +11.3 million, deriving mainly from the positive effects of the tax realignment<sup>(\*)</sup> of the goodwill of DeA Capital Real Estate Asset Management Company.

The Group's net result of EUR +20.4 million breaks down as follows: EUR +31.6 million attributable to Alternative Asset Management, EUR -6.4 million to Alternative Investment and EUR -4.8 million to holding companies/eliminations.

(\*) DeA Capital Real Estate Asset Management Company opted to exercise the option provided for by Article 1, paragraph 83 of the 2021 Budget Law to realign the lower tax value of its goodwill to the book value, as reported in the Financial Statements to 31 December 2019, by paying a 3% substitute tax. The transaction will allow the goodwill to be amortised for tax purposes over 18 years, starting in the 2021 tax year, and deducted from the IRES and IRAP tax base. Given an accounting goodwill of 62.4 million Euros, the transaction produced a one-off positive economic effect in the 2020 Financial Statements of the Asset Management Company totalling EUR 16.2 million. (corresponding to the impact of the recognition of new deferred tax assets for the future deductibility of depreciation, recognised net of the substitute tax paid).



## Summary Consolidated Income Statement

(EUR thousand)	FY 2020	FY 2019
Alternative Asset Management fees	71,316	66,117
Income (loss) from investments valued at equity	147	(647)
Other investment income/expense	(9,219)	6,832
Other revenues and income (*)	874	441
Other expenses and charges (**)	(62,505)	(59,475)
Financial income and expenses	(1,597)	2,791
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>(984)</b>	<b>16,059</b>
Income tax	14,896	(5,003)
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>13,912</b>	<b>11,056</b>
Profit (Loss) from discontinued operations/held-for-sale assets	0	0
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>13,912</b>	<b>11,056</b>
- Group share	20,410	12,256
- Non controlling interests	(6,498)	(1,200)

(\*) It includes the items "revenues from service activities", "expenses for services", "other revenues and income"

(\*\*) It Includes 'personnel expenses', 'expenses for services', 'depreciations and amortisations' and 'other expenses'

## Performance by business in 2020

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

## Performance by business in 2019

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

➤ Consolidated Results - Statement of Financial Position

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

The table below shows the evolution of the Group's shareholders' equity during 2020:

<i>Change in Group NAV</i>	<i>Total value (EUR m)</i>	<i>No. shares (millions)</i>	<i>Value per share (EUR)</i>
<b>Group Equity at 31.12.2019</b>	<b>457.5</b>	<b>260.0</b>	<b>1.76</b>
Extraordinary dividend distributed	(31.3)		(0.12)
<b>Group Equity at 31.12.2019 "adjusted"</b>	<b>426.2</b>	<b>260.0</b>	<b>1.64</b>
Treasury shares purchased	(1.7)	(1.5)	1.12 <sup>(§)</sup>
Treasury shares delivered under incentive plans	0.0	1.2	1.14 <sup>(*)</sup>
Comprehensive income - Statement of Performance - IAS 1	19.9		
Other changes	2.0		
<b>Group Equity at 31.12.2020</b>	<b>446.4</b>	<b>259.7</b>	<b>1.72</b>

(§) Average price of purchases

(\*) Market price at the delivery date of the shares

### ➤ Consolidated Results - Net Financial Position

As at 31 December 2020, the consolidated net financial position was EUR 126.0 million, as shown in the table below.

<b>Net financial position</b> <i>(EUR million)</i>	<b>31.12.2020</b>	<b>31.12.2019 <sup>(§)</sup></b>	<b>Change</b>
Cash and cash equivalents	123.6	68.2	55.4
Financial assets at Fair Value through OCI	14.3	14.2	0.1
Financial receivables	3.8	25.0	(21.2)
Non-current financial liabilities	(12.0)	(13.5)	1.5
Current financial liabilities	(3.7)	(19.6)	15.9
<b>TOTAL</b>	<b>126.0</b>	<b>74.3</b>	<b>51.7</b>

(\*) Data at 31.12.2019 restated for dividends distributed in June 2020 (31.3 € million)

The positive change in consolidated Net Financial Position recorded during 2020 compared to 31 December 2019 reflects the operating flows of Alternative Asset Management and the effects of the liquidation of assets of Alternative Investment (including approximately EUR 22.2 million related to IDEaMI).

The Company believes that the cash and cash equivalents and the other financial resources available are sufficient to meet the requirement relating to payment commitments already subscribed to in funds, also taking into account the amounts expected to be called up/distributed by these funds. With regard to these residual commitments, the Company believes that the resources currently available, as well as those that will be generated by its operating activities, will enable the Group to meet the financing required for its investment activity and to manage working capital.

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## 6. Results of the Parent Company DeA Capital S.p.A.

DeA Capital S.p.A. operates as the Group's holding company, coordinating, developing and strategically managing its subsidiaries, and as a company that makes financial investments directly.

A summary of the Income Statement and the Statement of Financial Position of DeA Capital S.p.A. for the year ended 31 December 2020 is shown below.

### ➤ Results of the Parent Company - Economic Situation

(EUR)	Financial Year 2020	Financial Year 2019
Other investment income/expense	30,365,464	18,503,754
Income from services	864,062	1,067,147
Other revenues and income	199,839	159
Personnel costs	(10,002,601)	(9,420,153)
Financial income/expenses	(13,876)	558,239
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>21,412,888</b>	<b>10,709,146</b>
Income tax	4,018,178	1,742,313
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>25,431,066</b>	<b>12,451,459</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>25,431,066</b>	<b>12,451,459</b>

The positive Net Profit of EUR 25.4 million (compared to EUR 12.5 million in 2019) mainly reflects the alignment of the value of the investments as a result of the Asset Valuation process (in particular + EUR 22.8 million related to DeA Capital Investments / DeA Capital Real Estate Asset Management Company).

➤ **Results of the Parent Company - Balance Sheet**

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

At 31 December 2020, the Parent Company's shareholders' equity amounted to approximately EUR 460.3 million, compared to EUR 466.2 million at 31 December 2019, with a change of EUR -5.9 million mainly due to the partial distribution of the Share Premium Reserve (EUR -31.3 million) and the positive result for the Year.

Pursuant to the CONSOB Communication of 28 July 2006, the table below shows the reconciliation between shareholders' equity and net profit at 31 December 2020 recorded by the parent company DeA Capital S.p.A. and the corresponding figures recorded at consolidated level.

<i>(EUR thousand)</i>	<b>Net Equity at 31.12.2020</b>	<b>Net Profit/(Loss) 2020</b>	<b>Net Equity at 31.12.2019</b>	<b>Net Profit/(Loss) 2019</b>
<b>EQUITY and net profit/(loss) for the year, as reported in the Parent Company financial statement</b>	<b>460,321</b>	<b>25,431</b>	<b>466,230</b>	<b>12,451</b>
<u><i>Elimination of book values from consolidated shareholdings:</i></u>				
- Surplus of net equity reported in financial statements compared to book values of shareholdings in consolidated companies	(13,969)	0	(8,766)	0
- Elimination of dividend received by DeA Capital S.p.A.	0	(5,360)	0	(18,354)
- Elimination of dividends received from shareholding companies of DeA Capital S.p.A.	0	(13,704)	0	(13,782)
- Pro-rata results achieved by shareholding companies	0	39,790	0	5,020
- Pro-rata results achieved by associated companies, valued as Shareholders' Equity	0	147	0	(515)
- Elimination of revaluation / devaluation of investments in DeA Capital S.p.A.	0	(25,894)	0	27,436
<b>EQUITY and Group share of net profit/(loss)</b>	<b>446,352</b>	<b>20,410</b>	<b>457,464</b>	<b>12,256</b>
EQUITY and minority interests share of net profit/(loss)	16,710	(6,498)	23,634	(1,200)
<b>EQUITY and net profit for the year, as reported in the consolidated financial statements</b>	<b>463,062</b>	<b>13,912</b>	<b>481,098</b>	<b>11,056</b>

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## 7. Other information

### ➤ Spread of COVID-19

With regard to the spread of COVID-19, the DeA Capital Group showed strong resilience in its operations and related financial results in 2020.

At the level of the Alternative Asset Management platform, the restrictive measures on mobility made necessary by COVID-19 led to a general slowdown in incoming and outgoing transactions for the funds under management; despite this, the management results for 2020 are positive and up compared to the same period last year.

At the Alternative Investment level, the spread of COVID-19 certainly affected the performance of this segment, which recorded a reduction in fair value at Group net income level.

In summary, the operating results recorded in 2020, together with the confirmation of the Alternative Asset Management platform's development capabilities, suggest that the resilience of the Group's economic performance remains intact for the future. Moreover, having maintained uninterrupted operational continuity with the timely and widespread adoption of a smart-working policy and through the implementation of a regulatory protocol for combating and containing the spread of the virus in the workplace, the Group was able to oversee the governance of its activities in this period of extraordinary uncertainty with a response capacity that was substantially unchanged compared to business-as-usual, all without significant costs/investments in terms of general and administrative expenses/capex.

### ➤ ESG framework

Starting in 2019, the DeA Capital Group begun defining policies on ESG issues aimed at rationalising and integrating into a homogeneous and governable framework the initiatives/criteria that already informed the management of the various strands of Alternative Asset Management business in which it operates. This rationalisation activity involved the subsidiary asset management companies first, providing, in particular:

- for DeA Capital Alternative Funds Asset Management Company, after adhering to the PRI, through the implementation of a dedicated policy, the adaptation of procedures and organisation with the activation of a team, the development of a proprietary tool for monitoring certain parameters in the companies in which the funds are managed, the achievement of an "A" rating from the PRI and the drafting, by 2020, of the first annual ESG report, as well as the launch of new ESG-based investment funds, such as Taste of Italy 2 and Sviluppato Sostenibile II;
- for DeA Capital Real Estate Asset Management Company, after joining the PRI, the activation of some parallel certifications of certain funds (GRESB), the adjustment of procedures and organisation with the activation of a team, the development of a screening and reporting tool and the start of the process to achieve a UN PRI rating .

At the end of 2020, the parent company DeA Capital S.p.A. also began a process of defining its own ESG framework (policy and governance, analysis of the first parameters to be monitored, definition of the ESG profile), with the aim of integrating and completing the process initiated at operating company level.

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## ➤ Treasury and parent company shares

As already indicated in the section on "Significant Events during the Year" above, to which reference should be made for further details, on 20 April 2020, the Shareholders' Meeting of DeA Capital S.p.A. authorised the Board of Directors to buy and sell, on one or more occasions and on a revolving basis, a maximum number of shares in the Company up to a stake of no more than 20% of the share capital (or approximately 53.3 million shares).

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

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

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

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

Movements in treasury shares during the 2020 financial year are summarised below:

- (i) allocation of 1,184,906 treasury shares under the 2016-2018 and 2017-2019 Performance Shares Plans of DeA Capital S.p.A.;
- (ii) purchase of 1,470,824 treasury shares (for a countervalue of EUR 1,653,031).

Taking into account the movements in previous years and the movements of treasury shares during the 2020 financial year, as described above, at 31 December 2020 the Company owned 6,922,403 treasury shares (or 2.6% of the share capital).

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



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➤ **Related Party Transactions**

Transactions with related parties are reported in the "Other Information" section of the Notes to the Consolidated Financial Statements and the Notes to the Statutory Financial Statements.

➤ **Shareholdings, remuneration and performance shares of Directors, Auditors, General Manager/Managers with strategic responsibilities**

Information regarding the holdings held by Directors, Auditors, General Manager/Managers with strategic responsibilities is reported in the relevant sections of the Annual and Consolidated Financial Statements.

Information on the remuneration, stock options and performance shares awarded to Directors, Auditors, General Manager/Managers with strategic responsibilities, as well as in the relevant sections of the consolidated and annual financial statements, is also included in the Remuneration Report pursuant to article 123-ter of TUF, in accordance with article 84-*quater* of the 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 [www.deacapital.com](http://www.deacapital.com).

➤ **Management and coordination activities**

The Company is controlled by De Agostini S.p.A., which, pursuant to article 2497-sexies of the Italian Civil Code, exercises management and coordination over the Company. Please see the Notes to the Financial Statements above for key figures from the latest approved financial statements of De Agostini S.p.A.

➤ **Research and development activities**

Pursuant to art. 2428, para. 3 of the Italian Civil Code, the Company did not carry out any research and development activity in 2020.

➤ **Atypical or unusual transactions**

Pursuant to Consob Communication 6064293 of 28 July 2006, in 2020 neither the Company nor the Group carried out any atypical or unusual transactions or significant transactions that were not a part of its ordinary operations.

➤ **Significant non-recurring events and transactions**

Pursuant to the above-mentioned CONSOB Communication, the DeA Capital Group did not carry out any significant non-recurring transactions in 2020, as acquisitions or disposals relating to equity investments and funds in the portfolio should be considered ordinary activities.

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## ➤ Corporate Governance

For more information on the corporate governance structure of DeA Capital S.p.A., also adopted in application of the principles contained in the Corporate Governance Code approved by the "Committee for the Corporate Governance of Listed Companies" (the "Code"), please see the document "Report on Corporate Governance and Ownership Structure", published on the company's website (Governance section); a summary of the main information governing the corporate governance of DeA Capital S.p.A. follows.

### Issuer profile

The Issuer's corporate governance structure is based on the traditional administration and control model, and hinges on the central role played by the Board of Directors, the proper disclosure of management decisions, an effective internal control system, the appropriate regulation of potential conflicts of interest, and on rigorous standards of conduct for carrying out transactions with related parties.

### Degree of application of the Code

During the financial year and during the first months of 2021, the Company carried out activities to verify and adapt its governance structures and tools to the new Corporate Governance Code (applicable starting from the financial year 2021 and of which the market will be informed on the methods of application in the Corporate Governance Report to be published in 2022). With reference to the degree of application of the provisions contained in the Code, please refer to the "Report on Corporate Governance and Ownership Structures", published on the Company's website (Corporate Governance section).

### Corporate bodies

- The **Board of Directors** consists of eleven members - nine of whom are non-executive and five of whom are independent - and plays a central role in the corporate governance system of DeA Capital S.p.A. In particular, it has the power and the duty to manage the Issuer's business, pursuing the ultimate and primary objective of creating value.

Pursuant to the articles of association, the Board manages the Company's business and is invested with all the administrative powers needed for this purpose, with the exception of those powers reserved for the shareholders' meeting, pursuant to legislation and the articles of association. The Board of Directors has granted the Chairman of the Board, Lorenzo Pellicoli, and the Chief Executive Officer, Paolo Ceretti, powers of ordinary and extraordinary administration, with the power to subscribe: (i) by means of a single signature, any deed, document or contract involving a commitment of expenditure, including prospective expenditure, or relating to an investment not exceeding €20,000,000; (ii) by means of a joint signature, any deed, document or contract involving a commitment of expenditure, including prospective expenditure, or relating to an investment exceeding €20,000,000 and up to €50,000,000.

On the other hand, the Board of Directors shall have exclusive jurisdiction over all decisions relating to expenditure commitments and investments exceeding € 50,000,000, as well as transactions of significant strategic, economic, equity or financial importance for the Company pursuant to the recommendations of the Code.

Four Board meetings were held in 2020. The calendar of meetings scheduled for the approval of periodic financial reports for the 2021 financial year has been published (also available at [www.deacapital.com](http://www.deacapital.com)).

- The **Board of Statutory Auditors** comprises six members (the chairman, two permanent auditors and three deputy auditors). It monitors compliance with the law and

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the Company's articles of association, observance of the principles of proper management, and the suitability and proper functioning of the organisational, administrative and accounting structure. Six meetings of the Board of Statutory Auditors were held in 2020.

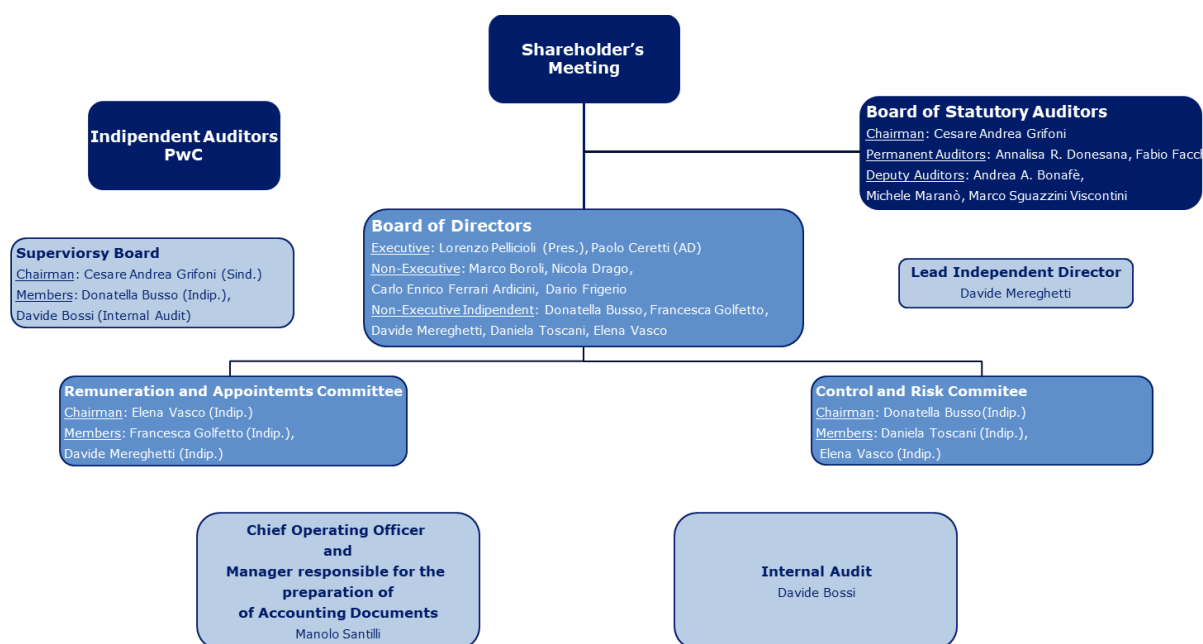
- The **Remuneration and Appointments Committee** is composed of three independent directors and performs the following tasks:
  - on the subject of remuneration, (i) supports the Board of Directors in drawing up the remuneration policy, (ii) presents proposals or expresses opinions on the remuneration of executive directors and the setting of performance objectives related to the variable component of their remuneration; (iii) monitors the application of the remuneration policy and verifies, in particular, the effective achievement of performance objectives; (iv) periodically assesses the adequacy and overall consistency of the remuneration policy for directors and top management; (v) supports the Board of Directors in the preparation of long-term incentive plans, supervises their application and verifies the achievement of the results envisaged by the various plans; (vi) expresses a reasoned prior opinion on transactions with related parties concerning the assignment or increase of remuneration to a member of an administrative or control body or to a manager with strategic responsibilities, pursuant to the relevant procedure;
  - in the field of appointments and composition of the Board of Directors, (i) supports the Board in the self-assessment process, (ii) defines the criteria and recommendations for the optimal composition of the administrative body and its committees; (iii) identifies the candidates for the office of director in the event of co-optation pursuant to law, (iv) carries out the preliminary activity relating to the periodic checks on the requirements of directors.

During the 2020 financial year, the Remuneration Committee met four times.

- The **Control and Risks Committee** comprises three independent directors. The Committee supports the Board of Directors in carrying out, inter alia, the following activities: (i) definition of the guidelines of the internal control and risk management system; (ii) assessment of the adequacy of this system in relation to the characteristics of the company and the risk profile assumed, as well as its effectiveness; (iii) appointment and dismissal of the head of the internal audit function, as well as definition of his/her powers and remuneration; (iv) approval of the work plan of the head of the internal audit function; (v) assignment to the Board of Statutory Auditors or to a body specifically set up for that purpose of the supervisory functions under Article 6(1)(b) of Legislative Decree no. 231/2001; (vi) description, in the report on corporate governance, of the main features of the internal control and risk management system and the methods of coordination between the entities involved in it, its overall assessment of the adequacy of the system itself and the choices made regarding the composition of the supervisory body. The Committee also carries out the tasks provided for under the Code, as defined in its rules of procedure.

During the 2020 financial year, the Audit and Risk Committee met five times.

## Corporate Governance Chart as at 31 December 2020:



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

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

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

The development of the three main variables affecting the performance of Assets Under Management depends on:

- exogenous contextual factors (general economic conditions, socio-political events, regulatory developments, trends in financial markets, interest rates, and the impact these have on the availability and direction of investment flows); and

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- endogenous factors (which can be summarised as the asset manager's credibility in terms of its ability to generate satisfactory performance for investors, the effectiveness of the operational processes structured to regulate the launch and management of investment products/solutions, constant attention in terms of compliance with the industry's stringent regulations and the Group's willingness to share the investment risk in some of the products it offers with investors).

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

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

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

- the systematic monitoring of reference markets, the competitive framework and the main trends in the industry;
- the gradual diversification of business streams (both product-related, for example by extending the portfolio of products offered to the NPL Management, managed accounts and international real estate club deal segments, or by entering the segment of investment solutions for institutional investors; and geographical, with the launch of real estate ventures in partnership with local key managers, first in France and Iberia and then in Poland and Germany);
- the maintenance of effective investment governance (though not control) levers and risk diversification mechanisms (such as asset concentration constraints in funds under management) across all asset classes;
- continuous monitoring of the trend of the key performance indicators of 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 transversal involvement of the various corporate functions, initially defined at the level of subsidiary asset management companies and currently being extended to the Group as a whole;
- the strengthening of the operational structure (in particular with the integration of a Chief Operating Officer into the company's organisation chart) and strategic orientation (with the recent establishment of the Advisory Board to support business development and go-to-market activities for the Alternative Asset Management Platform);
- the periodic assessment and monitoring of the risk framework in which the Group operates through a structured risk assessment process and the related updating of operating procedures and governance mechanisms (e.g. the establishment of the Security Operating Centre - 'SOC' - to better monitor cybersecurity issues).

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

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

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

#### ➤ **Other information**

As at 31 December 2020, the Group had 227 employees (212 at the end of 2019), of whom 47 were executives, 73 were middle managers and 107 were clerical staff, broken down by business segment: 204 in Alternative Asset Management and 23 in Alternative Investment / Holdings.

With regard to the regulatory requirements set out in Article 36 of the Market Regulation on conditions for the listing of parent companies, companies formed or regulated by laws of non-EU countries and of major importance in the consolidated financial statements, it is hereby noted that no Group company falls within the scope of the above-mentioned provision.

Furthermore, conditions prohibiting listing pursuant to Article 37 of the Market Regulation, relating to companies subject to the management and coordination of other parties, do not apply.

#### ➤ **The Management**

##### **Lorenzo Pellicoli**

##### **EXECUTIVE CHAIRMAN**

Lorenzo Pellicoli is Chairman of the Board of Directors of DeA Capital since January 2007.

He started his career as a journalist for the newspaper Giornale Di Bergamo and afterwards became Vice-President of Bergamo TV Programmes. From 1978 to 1981 he held different posts in Italian private television sector: for Manzoni Pubblicità, and for Publikompass up to his nomination as Rete 4 General Manager. In 1984 he joined Gruppo Mondadori, the leading Italian publishing group. He was initially appointed General Manager for Advertising Sales, and Mondadori Periodici (magazines) Deputy General Manager, and afterwards President and CEO of Manzoni & C. S.p.A, the Group's advertising representative.

From 1990 to 1997, he served as First President and CEO of Costa Cruise Lines in Miami, which is part of the Costa Crociere Group operating in the North American market (USA, Canada and Mexico) and then became General Manager of Costa Crociere S.p.A., based in Genoa, with

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worldwide responsibilities. From 1995 to 1997 he was also President and CEO of Compagnie Française de Croisières (Costa-Paquet), the Paris-based subsidiary of Costa Crociere.

From 1997 onwards he participated in the privatisation of Seat Pagine Gialle, which was purchased by a group of financial investors. After the acquisition he was appointed CEO of SEAT. In February 2000 he also took charge of the Internet Business unit of Telecom Italia, subsequent to the sale of Seat. In September 2001, following the acquisition of Telecom Italia by the Pirelli Group, he resigned.

As from November 2005 he became CEO of the De Agostini Group. From August 2006 until April 2015 he was Chairman of Gtech S.p.A. then, following the merger with IGT, he was appointed Deputy Chariman of IGT and since November 2018 Chairman of IGT.

He is a member of the Board of Directors of Assicurazioni Generali S.p.A..

He is also member of the Advisory board of Palamon Capital Partners.

He was formerly also a member of the boards of Enel, INA-Assitalia and Toro Assicurazioni, and of the Advisory Board of Lehman Brothers Merchant Banking.

On April 3, 2017 he was honoured with the title of Chevalier dans l'ordre de la Légion d'Honneur (Knight of the French Legion of Honor).

## **Paolo Ceretti**

### **CHIEF EXECUTIVE OFFICER**

Paolo Ceretti was appointed Chief Executive Officer of DeA Capital on 11th January 2007.

He gained his professional experience inside the Agnelli Group, holding from 1979 positions of increasing importance at Fiat SpA (Internal Auditing and Finance) and in the Financial Services Sector (Planning, Credit and Control) and subsequently assuming the position of Head of Strategic Planning and Development of Ifil (now EXOR).

After assuming responsibility for the internet B2C sector of Fiat/Ifil in 1999 as CEO of CiaoHolding and CiaoWeb, he was appointed CEO of GlobalValue SpA, a Fiat/IBM joint venture in the Information Technology sector.

Since 2004, he has been General Manager of De Agostini S.p.A., the holding of the De Agostini Group.

He is also Chairman of DeA Capital Alternative Funds and a member of the Board of Directors of Quaestio Holding and other companies of the Group.

## **Manolo Santilli**

### **CHIEF OPERATING OFFICER**

Manolo Santilli is Chief Operating Officer of DeA Capital S.p.A. since July 2020, after holding the position of Chief Financial Officer for over ten years; he is also Board Member of the three Group Asset Management Companies - DeA Capital RealEstate SGR, DeA Capital Alternative Funds SGR and Quaestio Capital SGR – as well as in the four companies belonging the International Real Estate Platform (respectively in France, Spain/Portugal, Poland and Germany).

He gained his professional experience starting in 1996 in STET International (Telecom Italia Group, in the Planning, Controlling and Initiative Evaluation area), subsequently in 2000 at

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IFIL/FIAT, in 2002 he became Investment Manager in Finmeccanica and since 2004 he entered the De Agostini Group.

Born in Pescara on 23 December 1969, he graduated in Economics at the Università Commerciale L. Bocconi of Milan in 1994; he is Auditor and member of the Professional Accountants register in Pescara.

## **Emanuele Caniggia**

### **CHIEF EXECUTIVE OFFICER DEA CAPITAL REAL ESTATE SGR**

Emanuele Caniggia, CEO of DeA Capital Real Estate SGR, is 54 years old, married, has two children and lives in Rome.

During his business career, he has established numerous companies in which he has held various positions, beginning with Ar.Co.Graph in 1988. In 1996, he founded Abaco Servizi, a property services company, which contributed, through acquisitions in Italy and abroad, to the creation of Abaco Team, a leader in real-estate services.

In 2006, he sold a 65% stake in Abaco Team to Gabetti Property Solutions, while continuing as the CEO until 2009, when he sold the remaining 35% of the company and became a shareholder in Gabetti, which he left in August 2012. From 2009 to 2012, he was a member of the Boards of Directors of Gabetti Property Solutions, Gabetti Agency, Patrigest and TreeRe.

In October 2012, he set up Innovation Real Estate - formerly First Atlantic RE, which he took over, together with DeA Capital - and was the CEO until 2014. Since 28 April 2014, Emanuele Caniggia has been the CEO of the asset management company Dea Capital Real Estate SGR, which has assets under management of approximately EUR 10 billion, and whose main shareholder is the De Agostini group .

Emanuele Caniggia is a member of the Scientific Committee of EIRE, Quotidiano Immobiliare, sits on the Governing Council of Assoimmobiliare, and heads the association's Real-Estate Services Committee.

## **Gianandrea Perco**

### **CHIEF EXECUTIVE OFFICER DEA CAPITAL ALTERNATIVE FUNDS SGR**

Gianandrea, already member of the Board of Directors at DeA Capital Alternative Funds SGR since April 2017, was appointed Chief Executive Officer and General Manager on 28th June 2017.

His professional experience began in 1997 in Mediobanca, in the equity capital market team, and in 2000, he moved to Lehman Brothers Investment Banking team. In 2001, he started his experience in UniCredit where he has developed his career for 10 years in the Corporate and Investment Banking division, heading the Italian Corporate Finance Advisory team and the Multinational Financing team. In 2011 he joined FondiariaSai as Deputy General Manager with the responsibility of the Real Estate business, of the diversified businesses and of the M&A team. From 2013 to July 2015 he was Partner at PwC Italy heading the M&A team.

From August 2015 to June 2017 he was Director of Strategy and Management of existing shareholdings at DeA Capital S.p.A. supporting the top management in strategic investments, divestments and management of the portfolio.

He graduated with full marks with honors in Business Administration at Università Commerciale Luigi Bocconi in Milan.



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➤ **Significant events after the end of the period and outlook**

- **Disposal of the remaining stake in Kenan Investments/Migros**

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

- **Establishment of the Advisory Board**

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

- **Acquisition of the management of a “logistics” real estate fund**

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

➤ **Outlook**

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

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

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## **8. Proposal to approve the Financial Statements of DeA Capital S.p.A. for the Year Ending 31 December 2020 and the partial distribution of the share premium reserve**

Dear Shareholders,

In submitting the Financial Statements for the Year Ending 31 December 2020 for your approval, the Board of Directors proposes that you pass the following resolutions:

"The DeA Capital S.p.A. ordinary shareholders' meeting,

- examined the Draft Financial Statements as at 31 December 2020, which show a profit of EUR 25,431,066 (EUR 12,451,459 in 2019);
- acknowledged the Reports of the Board of Statutory Auditors and the Independent Auditors, PricewaterhouseCoopers S.p.A;
- noted that the Legal Reserve is equal to at least one-fifth of the share capital and that the Share Premium Reserve of DeA Capital S.p.A. at 31 December 2020 was EUR 155,542,010.

resolves

1. to approve the Board of Directors' report on the Group's situation and performance;
2. to approve the Statement of Financial Position, Income Statement and Notes to the Financial Statements for the Year Ending 31 December 2020 and the related annexes;
3. to carry forward the profit of €25,431,066 from the financial statements for the year ended 31 December 2020 to reduce the loss carried forward;
4. to proceed with the partial distribution of the Share Premium Reserve in the amount of EUR 0.10 per share;
5. to grant the Chairman of the Board of Directors Lorenzo Pellicoli and the Chief Executive Officer Paolo Ceretti broad powers to execute these resolutions, jointly or severally through their agents and in compliance with the deadlines and procedures established by law."

Milan, 12 March 2021

FOR THE BOARD OF DIRECTORS  
The Chairman  
Lorenzo Pellicoli

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## **Consolidated Financial Statements for the Year Ending 31 December 2020**

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**Consolidated Financial Statements  
as at 31 December 2020**

- **Consolidated Statement of Financial Position**
- **Consolidated Income Statement**
- **Consolidated Statement of Comprehensive Income**
- **Consolidated Cash Flow Statement**
- **Consolidated Statement of Changes in Shareholders' Equity**
- **Notes to the Financial Statements**

## • Consolidated Statement of Financial Position

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

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

## • Consolidated Income Statement

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

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

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

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

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

• **Consolidated Cash Flow Statement – Direct Method**

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

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



## • Consolidated Statement of Changes in Shareholders' Equity

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Fair value reserve	Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders' equity
<b>Total at 31 December 2018</b>	<b>306,612</b>	<b>240,859</b>	<b>61,322</b>	<b>(82,766)</b>	<b>(179)</b>	<b>(18,555)</b>	<b>(51,882)</b>	<b>11,070</b>	<b>466,481</b>	<b>39,299</b>	<b>505,780</b>
Allocation of 2018 net profit	0	0	0	0	0	0	11,070	(11,070)	0	0	0
Performance share / Stock option cost	0	0	0	0	0	1,560	0	0	1,560	0	1,560
Cancellation of own shares	(40,000)	(22,780)	0	62,780	0	0	0	0	0	0	0
Treasury shares given for incentive plans	0	0	0	1,525	0	(968)	(234)	0	323	0	323
Dividend distribution	0	(31,197)	0	0	0	0	0	0	(31,197)	(5,188)	(36,385)
Other changes	0	0	0	8,046	0	375	(619)	0	7,802	(9,277)	(1,475)
Total comprehensive income (loss)	0	0	0	0	581	(342)	0	12,256	12,495	(1,200)	11,295
<b>Total at 31 December 2019</b>	<b>266,612</b>	<b>186,882</b>	<b>61,322</b>	<b>(10,415)</b>	<b>402</b>	<b>(17,930)</b>	<b>(41,665)</b>	<b>12,256</b>	<b>457,464</b>	<b>23,634</b>	<b>481,098</b>

(EUR thousand)	Share capital	Share premium reserve	Legal reserve	Reserve of own shares	Fair value reserve	Other reserves	Retained earnings and losses	Group Profit & Loss	Group total	Non-controlling interests	Consolidated shareholders' equity
<b>Total at 31 December 2019</b>	<b>266,612</b>	<b>186,882</b>	<b>61,322</b>	<b>(10,415)</b>	<b>402</b>	<b>(17,930)</b>	<b>(41,665)</b>	<b>12,256</b>	<b>457,464</b>	<b>23,634</b>	<b>481,098</b>
Allocation of 2019 net profit	0	0	0	0	0	0	12,256	(12,256)	0	0	0
Treasury shares given for incentive plans	0	0	0	1,356	0	(1,139)	(217)	0	0	0	0
Performance share / Stock option cost	0	0	0	0	0	1,698	0	0	1,698	0	1,698
Cancellation of own shares	0	0	0	(1,653)	0	0	0	0	(1,653)	0	(1,653)
Dividend distribution	0	(31,340)	0	0	0	0	0	0	(31,340)	(1,194)	(32,534)
Other changes	0	0	0	0	0	0	288	0	288	769	1,057
Total comprehensive income (loss)	0	0	0	0	80	(596)	0	20,410	19,894	(6,498)	13,396
<b>Total at 31 December 2020</b>	<b>266,612</b>	<b>155,542</b>	<b>61,322</b>	<b>(10,712)</b>	<b>482</b>	<b>(17,967)</b>	<b>(29,338)</b>	<b>20,410</b>	<b>446,351</b>	<b>16,710</b>	<b>463,062</b>

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.

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

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## **A. Structure and Content of the Consolidated Financial Statements**

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

The Consolidated Financial Statements were prepared in accordance with the general principles of IAS 1, and specifically:

- the matching principle: the effect of events and transactions is recorded when they occur, and not when payment is made or received;
- the going concern principle: the financial statements are prepared under the assumption that business operations will continue for the foreseeable future. In this regard, as highlighted in the report on operations in the chapter "Principal risks and uncertainties", the directors believe that the risks and uncertainties described in this chapter, as well as those related to the impact of the COVID-19 epidemic on the general economic situation, are not urgent and confirm the financial solidity of the DeA Capital Group;
- the materiality principle: when reporting operating events in accounting entries, preference is given to the principle of economic substance over form;
- the accounting comparability principle: consolidated financial statements must show comparative information for the previous period.

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

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

Unless otherwise indicated, all tables and figures included in these notes to the Financial Statements are reported in EUR thousand.

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

### **Statement of compliance with accounting standards**

The Consolidated Financial Statements for the Year Ending 31 December 2020 (2020 Consolidated Financial Statements) have been prepared in accordance with the International Accounting Standards adopted by the European Union and approved by the date the Financial Statements were prepared (International Accounting Standards, or individually IAS/IFRS, or collectively IFRS (International Financial Reporting Standards)). In preparing the consolidated financial statements all interpretations of the International Financial Reporting Interpretations

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Committee ("IFRIC"), including those previously issued by the Standing Interpretations Committee ("SIC"), endorsed by the European Union, have also been applied.

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

The Consolidated Financial Statements at 31 December 2020 were also prepared by considering, as applicable, the recommendations listed in the following communications from ESMA (European Securities and Market Authorities) and Consob:

- communication of ESMA of 25 March 2020 "Public Statement. Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9";
- we call your attention to the financial information issued by Consob No. 6/20 of 9 April 2020;
- communication of ESMA of 20 May 2020 "Implications of the Covid-19 outbreak on the half-yearly financial reports";
- we call your attention to the financial information issued by Consob No. 8/20 of 16 July 2020;
- communication of ESMA of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports";
- we call your attention to the financial information issued by Consob No. 1/21 of 16 February 2021.

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

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

### **Accounting standards, amendments and interpretations applied since 1 January 2020**

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

The Group did not apply any IFRS in advance.

#### **➤ Amendments to the Conceptual Framework for Financial Reporting**

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

#### **➤ Amendments to IAS 1 and IAS 8**

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

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➤ **Amendments to IFRS 9, IAS 39 and IFRS 7**

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

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

➤ **Amendments to IFRS 3**

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

➤ **Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions**

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

In order to be able to apply this exemption, all of the following conditions must be verified:

- the concession on payments is a direct consequence of the Covid-19 pandemic;
- the change in payments left the same amount to be paid unaltered - in relation to the original conditions - or reduced the amount;
- the reduction in payments refers only to those originally due until June 2021;
- there are no material changes to other lease terms or conditions.

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

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## **Future accounting standards, amendments and interpretations**

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

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

### ➤ **Interest Rate Benchmark Reform-Phase 2**

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

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

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

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

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

### ➤ **IFRS 14 - Regulatory Deferral Accounts**

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

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

### ➤ **Amendments to IAS 1**

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

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

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

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

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

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

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

➤ **Amendments to IFRS 3, IAS 37, IAS 16**

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

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

➤ **Annual improvement cycle 2018-2020**

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

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

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

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## Scope of consolidation

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

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

Company	Registered office	Currency	Share capital	% holding	Consolidation method
<b>DeA Capital S.p.A.</b>	<b>Milan, Italy</b>	<b>Eur</b>	<b>266,612,100</b>	<b>Holding</b>	
DeA Capital Alternative Funds SGR S.p.A.	Milan, Italy	Eur	1,300,000	100.00%	Full consolidation
IDeA OF I	Milan, Italy	Eur	-	46.99%	Full consolidation
DeA Capital Partecipazioni S.p.A.	Milan, Italy	Eur	600,000	100.00%	Full consolidation
DeA Capital Real Estate SGR S.p.A.	Rome, Italy	Eur	16,757,557	100.00%	Full consolidation
DeA Capital Real Estate France S.A.S.	Paris, France	Eur	100,000	70.00%	Full consolidation
DeACapital Real Estate Iberia S.L.	Madrid, Spain	Eur	100,000	73.00%	Full consolidation
DeA Capital Real Estate Germany GmbH	Munich, Germany	Eur	25,000	70.00%	Full consolidation
DeA Capital Bobigny SASU	Paris, France	Eur	1,000	100.00%	Full consolidation
DeA Capital Noisy SAS	Paris, France	Eur	1,000	100.00%	Full consolidation
DeA Capital Real Estate Poland Sp. z o.o.	Warsaw, Poland	PLN	2,000,000	50.00%	Equity Accounted (Joint-
Quaestio Holding S.A.	Luxembourg	Eur	4,839,630	38.82%	Equity accounted (Associate)
YARD Group	Milan, Italy	Eur	690,100	38.98%	Equity accounted (Associate)
IDeA Efficienza Energetica e Sviluppo Sostenibile	Milan, Italy	Eur	-	30.40%	Equity accounted (Associate)
Venere	Rome, Italy	Eur	-	27.27%	Equity accounted (Associate)

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



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## Consolidation method

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

IFRS 10 defines the concept of control, based on the simultaneous presence of three key elements:

- the power to decide on the entity's significant activities;
- the exposure or right to variable returns from its involvement with the investee;
- the ability to use that power over the investee to affect the amount of the investor's returns due to the Parent Company (link between power and returns).

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

The criteria adopted for the application of the full consolidation method are mainly the following:

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

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

Companies in which the Group exercises joint control are included in the Consolidated Financial Statements in a different manner depending on the type of agreement. In particular, the types of jointly controlled arrangements are as follows:

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

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## **B. Evaluation criteria adopted**

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

### Current and non-current assets and liabilities

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

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

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

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

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

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

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

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

### Goodwill

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

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

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### Intangible assets

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

The purchase cost is represented by the fair value of the price paid to acquire the asset and all other direct costs incurred in preparing the asset for use.

The carrying amount of intangible assets is retained in the financial statements to the extent that there is evidence that this amount can be recovered through use or if it is probable that the asset will generate future economic benefits.

The useful life of intangible assets is assessed as finite or indefinite.

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

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

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

### Impairment (loss of value) - IAS 36

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

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

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

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

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

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

When calculating the value it is important to:

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

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

#### Tangible assets

Tangible assets are acquired at purchase price or production cost adjusted for accumulated depreciation and any impairment.

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

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

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payments). The lessee will generally recognize the amount of the new measurement of the lease liability as a correction of the right to use the asset.

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

#### Associates

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

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

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

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

#### Jointly controlled entities (Joint Operations and Joint Ventures)

The companies in which the Group exercises joint control are included in the Consolidated Financial Statements in a different manner according to the relative type of agreement:

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

#### Financial assets

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

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

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valuation method that can be adopted is Fair Value through other comprehensive income (FVOCI) or Fair Value through profit and loss (FVTPL);

- Other business models: in this case the valuation criterion that can be adopted is Fair Value through profit and loss (FVTPL).

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

The application of this principle by the DeA Capital Group concerned the following:

- a) the classification and valuation of financial assets;
- b) the determination of impairment losses on trade and financial receivables;
- c) the treatment of hedge accounting.

### **a) Classification and valuation of financial activities**

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

Under IFRS 9, financial assets are classified into three categories:

- Financial activities measured at amortised cost;
- Financial assets measured at Fair Value through equity (Fair Value Other Comprehensive Income) - "FVOCI";
- Financial assets measured at Fair Value with changes in profit or loss (Fair Value through Profit and Loss) - "FVTPL".

The classification and measurement of financial assets, consisting of loans, securities and debt instruments, involves a two-step approach:

1. definition of the Business Model based on the type of financial asset portfolios as defined below;
2. evaluation of the contractual cash flow characteristics of the identified instrument.

With regard to the reclassification of financial assets, reclassification to other categories of financial assets is not permitted, unless the Business Model for the management of financial assets is modified.

In the application of IFRS 9, the DeA Capital Group has identified the following categories of financial activities:

#### **1) Investment funds**

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

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

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## 2) Shares

Shares (listed and unlisted) are valued at fair value. IFRS 9 requires fair value as the sole measurement basis for investments in equity instruments.

The shares in the portfolio are not held for trading purposes and the Group has decided to recognise changes in the value of this category of assets directly in the income statement.

## 3) Bonds

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

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

## 4) Financing and credits

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

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

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

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

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

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

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

Assets and liabilities measured at fair value may be:

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

In the case of assets not listed on active markets, such as, for the DeA Capital Group, direct investments in companies, investments in venture capital funds and in funds of funds, the fair value shown in the financial statements was determined by the directors based on their best judgement and appreciation, using the knowledge and evidence available at the balance sheet date.

In these cases, it is provided that:

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

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

#### **b) Loss in value of trade and financial receivables**

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

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

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

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

- Stage 1: applies to financial assets for which there has been no significant deterioration in credit quality since initial recognition or which have low credit risk at the balance sheet



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date. An impairment charge equal to the expected losses in the next 12 months should be recognised for these financial activities (12 month expected credit losses). 12 month expected credit losses are determined by multiplying the probability of a loss occurring in the next 12 months by the total expected loss on the financial instrument in the event of default;

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

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

### **c) Hedge accounting**

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

#### Trade receivables

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

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

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

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

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

#### Cash and cash equivalents

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

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### Treasury shares

Treasury shares are not considered financial assets of the company that issued the shares. The value of the purchase and sale of treasury shares is recognised as a change in a separate item of shareholders' equity. No gain or loss is reported in the income statement for the sale, purchase, issue or cancellation of treasury shares.

The original cost of repurchased treasury shares and gains or losses arising from their subsequent sale are recognised as movements in equity.

Transaction costs related to a capital transaction are accounted for as a reduction of shareholders' equity, net of tax effect.

Dividends on ordinary shares are recorded as a reduction of shareholders' equity in the year in which the shareholders' meeting approves their distribution.

### Financial liabilities

Financial liabilities relate to loans and other obligations to pay and are measured on initial recognition at fair value and subsequently at amortised cost, using the effective interest rate method.

Financial liabilities are removed from the balance sheet when they expire or are settled even if previously issued securities are repurchased. The difference between the recognised value of the liabilities and the amount paid to repurchase them is recognised in the income statement.

The item Financial liabilities includes liabilities related to the estimated earn-out deriving from the acquisition of company or business units.

When the acquisition contract provides for adjustments to the purchase consideration contingent on one or more subsequent events, the acquirer shall recognise the acquisition-date fair value of that contingent consideration as part of the consideration transferred in exchange for the acquiree. Changes subsequent to the initial recognition of the fair value of such contingent consideration shall be recognised as follows:

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

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

### Provisions for risks and future liabilities

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

As necessary, the Group records provisions for risks and future liabilities when:

- ◆ it has a legal or implicit obligation to third parties resulting from a past event;
- ◆ it is likely that Group resources will be used to meet the obligation;
- ◆ a reliable estimate can be made of the amount of the obligation.

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

### Revenues and income

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

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

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

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

Interest is reported using the effective interest rate method.

### Employee benefits

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

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

Specifically:

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

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the Income Statement under Financial Charges and calculated by applying a discount rate (derived at the end of the period from the rate on high-profile corporate bonds) to the balance of the plan existing at the beginning of the financial year.

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

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

#### Share-based payments

In the Group, benefits are provided in the form of stock options or share-based payments. This is the case for all employees, collaborators and Directors of the Group who are beneficiaries of long-term incentive plans.

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

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

#### Income tax

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

Deferred tax liabilities are allocated for all temporary differences between the carrying value of the assets and liabilities and the corresponding amount for tax purposes.

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

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

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

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utilisation.

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

#### Currency transactions

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

#### Earnings per share

In accordance with IAS 33, basic earnings per share is determined as the ratio of net profit for the period attributable to shareholders owning Parent Company shares to the weighted average number of shares outstanding during the period. Treasury shares in the portfolio are, of course, not included in this calculation.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding for all potential ordinary shares resulting from the potential exercise of allocated stock options, which may therefore result in a diluting effect.

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**C.Changes in accounting principles and errors**

Accounting principles are changed from one year to another only if the change is dictated by an accounting standard or if it helps provide more reliable information or more complete reporting of the impact of transactions on the Group's assets, operating result and cash flows.

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

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

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

The Company's management must make assessments, estimates and assumptions that affect the application of accounting standards and the amounts of assets, liabilities, costs and revenues recorded in the financial statements.

These estimates and assumptions are reviewed regularly. Any changes resulting from revisions to accounting estimates are recorded in the period when the revision is made if such a revision only affects that period. If the revision affects current and future periods, the change is recorded in the period in which the revision is made and in related future periods.

Balance sheet items are recorded and valued according to the valuation criteria described above. The application of these criteria sometimes entails the adoption of estimates that can have a significant impact on the values recorded in the financial statements. The estimates and related assumptions are based on past experience and factors that are believed to be reasonable and, in this case, have been used to estimate the carrying amount of assets and liabilities that are not readily apparent from other sources. However, since these are estimates, the results obtained should not necessarily be considered definitive.

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

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

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

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

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

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

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## Information on the “fair value hierarchy”

IFRS 13 stipulates that financial instruments reported at fair value should be classified based on a hierarchy that reflects the importance and quality of the inputs used in calculating the fair value. Three levels have been determined:

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

The following table shows by level the assets that are measured at fair value at 31 December 2020:

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

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

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

## Valuation techniques and main input data

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

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

Holdings held by Funds - measured at Fair Value through P&L are valued on the basis of the values indicated in the Fund Management Report as at 31 December 2020.

It should be noted that the valuation of the assets of IDeA OF I, as reflected in the fund's Net Asset Value shown in the aforementioned Management Report, expressed in accordance with



the criteria defined by the Bank of Italy, takes into account the lower value between the investment (the "cost") and the fair value for all securities not listed on a regulated market. This approach, potentially conservative from the perspective of those who value these assets individually, gives a fair representation of fair value from the perspective of the fund unit holder. In practice, any trading in these units is based on the NAV of the fund to which they refer, possibly adjusted for a discount (much more rarely modified by a premium), and not on the sum of the estimated fair values of the individual assets making up the fund. For this main reason, from the perspective of DeA Capital, which holds an interest in the assets in the IDeA OF I portfolio through the shares it holds in it, the representation of the value of these individual assets held by IDeA OF I as shown in the Management Report is deemed appropriate.

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

At 31 December 2020 this item consisted mainly of:

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

#### Funds valued at Fair Value through P&L (Funds of Funds, Theme Funds, NPE Funds, Real Estate Funds and Venture Capital Funds)

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

At 31 December 2020, the DeA Capital Group held units in the following funds:

- IDeA I FoF (valued at EUR 15.2 million at 31 December 2020 compared with EUR 25.2 million at 31 December 2019);
- ICF II (valued at EUR 23.7 million at 31 December 2020 compared with EUR 29.8 million at 31 December 2019);
- ICF III (valued at EUR 11.9 million at 31 December 2020 compared with EUR 12.3 million at 31 December 2019);
- IDeA I ToI (valued at EUR 16.3 million at 31 December 2020 compared with EUR 16.5 million at 31 December 2019);
- ToI 2 and SS II (for a value of EUR 2.4 million as at 31 December 2020, started during the 2020 financial year);
- IDeA CCR I (for a value of EUR 1.0 million at 31 December 2020, compared with EUR 1.0 million at 31 December 2019);
- IDeA CCR II (EUR 6.3 million as at 31 December 2020, compared with EUR 3.3 million as at 31 December 2019);
- IDeA Agro (valued at EUR 1.7 million as at 31 December 2020 compared with EUR 0.7 million as at 31 December 2019);

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- Santa Palomba (EUR 0.7 million as at 31 December 2020, compared with EUR 0.5 million as at 31 December 2019);
  - 4 venture capital funds (EUR 0.4 million at 31 December 2020, compared to EUR 6.5 million at 31 December 2019);
  - 10 real estate funds held through DeA Capital Real Estate Asset Management Company (valued at EUR 43.2 million at 31 December 2020, compared with EUR 47.6 million at 31 December 2019);
  - funds held through DeA Capital Alternative Funds Asset Management Company (amounting to EUR 0.1 million at 31 December 2020, compared with EUR 0.2 million at 31 December 2019).

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

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

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## STATEMENT OF FINANCIAL POSITION

### Non-current assets

#### 1 – Intangible and tangible assets

##### 1a – Goodwill

Changes in goodwill are shown in the table below:

<i>(EUR thousand)</i>	<b>Balance at 1.1.2020</b>	<b>Adjustements &amp; PPA / acquisitions</b>	<b><i>Impairment</i></b>	<b>Balance at 31.12.2020</b>
<b>Goodwill</b>	<b>104,647</b>	<b>(4,712)</b>	<b>0</b>	<b>99,935</b>

The item, which amounted to EUR 99,935 thousand at December 31, 2020 (compared to EUR 104,647 thousand at December 31, 2019), related to:

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

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

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

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## Impairment tests on goodwill

Pursuant to IAS 36, goodwill is not subject to amortisation, and is tested for impairment at least annually.

With reference to the requirement of the Accounting Standards of reference and the most recent recommendations of national and international supervisory Authorities, more specifically those contained:

- in the ESMA Public Statement "Implications of the COVID-19 outbreak on the half-yearly financial reports" issued on 20 May 2020;
- in Attention Notice No. 8/20 "COVID-19 - Attention Notice on Financial Reporting", issued by Consob on 16 July 2020;
- in the Statement of IOSCO (International Organisation of Securities Commissions) of 29 May 2020;

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

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

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

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

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

Impairment test on the CGU **DeA Capital Alternative Funds Asset Management Company**, with a carrying amount of EUR 61.3 million (of which Euro 37.5 million attributable to goodwill, including Euro 6.2 million arising from the acquisition of the NPL Management Branch of Quaestio Capital Management Asset Management Company), has been conducted using a sum-of-the-parts approach by determining the value in use as the sum of (i) the present value of dividend flows (methodology of dividend discount model, "DDM") expected by DeA Capital Alternative Funds Asset Management Company and (ii) the present value of the carried interest flows expected from the funds managed by DeA Capital Alternative Funds Asset Management Company (discounted cash flow method, "DCF"), both for the explicit forecast period (2021-2025) and for future periods (based on the projection of a normalised figure in the terminal value).

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

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

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

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Alternative Funds Asset Management Company, i.e. the cost of capital and the growth rate "g" used, leads to potential changes in the company's overall value of EUR -3.2 million/+EUR 3.6 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -0.7 million/+EUR 0.8 million (for changes of -0.2% and +0.2% in the "g" rate, respectively). The magnitude of these changes supports the positive outcome of the impairment test described above.

Similarly, the impairment test on the CGU **DeA Capital Real Estate Asset Management Company**, with a carrying amount of EUR 144.0 million (of which EUR 62.4 million attributable to goodwill), was conducted by determining the value in use intended as the sum of the present value of dividend flows (dividend discount model method or "DDM") expected by DeA Capital Real Estate Data Management Company for both the explicit forecast period (2021-2023) and future periods (based on the projection of a normalised figure in the terminal value).

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

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

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

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Real Estate Asset Management Company, i.e. the cost of capital and the growth rate "g" used, leads to potential changes in the company's overall value of EUR -3.6/+4.1 million (for changes of +0.5% and -0.5% in the cost of capital, respectively) and EUR -1.1/+1.3 million (for changes of -0.2% and +0.2% in the growth rate "g", respectively). The magnitude of these changes supports the positive outcome of the impairment test described above.

## 1b – Intangible assets

Changes in intangible assets are shown in the tables below:

(EUR thousand)	Historical cost at 1.1.2020	Cum. amort. & write-downs at 1.1.2020	Net carrying value at 1.1.2020	Historical cost at 31.12.2020	Cum. amort. & write-downs at 31.12.2020	Net carrying value at 31.12.2020
Concessions, licences and trademarks	6,769	(5,295)	1,474	5,369	(3,854)	1,515
Software expenses	127	(110)	17	38	(19)	19
Development expenses	114	(114)	0	114	(114)	0
Other intangible assets	129,582	(88,161)	41,421	75,378	(50,926)	24,452
<b>Total</b>	<b>136,592</b>	<b>(93,680)</b>	<b>42,912</b>	<b>80,899</b>	<b>(54,913)</b>	<b>25,986</b>

The cost and the initial accumulated amortisation fund, equal to EUR 38,573 thousand, were reversed during the year as they referred to the customer relationships that had been fully

amortised by DeA Capital Real Estate SGR (starting from 3 October 2011 and until 31 December 2019).

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

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

The increases in "Other intangible assets" refer to DeA Capital Alternative Funds Asset Management Company for EUR 6,690 thousand. Subsequent to the closing of the financial statements as at 31 December 2019, the activity of allocation of the acquisition price, which took place on 5 November 2019, of the business unit related to the NPL Management activity ("Ramo NPL") belonging to Quaestio Asset Management Company through the Purchase Price Allocation ("PPA") on the basis of the provisions of the Accounting Principle IFRS 3 - Business Combinations. This intangible asset is amortised over a period of 5 years.

This allocation led to the determination of the fair value of the specific intangible, identified in the management mandate of the "Italian Recovery Fund" ("IRF"), in consideration of the characteristics of the mandate, which allow the NPL unit to operate in the management of the aforementioned fund on an exclusive basis, receiving a specific remuneration regulated by specific management regulations.

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

The balance at 31 December 2020 of the item other intangible assets mainly refers to:

- an amount of EUR 5,351 thousand to the above-mentioned specific intangible, identified in the management mandate of the "Italian Recovery Fund" ("IRF");
- an amount of EUR 19,100 thousand (unchanged from 31 December 2019) relating to intangible assets linked to variable commissions resulting from the allocation of the residual value of FIMIT Asset Management Company at the date of the (reverse) merger into FARE Asset Management Company (now DeA Capital Real Estate Asset Management Company). This value derives from the discounting of variable management fees, calculated net of directly attributable costs on the basis of the most recent business plans of the funds under management.

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

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

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

A sensitivity analysis conducted on the most significant variables in terms of sensitivity to the recoverable value of DeA Capital Real Estate Asset Management Company's variable fee intangible assets, i.e. the cost of capital, leads to potential changes in the carrying amount of EUR -0.3 million/ EUR +0.2 million (for changes of +0.5% and -0.5% in the cost of capital,

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

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

### 1c – Tangible assets

Changes in tangible assets are shown in the tables below:

(EUR thousand)	Historical cost at 1.1.2020	Cum. amort. & write-downs at 1.1.2020	Net carrying value at 1.1.2020	Historical cost at 31.12.2020	Cum. amort. & write-downs at 31.12.2020	Net carrying value at 31.12.2020
Building in Leasing	16,111	(2,691)	13,420	16,207	(5,414)	10,793
Other leased assets	495	(177)	318	799	(346)	453
Leasehold improvements	3,679	(3,560)	119	3,688	(3,568)	120
Furniture and fixtures	1,793	(1,628)	165	1,801	(1,660)	141
Computer and office equipment	1,296	(1,076)	220	1,439	(1,170)	269
Plant	10	(10)	0	17	(10)	7
Other assets	352	(297)	55	352	(305)	47
<b>Total</b>	<b>23,736</b>	<b>(9,439)</b>	<b>14,297</b>	<b>24,303</b>	<b>(12,473)</b>	<b>11,830</b>

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

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

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

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

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

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## 2 – Financial investments

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

### 2a – Holdings in associates and joint ventures

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

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

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

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



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

	DeA Capital RE Poland	Quaestio Holding S.A.	YARD Group	IdEA EESS	Venere
	Financial Year 2020	Financial Year 2020	First nine months of 2020	Financial Year 2020	Financial Year 2020
<i>(EUR thousand)</i>					
Revenues	0	29,507	30,964	0	527
Net profit/(loss) for the period	(244)	1,527	161	(529)	(891)
Other profit/(loss), net of tax effect	0	(40)	0	0	0
<b>Total comprehensive profit/(loss) for the period</b>	<b>(244)</b>	<b>1,487</b>	<b>161</b>	<b>(529)</b>	<b>(891)</b>
<b>Total comprehensive profit/(loss) for the period attributable to minorities</b>	<b>(122)</b>	<b>910</b>	<b>98</b>	<b>(368)</b>	<b>(648)</b>
<b>Total comprehensive profit/(loss) for the period attributable to Group</b>	<b>(122)</b>	<b>577</b>	<b>63</b>	<b>(161)</b>	<b>(243)</b>
<i>(EUR thousand)</i>	<b>31.12.2020</b>	<b>31.12.2020</b>	<b>30.09.2020</b>	<b>31.12.2020</b>	<b>31.12.2020</b>
Current assets	171	44,071	27,386	2,740	3,012
Non-current assets	52	1,119	24,133	9,086	4,013
Current liabilities	(20)	(25,519)	(21,668)	(177)	(381)
Non-current liabilities	0	(422)	(15,287)	0	0
<b>Net assets</b>	<b>203</b>	<b>19,249</b>	<b>14,564</b>	<b>11,649</b>	<b>6,644</b>
<b>Net assets attributable to minorities</b>	<b>102</b>	<b>11,777</b>	<b>8,887</b>	<b>8,108</b>	<b>4,832</b>
<b>Net assets attributable to the Group</b>	<b>101</b>	<b>7,472</b>	<b>5,677</b>	<b>3,541</b>	<b>1,812</b>
<i>(EUR thousand)</i>	<b>31.12.2020</b>	<b>31.12.2020</b>	<b>30.09.2020</b>	<b>31.12.2020</b>	<b>31.12.2020</b>
Net initial assets attributable to the Group	235	6,895	4,647	6,948	3,441
Total comprehensive profit/(loss) for the period attributable to the Group	(122)	577	63	(161)	(243)
Capital calls / (Distributions)	0	0	0	(3,246)	(1,386)
Exchange rate conversion	(12)	0	0	0	0
Dividends received during the period	0	0	0	0	0
Change in % ownership	0	0	967	0	0
<b>Net final assets attributable to minorities</b>	<b>101</b>	<b>7,472</b>	<b>5,677</b>	<b>3,541</b>	<b>1,812</b>
Goodwill	0	7,404	1,384	0	0
Dilution effects on reversal of gain relating to sale of SPC	0	0	(100)	0	0
<b>Book value of associate company / joint Ventures</b>	<b>101</b>	<b>14,876</b>	<b>6,961</b>	<b>3,541</b>	<b>1,812</b>
<b>Dividends paid to minorities during the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

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

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

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

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

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

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

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

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

The holding in **Kenan Investments** (indirectly corresponding to approximately 2% of the capital of Migros, i.e. approximately 12% of the capital of Migros for the interest in Kenan Investments) is recorded in the consolidated financial statements as at 31 December 2020 at a value of EUR 19,658 thousand (compared to EUR 15,740 thousand as at 31 December 2019).

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

The investment in **Cellularline** is recognised in the consolidated financial statements at 31 December 2020 at a value of EUR 4,750 thousand (EUR 6,789 thousand at 31 December 2019), reflecting a change in fair value during the year of EUR -2,039 thousand.

The investment (14.3%) in **ToI Due**, which in turn owns a majority stake (70%) in the Alice Pizza Group, is recognised in the consolidated financial statements at 31 December 2020 at a value of EUR 5,000 thousand (unchanged from 31 December 2019).

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

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

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

(EUR thousand)	Balance at 1.1.2020	Increases (Capital call/Purchase)	Decreases (Capital distribution/Disposals)	Fair value adjustment	Translation effect	Balance at 31.12.2020
IDeA I FoF	25,158	203	(7,062)	(3,114)	0	15,185
ICF II	29,789	277	(9,102)	2,759	0	23,723
ICF III	12,319	341	(295)	(439)	0	11,926
IDeA ToI	16,504	266	0	(443)	0	16,327
IDeA Agro	697	1,056	0	(24)	0	1,729
ToI 2	0	2,588	0	(234)	0	2,354
SS II	0	95	0	(51)	0	44
IDeA CCR I	956	104	0	(53)	0	1,007
IDeA CCR II	3,278	2,812	0	194	0	6,284
Santa Palomba	510	134	0	59	0	703
DeA Capital Real Estate SGR funds	47,647	485	(4,440)	(443)	0	43,249
DeA Capital Alternative Funds SGR funds	228	15	(197)	(4)	0	42
Venture capital funds	6,511	0	(4,405)	(1,536)	(143)	427
<b>Total funds</b>	<b>143,597</b>	<b>8,376</b>	<b>(25,501)</b>	<b>(3,329)</b>	<b>(143)</b>	<b>123,000</b>

Particularly noteworthy are:

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

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

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

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

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

### 3 – Other non-current assets

#### 3a - Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

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

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

#### 3b – Financing and credit

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

- financing to real estate co-investment companies launched in France for a total amount of EUR 5,017 thousand;
- receivables for loan agreements entered into between DeA Capital Alternative Funds Asset Management Company and certain employees for the subscription of units in three

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funds managed by the company itself in the amount of EUR 1,014 thousand (EUR 540 thousand at 31 December 2019);

- financing to YARD S.p.A. for EUR 906 thousand.

### 3c – Receivables for the deferral of placement charges

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

### 3d – Financial receivables for non-current leases

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

### 3e – Other non-current assets

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

## **4 – Current assets**

At 31 December 2020, current assets amounted to EUR 174,078 thousand, compared to EUR 171,937 thousand at 31 December 2019.

This item mainly consists of:

### 4a – Trade receivables

Trade receivables were EUR 8,088 thousand at 31 December 2020, compared to EUR 8,653 thousand at 31 December 2019.

The balance mainly relates to receivables of DeA Capital Real Estate Asset Management Company, amounting to EUR 6,226 thousand (EUR 6,157 thousand at 31 December 2019), mainly related to receivables from managed funds for fees accrued but not yet collected.

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

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

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

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#### 4b – Financial assets measured at fair value

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

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

#### 4c – Financial receivables for current leases

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

#### 4d – Tax credits from tax consolidation with parent companies

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

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

#### 4e – Other tax receivables

At 31 December 2020, this item totalled EUR 8,515 thousand, compared with EUR 37,176 thousand at 31 December 2019. It mainly includes:

- the VAT receivable of DeA Capital Real Estate Asset Management Company of EUR 2,184 thousand (EUR 33,443 thousand at 31 December 2019), comprising the positive balance resulting from the transfer of the monthly VAT payable and receivable by the managed Funds;
- the withholding tax receivable of DeA Capital S.p.A. of EUR 5,084 thousand (EUR 2,398 thousand at 31 December 2019) relating mainly to capital gains arising from the distribution of the Funds of Funds (IDeA I FOF, ICF II, IDeA EESS and IDeA OF I).

#### 4f – Other receivables

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

Other receivables are due within one year.

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#### 4g – Cash and cash equivalents

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

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

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

### **5 – Shareholders' equity**

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

The negative change in Group shareholders' equity in 2020 - amounting to EUR -11,113 thousand compared to the figure at 31 December 2019 - is mainly attributable to:

- the extraordinary dividend distributed by DeA Capital S.p.A. (Euro -31,340 thousand);
- the result for the period reported in the Statement of Performance - IAS 1 (EUR +19,907 thousand).

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

#### 5a – Share capital

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

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

#### 5b – Share premium reserve

This item amounted to EUR 155,542 thousand at 31 December 2020 compared to EUR 186,882 thousand at 31 December 2019.

The change, amounting to EUR -31,340 thousand was due to the utilisation for the distribution of dividends.

#### 5c – Legal reserve

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



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#### 5d - Treasury shares reserve

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

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

#### 5e - Other reserves

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

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

#### 5f - Retained earnings (losses) carried forward

This item totalled EUR -29,338 thousand at 31 December 2020, compared with EUR -41,665 thousand at 31 December 2019.

The positive change of EUR +12,327 thousand was mainly due to the allocation of the 2019 result (EUR +12,256 thousand).

#### 5g - Profit (loss) for the year

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

#### 5h - Minority interests

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

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

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

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

	<b>IDeA OF I</b>
<i>(EUR thousand)</i>	<b>Financial Year 2020</b>
Management fees from Alternative Asset Managements	(7,885)
Net profit/(loss) for the period	(10,809)
<b>of which attributable to minorities</b>	<b>(5,730)</b>
Other profit/(loss), net of tax effect	0
<b>Total comprehensive profit/(loss) for the period</b>	<b>(10,809)</b>
<b>Total comprehensive profit/(loss) for the period attributable to minorities</b>	<b>(5,730)</b>

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

<i>(EUR thousand)</i>	<b>31.12.2020</b>
Cash flow from operation activities	1,920
Cash flow from investment activities	0
Cash flow from financial activities	(1,194)
<b>NET INCREASES IN CASH AND CASH EQUIVALENTS</b>	<b>726</b>

<b>Dividends paid to minorities during the period</b>	<b>(1,194)</b>
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## 6 – Non-current liabilities

At December 31, 2020, Non-current liabilities amounted to EUR 26,672 thousand, compared to EUR 26,463 thousand at December 31, 2019.

This item mainly consists of:

### 6a – Payables to suppliers

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

### 6b – Deferred tax liabilities

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

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

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

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

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

In particular, the actuarial simulations were performed according to the accrued benefits method using the (Projected Unit Credit Method) determining:

- the cost of the service already rendered by the employee (Past Service Liability);
- the cost of the service provided by the employee during the year (Service Cost);
- the cost related to staff recruited during the year (Past Service Liability of newly recruited staff);
- the interest cost arising from the actuarial liability (Net Interest Cost);
- Actuarial gains/losses for the period between one valuation and the next (Actuarial gain/loss).

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

The assumptions used in calculating the fund were: a discount rate of 0.34%; an annual rate of inflation of 1.00%; annual salary growth of 2.50%-5.00%; and an annual fund growth rate of 2.25%.

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

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

The amounts recognised in the item were calculated as follows:

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

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

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

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## 6e – Financial liabilities

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

The item at 31 December 2020 refers:

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

## **7 – Current liabilities**

At 31 December 2020, current liabilities amounted to EUR 51,179 thousand (EUR 85,020 thousand at 31 December 2019).

This item mainly consists of:

### 7a – Trade payables

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

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

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

### 7b – Payables to staff and social security organisations

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

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

### 7c – Current tax payables

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

- the payable to the parent company De Agostini S.p.A. for participation in the tax consolidation scheme by DeA Capital Alternative Funds Asset Management Company (EUR 2,722 thousand at 31 December 2020 compared with EUR 1,844 thousand at 31 December 2019) and DeA Capital Real Estate Asset Management Company (EUR 2,276

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thousand at 31 December 2020 compared with EUR 1,394 thousand at 31 December 2019);

- payables to tax authorities for current taxes amounting to EUR 3,140 thousand (EUR 1,098 thousand at 31 December 2019), not included in the scope of the Tax Consolidation Agreement.

#### 7d – Other tax payables

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

#### 7e – Other payables

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

#### 7f – Short-term financial payables

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

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

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

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## INCOME STATEMENT

### 8 – Alternative Asset Management fees

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

- a) **set-up/subscription fees of a fund:** the fees received as remuneration for work done in creating a fund.
- b) **management fees:** the fees that the company receives as remuneration for the management of a fund. These fees mainly relate to management fees paid to DeA Capital Real Estate Asset Management Company and DeA Capital Alternative Funds Asset Management Company for the funds that they manage.
- c) **Performance fees:** are the fees received upon the achievement of certain performance parameters by managed funds.

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

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

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

### 9 – Result from equity holdings

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

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

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

### 10 – Other investment income and expenses

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

This item mainly includes:

- the impairment loss of the investment in Pegaso Transportation Investments (Talgo) for EUR -5,884 thousand and the impairment loss of the investment in Iacobucci for EUR -2,000 thousand;
- the impairment of the investment in Cellularline, for EUR -2,040 thousand;

- the revaluation of the investment in Kenan Investments / Migros for a total of EUR +3,918 thousand due to the favourable change in fair value, resulting from the combined effect of the increase in the price per share (TRY 42.80 per share at 31 December 2020, compared to TRY 24.22 per share at 31 December 2019) and the depreciation of the Turkish lira against the Euro (EUR 9.08 per share at 31 December 2020, compared to EUR 6.68 per share at 31 December 2019).

The item in 2019 mainly contained:

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

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

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

### **Fair value adjustments**

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

## 11 – Operating costs

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

### 11a – Personnel costs

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

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

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

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

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

### Compensation benefits in the form of equity participation

Employees of DeA Capital S.p.A. and of the parent company De Agostini S.p.A. are beneficiaries of share plans and performance shares on DeA Capital S.p.A. shares. The number of shares of the Company attributable under the Performance Shares Plans outstanding but not yet vested at 31 December 2020 is 4,232,500.

The notional cost of the long-term share-based incentive plans is equal to EUR 1,698 thousand as at 31 December 2020 (EUR 1,560 thousand as of 31 December 2019), and refers to the provision of the portion for 2020 of the fair value calculated on the grant date of the plans for the vesting period of the same. The value of the long-term incentive plans is also periodically adjusted on the basis of the degree of achievement of the plans themselves.

On 20 April 2020, the shareholders' meeting of DeA Capital S.p.A. approved the DeA Capital 2020-2022 Performance Share Plan, which provides for the allocation of a maximum of 1,750,000 Units. On 12 May 2020, in implementation of the shareholders' resolution, the Board of Directors of DeA Capital S.p.A. voted: (i) to launch the 2020-2022 Performance Share Plan approved by the Shareholders' Meeting, granting the Chairman of the Board of Directors and the Chief Executive Officer all the necessary powers, to be exercised severally and with the right to sub-delegate, and (ii) to assign 1,420,000 Units (representing the right to receive ordinary shares of the Company free of charge, at the terms and conditions indicated in the plan) to certain employees and/or directors holding special offices of the Company and its subsidiaries.



The shares allocated as a result of the accrual of the Units will come from treasury shares. The Shareholders' Meeting also approved the Company's Remuneration Policy pursuant to art. 123-ter of the TUF.

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

#### 11b – Service costs

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

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

#### 11c – Depreciation, amortisation and impairment losses

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

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

#### 11d – Other costs

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

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

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## 12 – Financial income and charges

### 12a – Financial income

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

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

The item "Other income" mainly refers to the effects of the value adjustment related to the earn-outs related to the acquisitions up to 100% of DeA Capital Real Estate Asset Management Company.

### 12b – Financial charges

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

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

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

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

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

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

+18,110 thousand), against the tax benefit associated with the future deductibility of goodwill, subject to tax redemption, net of the recognition of the cost of the substitute tax (EUR -1,872 thousand).

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

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

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

<i>(EUR thousand)</i>	<b>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>
<b>Profit before tax</b>	<b>(984)</b>		<b>16,059</b>	
Tax on theoretical income	(236)	24.0%	3,854	24.0%
Tax on inter-company dividends	(486)	49.4%	(136)	(0.8%)
Effect of companies with different taxation from that of Italy	(3,490)	354.7%	(1,403)	(8.7%)
Use of tax losses not previously recognised	0	0.0%	0	0.0%
Tax expenses previously not noticed	0	0.0%	(94)	(0.6%)
Net profit/(loss) from subsidiaries not subject to taxation	2,594	(263.6%)	173	1.1%
Net profit/(loss) from associates not subject to taxation	(35)	3.6%	156	1.0%
Non-deductible interest	0	0.0%	15	0.1%
Income from tax consolidation scheme	782	(79.5%)	(210)	(1.3%)
Other net differences	464	(47.2%)	1,234	7.7%
Cost for tax relief	3,700	(376.0%)	0	0.0%
Deferred tax assets from tax relief	(19,940)	2,026.4%	0	0.0%
Release of derred tax liabilities from tax relief			0	0.0%
Net effect of prepaid/deferred taxes	176	(17.9%)	(621)	(3.9%)
IRAP and other taxes on foreign income	3,553	(361.1%)	2,035	12.7%
<b>Income tax reported in the income statement</b>	<b>(14,896)</b>	<b>1513.8%</b>	<b>5,003</b>	<b>31.2%</b>

## 14 – Basic earnings (loss) per share

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

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

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

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

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

### Primary and secondary reporting formats

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

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

### Summary Group Income Statement - Performance by business in 2020

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

## Summary Group Income Statement - Performance by business in 2019

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

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

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

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

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

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

Connecting Table between Group Net Result and Loss of AAM - €M	Operating Net Result	Other AAM	Net Result AAM
Alternative Asset Management fees	65.0	1.5	66.4
Income (loss) from investments valued at equity	(0.2)	(0.6)	(0.8)
Other investment incomes/expenses	0.1	2.2	2.3
Other revenues and incomes	0.1	0.0	0.1
Other expenses and charges	(43.5)	(6.7)	(50.2)
Financial income and expenses	(0.1)	(0.1)	(0.3)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>21.3</b>	<b>(3.7)</b>	<b>17.5</b>
Income tax	(6.8)	0.2	(6.6)
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>14.4</b>	<b>(3.5)</b>	<b>10.9</b>
Profit (Loss) from discontinued operations/held-for-sale assets	0.0	0.0	0.0
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>14.4</b>	<b>(3.5)</b>	<b>10.9</b>
<b>- Group share</b>	<b>14.4</b>	<b>(2.7)</b>	<b>11.7</b>
- Non controlling interests	0.0	(0.8)	(0.8)

## Notes to the Cash Flow Statement

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

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

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

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

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

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

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

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## Other information

### ➤ Commitments

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

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

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

### ➤ Contingent liabilities

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

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

On 17 December 2014, DeA Capital S.p.A. received an assessment notice for the 2009 tax period relating to IDeA Alternative Investments S.p.A., a company which was merged into DeA Capital S.p.A. with effect from 1 January 2012. The assessment, which alleged that revenues had been under-reported, was challenged in an appeal by DeA Capital before the Milan Provincial Tax Court.

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

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

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

On 17 September 2019, the Tax Authority, through the Italian State Attorney's Office, notified the appeal to the Court of Cassation for the reform of the second instance decision. The company appeared within the time limits laid down by law and submitted its own defence. It should be noted that with regard to the second finding, relating to the deductibility of the costs incurred

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for the demerger, the Italian State Attorney has not put forward any grounds for appeal, so the annulment of the tax claim can be considered final.

#### ➤ **Treasury and parent company shares**

On 20 April 2020, the Shareholders' Meeting of DeA Capital S.p.A. authorised the Board of Directors to buy and sell, on one or more occasions and on a revolving basis, a maximum number of shares in the Company up to a stake of no more than 20% of the share capital (or approximately 53.3 million shares).

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

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

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

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

Movements in treasury shares during the 2020 financial year are summarised below:

- (i) allocation of 1,184,906 treasury shares under the 2016-2018 and 2017-2019 Performance Shares Plans of DeA Capital S.p.A.;
- (ii) purchase of 1,470,824 treasury shares (for a countervalue of EUR 1,653,031).

Taking into account the movements in previous years and the movements of treasury shares during the 2020 financial year, as described above, at 31 December 2020 the Company owned 6,922,403 treasury shares (or 2.6% of the share capital).

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

#### ➤ **Long-term incentive schemes**



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

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

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

*Eur*

<b>Shareholder plan</b>	<b>Plan 2019</b>
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	30/06/2022

*Eur*

<b>Performance Share</b>	<b>Plan 2017</b>	<b>Plan 2017</b>	<b>Plan 2018</b>	<b>Plan 2019</b>	<b>Plan 2020</b>
N° units granted	1,200,000	100,000	1,350,000	1,050,000	1,420,000
Unit value (€)	1.36	1.27	1.56	1.51	1.29
Value at the grant date/amendment date of the regulation (€)	1,632,000	127,000	2,106,000	1,585,500	1,831,800
Expiry date	30/06/2021	30/06/2021	30/06/2022	30/06/2023	30/06/2024

## ➤ Related Party Transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

The table below summarises the amounts of trade-related transactions with related parties.

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

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

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

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

Director	Position	Period position held	Position expires	Fees for position at company preparing the financial statements - (C/000)	Non-cash benefits - (C/000)	Bonuses and other incentives - (C/000)	Statutory auditors' fees for positions held at subsidiaries - (C/000)	Other remuneration - (C/000)
Lorenzo Pellicoli	Chairman	2020	Approval fin. statements 2021	30	0	0	0	0
Paolo Ceretti	Chief Executive Officer	2020	Approval fin. statements 2021	750	0	1,051	0	40
Dario Frigerio	Director	2020	Approval fin. statements 2021	30	0	0	0	212
Dario Mereghetti	Director	2020	Approval fin. statements 2021	30	0	0	0	5
Carlo Ferrari Ardicini	Director	2020	Approval fin. statements 2021	30	0	0	0	0
Donatella Busso	Director	2020	Approval fin. statements 2021	30	0	0	0	27
Francesca Golfetto	Director	2020	Approval fin. statements 2021	30	0	0	0	5
Marco Drago	Director	until at 12 may 2020	Approval fin. statements 2021	11	0	0	0	0
Nicola Drago	Director	from 12 may 2020	-	19	0	0	0	0
Daniela Toscani	Director	2020	Approval fin. statements 2021	30	0	0	0	15
Elena Vasco	Director	2020	Approval fin. statements 2021	30	0	0	0	25
Marco Boroli	Director	2020	Approval fin. statements 2021	30	0	0	0	0
Cesare Grifoni	Chairman of the Board of Statutory Auditors	2020	Approval fin. statements 2021	45	0	0	7	10
Fabio Facchini	Permanent Auditor	2020	Approval fin. statements 2021	30	0	0	0	0
Annalisa Donesana	Permanent Auditor	2020	Approval fin. statements 2021	30	0	0	5	0

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance shares		Units outstanding at 1 January 2020			Units granted during 2020			Units exercised during 2020	Units lapsed/cancelled during 2020	Units outstanding at 31 December 2020		
Beneficiary	Position	Number of Units	Units Price (€)	Average expiry date	Number of Units	Units Price (€)	Average expiry date	Number of Units	Number of Units	Number of Units	Units Price (€)	Average expiry date
Paolo Ceretti	CEO	195,834	1.19	4	0	0	0	182,881	12,953	0	0	0
Paolo Ceretti	CEO	350,000	1.36	4	72,265	1.36	4	247,265	0	175,000	1.36	4
Paolo Ceretti	CEO	500,000	1.56	4	0	0	0	0	0	500,000	1.56	4
Chief Operating Officer/Senior managers with strategic responsibilities		251,785	1.19	4	0	0	0	235,134	16,651	0	0	0
Chief Operating Officer/Senior managers with strategic responsibilities		200,000	1.36	4	41,294	1.36	4	141,294	0	100,000	1.36	4
Chief Operating Officer/Senior managers with strategic responsibilities		200,000	0.00	4	0	0	0	0	0	200,000	1.56	4
Chief Operating Officer/Senior managers with strategic responsibilities		225,000	0.00	4	0	0	0	0	0	225,000	1.51	4
Chief Operating Officer/Senior managers with strategic responsibilities		0	0	0	500,000	1.29	4	0	0	500,000	1.29	4

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

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

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

The development of the three main variables affecting the performance of Assets Under Management depends on:

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

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

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

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

- the systematic monitoring of reference markets, the competitive framework and the main trends in the industry;
- the gradual diversification of business streams (both product-related, for example by extending the portfolio of products offered to the NPL Management, managed accounts and international real estate club deal segments, or by entering the segment of investment solutions for institutional investors and geographical, with the launch of real

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

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

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

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

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➤ **Significant events after the reporting date for the 2020 Consolidated Financial Statements**

- **Disposal of the remaining stake in Kenan Investments/Migros**

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

- **Establishment of the Advisory Board**

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

- **Acquisition of the management of a “logistics” real estate fund**

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

## **Statement of responsibilities for the Consolidated Financial Statements pursuant to art. 58/98**

The undersigned Paolo Ceretti, in his capacity as CEO, and Manolo Santilli, in his capacity as manager responsible for preparing the financial reports of DeA Capital S.p.A., taking into account the provisions of art. 154-*bis*, subsections 3 and 4, of Legislative Decree 58 of 24 February 1998, certify the adequacy in relation to the characteristics of the business and the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during the 2020 financial year.

The assessment as to the suitability of the administrative and accounting procedures for preparing the Summary Half-Year Consolidated Financial Statements at 31 December 2020 was based on a process established by DeA Capital S.p.A. in keeping with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is the generally accepted reference framework at the international level.

Note that in this regard, as described in the Notes to the Financial Statements, a significant portion of the assets are investments stated at fair value. Fair values were determined by directors based on their best estimates and judgement using the knowledge and evidence available at the time the financial statements were prepared. 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.

The undersigned further certify that the Consolidated Financial Statements at 31 December 2020:

- correspond to the Companies' accounting records;
- have been prepared in compliance with the International Financial Reporting Standards adopted by the European Union, and the measures issued to implement art. 9 of Legislative Decree 38/2005;
- to the best of their knowledge, provide a true and fair view of the operating performance and financial position of the issuer and the group of companies included in the scope of consolidation.

The Report on Operations contains a reliable analysis of operating performance and results and of the situation of the issuer and all companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

12/03/2021

**Paolo Ceretti**  
**Chief Executive Officer**

**Manolo Santilli**  
**Manager responsible for preparing the Company's accounts**



## **Information pursuant to art. 149-duodecies of the Consob Issuer Regulations**

The table below was prepared in accordance with art. 149-duodecies of the Consob Issuer Regulations and reports the fees for 2020 for auditing and other services provided by the independent auditors and entities belonging to the independent auditors' network. The fees reported below do not include VAT and out-of-pocket expenses.

<b>(EUR thousand)</b>	<b>Company providing the service</b>	<b>Beneficiary</b>	<b>Compensation FY 2019</b>
<b>Audit</b>	PwCS.p.A.	DeA Capital S.p.A.	77
	PwCS.p.A.	DeA Capital Partecipazioni	10
	PwCS.p.A.	DeA Capital Alternative Funds SGR	14
	PwCS.p.A.	IDeA Opportunity Funds I	15
	PwCFrance	DeA Capital Real Estate France S.A.S.	31
	PwCSpain	DeACapital Real Estate Iberia, SL	25
<b>Other services</b>	PricewaterhouseCoopers Advisory SpA	DeA Capital Alternative Funds SGR	12
			<b>184</b>

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## **Annual Financial Statements for the Year Ending 31 December 2020**

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**Annual Financial Statements for DeA Capital S.p.A.  
for the period 1 January to 31 December 2020**

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

**Balance Sheet-DeA Capital S.p.A.**

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

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

## Income Statement-DeA Capital S.p.A.

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

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.

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

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

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

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

## Cash flow statement – Parent Company – Direct Method

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

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 subscriptions	Reserve for the IDeA AI merger	Reserve for actuarial gains / losses	Profit/(Loss) carried forward	Profit/(Loss)	Total
<b>Total at 31.12.2018</b>	<b>306,612</b>	<b>240,859</b>	<b>61,322</b>	<b>(82,766)</b>	<b>(7,828)</b>	<b>2,219</b>	<b>729</b>	<b>(831)</b>	<b>(26)</b>	<b>(62,520)</b>	<b>17,304</b>	<b>475,074</b>
Allocation of Profit	0	0	0	0	0	0	0	0	0	17,304	(17,304)	0
Own shares delivered for incentive plans	0	0	0	1,525	0	(968)	0	0	0	(234)	0	323
Performance shares cost	0	0	0	0	0	1,560	0	0	0	0	0	1,560
Cancellation of own shares	(40,000)	(22,780)	0	62,780	0	0	0	0	0	0	0	0
Dividend paid 2019	0	(31,197)	0	0	0	0	0	0	0	0	0	(31,197)
Other changes	0	0	0	8,046	316	0	(316)	0	0	0	0	8,046
Total comprehensive Profit/(Loss) for 2019	0	0	0	0	0	0	0	0	(27)	0	12,451	12,424
<b>Total at 31.12.2019</b>	<b>266,612</b>	<b>186,882</b>	<b>61,322</b>	<b>(10,415)</b>	<b>(7,512)</b>	<b>2,811</b>	<b>413</b>	<b>(831)</b>	<b>(53)</b>	<b>(45,450)</b>	<b>12,451</b>	<b>466,230</b>

(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 subscriptions	Reserve for the IDeA AI merger	Reserve for actuarial gains / losses	Profit/(Loss) carried forward	Profit/(Loss)	Total
<b>Total at 31.12.2019</b>	<b>266,612</b>	<b>186,882</b>	<b>61,322</b>	<b>(10,415)</b>	<b>(7,512)</b>	<b>2,811</b>	<b>413</b>	<b>(831)</b>	<b>(53)</b>	<b>(45,450)</b>	<b>12,451</b>	<b>466,230</b>
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)
Other changes	0	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive Profit/(Loss) for 2020	0	0	0	0	0	0	0	0	(45)	0	25,431	25,386
<b>Total at 31.12.2020</b>	<b>266,612</b>	<b>155,542</b>	<b>61,322</b>	<b>(10,712)</b>	<b>(7,512)</b>	<b>3,370</b>	<b>413</b>	<b>(831)</b>	<b>(98)</b>	<b>(33,216)</b>	<b>25,431</b>	<b>460,321</b>

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.



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

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## A. Structure and Content of the Financial Statements

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

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

The financial statements were prepared in accordance with the general principles of IAS 1, specifically:

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

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

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

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

The Cash Flow Statement is prepared using the "direct method".

Unless otherwise indicated, all tables and figures included in these Notes to the Financial Statements are reported in EUR thousand.

As Parent Company, DeA Capital S.p.A. has also prepared the Consolidated Financial Statements for the DeA Capital Group at 31 December 2020.

In addition to the figures at 31 December 2020, the financial statement formats used also provide comparable figures for 31 December 2019.

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

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## **Statement of compliance with accounting standards**

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

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

### **Accounting standards, amendments and interpretations applied since 1 January 2020**

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

#### **➤ Amendments to the Conceptual Framework for Financial Reporting**

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

#### **➤ Amendments to IAS 1 and IAS 8**

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

#### **➤ Amendments to IFRS 9, IAS 39 and IFRS 7**

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

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

#### **➤ Amendments to IFRS 3**

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

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➤ **Amendments to IFRS 16 Leases Covid 19 – Related Rent Concessions**

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

In order to be able to apply this exemption, all of the following conditions must be verified:

- the concession on payments is a direct consequence of the Covid-19 pandemic;
- the change in payments left the same amount to be paid unaltered - in relation to the original conditions - or reduced the amount;
- the reduction in payments refers only to those originally due until June 2021;
- there are no material changes to other lease terms or conditions.

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

**Future accounting standards, amendments and interpretations**

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

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

➤ **Interest Rate Benchmark Reform-Phase 2**

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

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

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

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

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

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➤ **IFRS 14 - Regulatory Deferral Accounts**

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

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

➤ **Amendments to IAS 1**

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

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

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

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

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

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

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

➤ **Amendments to IFRS 3, IAS 37, IAS 16**

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

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

➤ **Annual improvement cycle 2018-2020**

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

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

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

## **B. Measurement criteria**

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

### Current and non-current assets and liabilities

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

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

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

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

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

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

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

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

### Intangible assets

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

The purchase cost is represented by the fair value of the price paid to acquire the asset and all other direct costs incurred in preparing the asset for use.

The carrying amount of intangible assets is retained in the financial statements to the extent that there is evidence that this amount can be recovered through use or if it is probable that the asset will generate future economic benefits.

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The useful life of intangible assets is assessed as finite or indefinite.

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

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

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

#### Impairment (loss of value) - IAS 36

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

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

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

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

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

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

When calculating the value it is important to:

- base cash flow projections on reasonable and sustainable assumptions that provide the best estimate of the economic conditions that are likely to exist over the remaining useful life of the asset;
- base cash flow projections on the most recent budget/plan approved by the investee, which, however, must exclude any future cash inflows or outflows that are expected to arise from future restructuring or improvements or optimisations in business performance. Projections based on these budgets/plans should cover a maximum period

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- of five years, unless a longer period can be justified;
  - estimate higher cash flow projections for the period covered by the most recent budgets/plans by extrapolating projections based on the budgets/plans taken into consideration, and using a stable or declining growth rate for subsequent years unless a rising rate can be justified. This growth rate must not exceed the average long-term growth rate for production in the country or countries in which the investee company operates or for markets in which the asset used is placed, unless a higher rate can be justified.

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

#### Tangible assets

Tangible assets are acquired at purchase price or production cost adjusted for accumulated depreciation and any impairment.

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

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

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

#### Financial assets

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

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



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

The application of this principle by the Company concerned the following:

- a) the classification and valuation of financial assets;
- b) the determination of impairment losses on trade and financial receivables;
- c) the treatment of hedge accounting.

#### **a) Classification and valuation of financial activities**

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

Under IFRS 9, financial assets are classified into three categories:

- Financial activities measured at amortised cost;
- Financial assets measured at Fair Value through equity (Fair Value Other Comprehensive Income) - "FVOCI";
- Financial assets measured at Fair Value with changes in profit or loss (Fair Value through Profit and Loss) - "FVTPL".

The classification and measurement of financial assets, consisting of loans, securities and debt instruments, involves a two-step approach:

1. definition of the Business Model based on the type of financial asset portfolios as defined below;
2. evaluation of the contractual cash flow characteristics of the identified instrument.

With regard to the reclassification of financial assets, reclassification to other categories of financial assets is not permitted, unless the Business Model for the management of financial assets is modified.

In the application of IFRS 9, the Company has identified the following categories of financial assets:

##### **1) Investment funds**

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

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

##### **2) Shares**

Shares (listed and unlisted) are valued at fair value. IFRS 9 requires fair value as the sole measurement basis for investments in equity instruments.

The shares in the portfolio are not held for trading purposes and the Company has decided to recognise changes in the value of this category of assets directly in the income statement.

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### 3) Bonds

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

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

### 4) Financing and credits

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

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

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

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

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

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

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

Assets and liabilities measured at fair value may be:

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

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

In these cases, it is provided that:

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

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

#### **b) Loss in value of trade and financial receivables**

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

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

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

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

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

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therefore necessary to assess future losses and weight them by the probability of their occurrence;

- Stage 3: applies to financial assets for which there is objective evidence of loss at the balance sheet date. In this case, it is necessary to determine the impairment in an amount equal to the total expected loss (lifetime expected credit losses). Lifetime expected credit losses are equal to the present value of expected losses in the event of a debtor default.

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

### **c) Hedge accounting**

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

#### Trade receivables

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

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

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

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

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

#### Cash and cash equivalents

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

#### Treasury shares

Treasury shares are not considered financial assets of the company that issued the shares. The value of the purchase and sale of treasury shares is recognised as a change in a separate item of shareholders' equity. No gain or loss is reported in the income statement for the sale, purchase, issue or cancellation of treasury shares.

The original cost of repurchased treasury shares and gains or losses arising from their subsequent sale are recognised as movements in equity.

Transaction costs related to a capital transaction are accounted for as a reduction of shareholders' equity, net of tax effect.

Dividends on ordinary shares are recorded as a reduction of shareholders' equity in the year in which the Shareholders' Meeting approves their distribution.

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### Financial liabilities

Financial liabilities relate to loans and other obligations to pay and are measured on initial recognition at fair value and subsequently at amortised cost, using the effective interest rate method.

Financial liabilities are removed from the balance sheet when they expire or are settled even if previously issued securities are repurchased. The difference between the recognised value of the liabilities and the amount paid to repurchase them is recognised in the income statement.

The item Financial liabilities includes liabilities related to the estimated earn-out deriving from the acquisition of company or business units.

When the acquisition contract provides for adjustments to the purchase consideration contingent on one or more subsequent events, the acquirer shall recognise the acquisition-date fair value of that contingent consideration as part of the consideration transferred in exchange for the acquiree. Changes subsequent to the initial recognition of the fair value of such contingent consideration shall be recognised as follows:

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

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

### Provisions for risks and future liabilities

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

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

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

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

### Revenues and income

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

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

- identifying contracts with the customer;
- identification of performance obligations, i.e. contractual promises to transfer goods and services to a customer. In particular, IFRS 15 requires the identification of the presence

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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

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such as discount rate, salary and other benefits. The amount recognised as a liability is therefore equal to the present value of the liability at the balance sheet date, plus or minus any actuarial gains/losses, accounted for in shareholders' equity reserve disclosed in the statement of comprehensive income, with no reclassification to profit or loss, while the interest component is recognised in income statement.

#### Share-based payments

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

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

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

#### Income tax

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

Deferred tax liabilities are allocated for all temporary differences between the carrying value of the assets and liabilities and the corresponding amount for tax purposes.

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

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

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

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

#### Currency transactions

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

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statement items are translated using the average monthly exchange rate for the year; differences arising after translation are recognised in equity reserves.

### **C. Changes in accounting principles and errors**

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

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

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

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

The Company's management must make assessments, estimates and assumptions that affect the application of accounting standards and the amounts of assets, liabilities, costs and revenues recorded in the financial statements.

These estimates and assumptions are reviewed regularly. Any changes resulting from revisions to accounting estimates are recorded in the period when the revision is made if such a revision only affects that period. If the revision affects current and future periods, the change is recorded in the period in which the revision is made and in related future periods.

Balance sheet items are recorded and valued according to the valuation criteria described above. The application of these criteria sometimes entails the adoption of estimates that can have a significant impact on the values recorded in the financial statements. The estimates and related assumptions are based on past experience and factors that are believed to be reasonable and, in this case, have been used to estimate the carrying amount of assets and liabilities that are not readily apparent from other sources. However, since these are estimates, the results obtained should not necessarily be considered definitive.

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

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

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

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



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

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

### Information on the “fair value hierarchy”

In relation to financial instruments recognised at fair value, IFRS 13 requires these values to be classified on the basis of a hierarchy of levels that reflects the significance and quality of the inputs

used in determining fair value. Three levels have been determined:

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

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

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

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

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

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## Valuation techniques and main input data

### Subsidiaries

Valuations of shareholdings and funds in the portfolio reflect estimates made using the information available on the date this 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 Asset Management Company 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 Asset Management Company S.p.A. for both the explicit forecast period (2021-2023) and future periods (based on the projection of a normalised figure in the terminal value).

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

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

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

### DeA Capital Holdings S.p.A.

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

### DeA Capital Alternative Funds SGR S.p.A.

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

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

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

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

#### Kenan Investments / Migros

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

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

#### Quaestio Holding S.A.

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

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

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

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

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

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

With reference to the Funds, including controlled and affiliated Funds at 31 December 2020 DeA Capital S.p.A. owned investment units in:

- IDEa I FoF (valued at EUR 15.2 million);
- ICF II (valued at EUR 23.7 million);

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- ICF III (valued at EUR 11.9 million);
  - IDeA OF I (valued at EUR 7.7 million);
  - IDeA EESS (valued at EUR 3.5 million);
  - IDeA ToI (valued at EUR 16.3 million);
  - IDeA CCR I (valued at EUR 1.0 million);
  - IDeA CCR II (valued at EUR 6.3 million);
  - IDeA EESS (valued at EUR 1.7 million);
  - Venere (valued at EUR 0.6 million);
  - Santa Palomba (valued at EUR 0.7 million);
  - Taste Of Italy 2 (valued of EUR 2.4 million)
  - 4 venture capital funds (valued at approximately EUR 0.4 million).

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

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

## Notes to the balance sheet

### NON-CURRENT ASSETS

#### 1 – Intangible and tangible assets

##### 1a – Intangible assets

Changes in intangible assets are shown in the tables below:

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

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

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

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

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

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

##### 1b – Tangible assets

Changes in tangible assets are shown in the tables below:

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

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

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

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

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

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

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

The depreciation rates used in the financial statements are:

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

## 2 – Financial investments

### 2a – Investments in subsidiaries

Investments in subsidiaries are measured at fair value in accordance with IAS 27 and IFRS 13. Details of the existing investments at 31 December 2020 are shown in the table below.

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

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

### **DeA Capital Holdings S.p.A.**

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

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

### **IDeA Opportunity Fund I (IDeA OF I)**

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

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

### **DeA Capital Real Estate SGR S.p.A.**

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

Note that the economic value of the subsidiary DeA Capital Real Estate Asset Management Company 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 Asset Management Company S.p.A. for both the explicit forecast period (2021-2023) and future periods (based on the projection of a normalised figure in the terminal value).

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

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

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

### DeA Capital Alternative Funds SGR S.p.A.

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

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

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

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

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

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

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

### 2b - Investments in associated companies and funds

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

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

Annual Accounts  
as at 31 December 2020



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

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

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

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

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

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

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

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

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

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

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

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

#### Venture capital funds

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

#### Closed-end mutual investment funds

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

### **3 – Non-current assets**

#### 3b – Non-current financial receivables

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

#### 3c – Financial receivables for non-current leasing

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

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## 4 – Current assets

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

### 4a – Trade receivables

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

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

These receivables break down by region as follows:

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

### 4c – Financial receivables for current leases

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

### 4d – Tax credits from tax consolidation with parent company

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

### 4e – Other tax receivables

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

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

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#### 4f – Other receivables

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

These receivables fall due within the next year.

#### 4g – Cash and cash equivalents

Cash and cash equivalents consist of bank deposits and cash (EUR 3 thousand), including interest accrued at 31 December 2020. This item totalled EUR 72,023 thousand at end-2020 compared with EUR 61,159 thousand at end-2019.

This increase is primarily due to the combined effect of the following factors:

- collection of dividends of EUR +1,360 thousand from DeA Capital Real Estate Asset Management Company, EUR +310 thousand from Cellularline and EUR +4,000 thousand from DeA Capital Alternative Funds Asset Management Company;
- payment of dividends of EUR -31,337 thousand;
- receipt of EUR +17,747 thousand for pay-outs from available-for-sale funds excluding capital calls paid;
- collection of EUR +22,226 thousand for the reimbursement resulting from the liquidation of IDeAMI S.p.A.;
- a collection of EUR +22,320 thousand for the contractual rights arising from the acquisition of Quaestio Holding and a cash disbursement of EUR -16,510 thousand related to the balance of the financial payable for the increase in price of the acquisition of the subsidiary occurred in the previous year;
- collection of EUR 4,855 thousand for the remuneration of losses transferred to the parent company De Agostini S.p.A. for participation in the tax consolidation scheme;
- disbursement of EUR -5,059 thousand for tax advances paid;
- disbursement of EUR -1,653 thousand for the purchase of treasury shares;
- service expenses net of recharges to Subsidiaries and Affiliated Companies of EUR -6,754 thousands;
- disbursement of EUR -641 thousand for an interest-bearing loan to third parties.

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

### **5 – Shareholders' equity**

At 31 December 2020, shareholders' equity totalled approximately EUR 460,321 thousand, compared with EUR 466,230 thousand at 31 December 2019.

The change in shareholders' equity in 2020 (approximately -EUR 5,909 thousand) was mainly due to:

- the distribution of a dividend of EUR -31,340 thousand;
- the profit of EUR +25,431 thousand for the period.

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

#### 5a – Share capital

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

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#### 5b – Share premium reserve

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

#### 5c – Legal reserve

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

#### 5d – Treasury shares reserve

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

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

#### 5e – Other reserves

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

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

#### 5f – Retained earnings (losses) carried forward

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

#### 5g – Profit (loss) for the year

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

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

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

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

Key: A = capital increase, B = to cover loss, C = distribution to shareholders

(#) Payable portion equal to Eur 60,453,032

(\*) this portion of the reserve can be used to cover losses only subordinate to the legal reserve

## 6 – Non-current liabilities

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

### 6a – End-of-service payment fund

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

Movements in the TFR can be summarised as follows:

(EUR thousand)	Balance at 1.1.2020	Portion accrued	Payments	Balance at 31.12.2020
<b>Movement in end-of-service payment fund</b>	<b>410</b>	<b>122</b>	<b>(70)</b>	<b>462</b>

The amounts concerned were calculated as follows:

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

### 6b – Non-current financial liabilities

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

## 7 – Current liabilities

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

### 7a - Trade payables

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

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

A breakdown of these payables by region is set out below:

- 83.90% for payables to suppliers - Italy;
- 7.31% for payables to suppliers - Luxembourg;
- 5.08% for payables to suppliers - Affiliates in Italy;
- 0.15% for payables to suppliers - Spain.

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

#### 7b – Payables to staff and social security organisations

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

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

#### 7c - Tax payables to subsidiaries

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

#### 7d – Other tax payables

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

#### 7e – Other payables

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

#### 7f – Current financial liabilities

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

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

## Notes to the Income Statement

### 8 - Revenues and income

#### 8a - Investment income and expenses

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

Details of this item are shown below.

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

#### Dividends from associates and other income

The item comprises dividends paid out by:

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

#### 8b - Service revenues

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

- EUR 515 thousand to DeA Capital Real Estate Asset Management Company;
- EUR 216 thousand to DeA Capital Alternative Funds Asset Management Company;



- EUR 81 thousand to De Agostini S.p.A.;
- EUR 35 thousand to DeA Capital Holdings;
- EUR 9 thousand for services rendered to third parties;
- EUR 8 thousand to Lottomatica.

## 9 – Operating costs

### 9a – Personnel costs

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

The item breaks down as follows:

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

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

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

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

### Compensation benefits in the form of equity participation

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

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

employees and/or directors performing particular roles at the Company, its subsidiaries and the Parent Company De Agostini S.p.A.

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

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

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

#### 9b – Service costs

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

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

#### 9c - Depreciation

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

#### 9d – Other charges

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

### **10 – Financial income and charges**

#### 10a – Financial income

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

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

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In detail, this item mainly consists of:

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

#### 10b – Financial charges

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

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

These mainly included interest payable on loans and financial liabilities and losses on hedging derivatives and exchange rates.

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

### **11 – Tax**

#### 11a – Income tax for the period

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

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

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

## Notes to the Cash Flow Statement

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

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

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

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

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

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

## Other information

### ➤ Commitments

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

The change in commitments is shown in the table below:

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

(\*) Funds with completed investment period

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

### ➤ Treasury and parent company shares

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

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

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

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

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

Movements in treasury shares during the 2020 financial year are summarised below:

- (i) allocation of 1,184,906 treasury shares under the 2016-2018 and 2017-2019 Performance Shares Plans of DeA Capital S.p.A.;
- (ii) purchase of 1,470,824 treasury shares (for a countervalue of EUR 1,653,031).

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

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

#### ➤ Long-term incentive schemes

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

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

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

*Eur*

<b>Shareholder plan</b>	<b>Plan 2019</b>
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	30/06/2022

*Eur*

<b>Performance Share</b>	<b>Plan 2017</b>	<b>Plan 2017</b>	<b>Plan 2018</b>	<b>Plan 2019</b>	<b>Plan 2020</b>
N° units granted	1,200,000	100,000	1,350,000	1,050,000	1,420,000
Unit value (€)	1.36	1.27	1.56	1.51	1.29
Value at the grant date/amendment date of the regulation (€)	1,632,000	127,000	2,106,000	1,585,500	1,831,800
Expiry date	30/06/2021	30/06/2021	30/06/2022	30/06/2023	30/06/2024

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## ➤ Related Party Transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

The following is reported with reference to transactions with Subsidiaries:

- 1) On 1 January 2013, DeA Capital S.p.A. signed sublease agreements with the subsidiaries DeA Capital Real Estate Asset Management Company and DeA Capital Alternative Funds Asset Management Company for real estate portions of the property located at 21 Via Brera, Milan, consisting of office space, warehouse and parking spaces. This above-referenced Contract, which is renewable every six years after an initial term of seven years, provides for the same conditions as the contract held by DeA Capital S.p.A.
- 2) DeA Capital S.p.A. signed "Contracts for the provision of Internal Audit services" with the subsidiaries DeA Capital Real Estate Asset Management Company and DeA Capital Alternative Funds Asset Management Company. 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 Asset Management Company and DeA Capital Alternative Funds Asset Management Company. These contracts - tacitly renewed annually - have been stipulated in order to support the legal functions of the Asset Management Companies, allowing them to benefit from a common platform of resources and professional knowledge functional to the standardisation and transversality of operating methodologies at Group level.

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

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

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

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



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

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

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

Director	Position	Period position held	Position expires	Fees for position at company preparing the financial statements - (€ /000)	Non-cash benefits - (€ /000)	Bonuses and other incentives - (€ /000)	Statutory auditors' fees for positions held at subsidiaries - (€ /000)	Other remuneration - (€ /000)
Lorenzo Pellicoli	Chairman	2020	Approval fin. statements 2021	30	0	0	0	0
Paolo Ceretti	Chief Executive Officer	2020	Approval fin. statements 2021	750	0	1,051	0	40
Dario Frigerio	Director	2020	Approval fin. statements 2021	30	0	0	0	212
Dario Mereghetti	Director	2020	Approval fin. statements 2021	30	0	0	0	5
Carlo Ferrari Ardicioni	Director	2020	Approval fin. statements 2021	30	0	0	0	0
Donatella Busso	Director	2020	Approval fin. statements 2021	30	0	0	0	27
Francesca Golfetto	Director	2020	Approval fin. statements 2021	30	0	0	0	5
Marco Drago	Director	until at 12 may 2020	Approval fin. statements 2021	11	0	0	0	0
Nicola Drago	Director	from 12 may 2020	-	19	0	0	0	0
Daniela Toscani	Director	2020	Approval fin. statements 2021	30	0	0	0	15
Elena Vasco	Director	2020	Approval fin. statements 2021	30	0	0	0	25
Marco Boroli	Director	2020	Approval fin. statements 2021	30	0	0	0	0
Cesare Grifoni	Chairman of the Board of Statutory Auditors	2020	Approval fin. statements 2021	45	0	0	7	10
Fabio Facchini	Permanent Auditor	2020	Approval fin. statements 2021	30	0	0	0	0
Annalisa Donesana	Permanent Auditor	2020	Approval fin. statements 2021	30	0	0	5	0

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

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

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

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

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

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

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

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

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

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

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

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

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

Performance shares		Units outstanding at 1 January 2020			Units granted during 2020			Units exercised during 2020	Units lapsed/cancelled during 2020	Units outstanding at 31 December 2020		
Beneficiary	Position	Number of Units	Units Price (€)	Average expiry date	Number of Units	Units Price (€)	Average expiry date	Number of Units	Number of Units	Number of Units	Units Price (€)	Average expiry date
Paolo Ceretti	CEO	195,834	1.19	4	0	0	0	182,881	12,953	0	0	0
Paolo Ceretti	CEO	350,000	1.36	4	72,265	1.36	4	247,265	0	175,000	1.36	4
Paolo Ceretti	CEO	500,000	1.56	4	0	0	0	0	0	500,000	1.56	4
Chief Operating Officer/Senior managers with strategic responsibilities		251,785	1.19	4	0	0	0	235,134	16,651	0	0	0
Chief Operating Officer/Senior managers with strategic responsibilities		200,000	1.36	4	41,294	1.36	4	141,294	0	100,000	1.36	4
Chief Operating Officer/Senior managers with strategic responsibilities		200,000	0.00	4	0	0	0	0	0	200,000	1.56	4
Chief Operating Officer/Senior managers with strategic responsibilities		225,000	0.00	4	0	0	0	0	0	225,000	1.51	4
Chief Operating Officer/Senior managers with strategic responsibilities		0	0	0	500,000	1.29	4	0	0	500,000	1.29	4

➤ **Contingent liabilities**

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

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

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

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

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

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

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

### ➤ **Management and coordination**

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

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

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

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

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## Risks

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

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

The development of the three main variables affecting the performance of Assets Under Management depends on:

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

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

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

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

- the systematic monitoring of reference markets, the competitive framework and the main trends in the industry;
- the gradual diversification of business streams (both product-related, for example by extending the portfolio of products offered to the NPL Management, managed accounts and international real estate club deal segments, or by entering the segment of investment solutions for institutional investors and geographical, with the launch of real estate ventures in partnership with local key managers, first in France and Iberia and then in Poland and Germany);

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- the maintenance of effective investment governance (though not control) levers and risk diversification mechanisms (such as asset concentration constraints in funds under management) across all asset classes;
  - continuous monitoring of the trend of the key performance indicators of the different business segments;
  - maintaining an industrial and never purely financial approach to investment activities and strict ethical standards throughout the structure;
  - the growing focus on sustainable investment issues with reference to environmental, social and governance aspects, through the definition of policies, adherence to international certification standards and the transversal involvement of the various corporate functions, initially defined at the level of subsidiary asset management companies and currently being extended to the Group as a whole;
  - the strengthening of the operational structure (in particular with the integration of a Chief Operating Officer into the company's organisation chart) and strategic orientation (with the recent establishment of the Advisory Board to support business development and go-to-market activities for the Alternative Asset Management Platform);
  - the periodic assessment and monitoring of the risk framework in which the Group operates through a structured risk assessment process and the related updating of operating procedures and governance mechanisms (e.g. the establishment of the Security Operating Centre - 'SOC' - to better monitor cybersecurity issues).

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

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

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

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➤ **Significant events after the reporting date for the 2020 Financial Statements**

- **Disposal of the remaining stake in Kenan Investments/Migros**

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

- **Establishment of the Advisory Board for the Alternative Asset Management Platform**

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

➤ **Outlook**

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

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

➤ **Final Points**

▪ **Publication of the 2020 Budget**

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

▪ **Atypical or unusual transactions**

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

▪ **Significant non-recurring events and transactions**

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

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## **Certification of the Financial Statements pursuant to Article 154-bis of the Legislative Decree. 58/98**

The undersigned Paolo Ceretti, in his capacity as Chief Executive Officer, and Manolo Santilli, in his capacity as Manager responsible for preparing the Company's financial reports, hereby certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, the adequacy in relation to the characteristics of the business and the effective application of the administrative and accounting procedures for the preparation of the Financial Statements for the year 2020.

The assessment of the adequacy of the administrative and accounting procedures for preparing the annual financial statements for the year ending 31 December 2020 was based on a process defined by DeA Capital S.p.A. in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is a generally accepted reference framework at international level.

Note that in this regard, as described in the Notes to the Financial Statements, a significant portion of the assets are investments stated at fair value. Fair values were determined by directors based on their best estimates and judgement using the knowledge and evidence available at the time the financial statements were prepared. 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.

The undersigned further certify that the Financial Statements to 31 December 2020:

- correspond to the Company's accounting records;
- have been prepared in compliance with the International Financial Reporting Standards adopted by the European Union, and the measures issued to implement art. 9 of Legislative Decree 38/2005;
- to the best of their knowledge, provide a true and fair view of the operating performance and financial position of the issuer.

The Report on Operations contains a reliable analysis of operating performance and results and of the situation of the issuer and all companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

12/03/2021

**Paolo Ceretti**  
**Chief Executive Officer**

**Manolo Santilli**  
**Manager responsible for preparing the Company's accounts**

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## **Information pursuant to art. 149-*duodecies* of the Consob Issuer Regulations**

The table below was prepared in accordance with art. 149-*duodecies* of the Consob Issuer Regulations and reports the fees for 2020 for auditing and other services provided by the independent auditors and entities belonging to the independent auditors' network. The fees reported below do not include VAT and out-of-pocket expenses.

<i>(EUR thousand)</i>	<b>Company providing the service</b>	<b>Beneficiary</b>	<b>Compensation FY 2020</b>
<b>Audit</b>	PricewaterhouseCoopers S.p.A.	DeA Capital S.p.A.	77
<b>Total</b>			<b>77</b>



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## **Summary of Subsidiaries' Financial Statements as at 31 December 2020**

<i>(EUR thousand)</i>	<b>DeA Capital Partecipazioni</b>	<b>DeA Capital Alternative Funds SGR</b>
Non-current assets	106,845	20,971
Current assets	8,416	28,720
<b>Consolidated assets</b>	<b>115,261</b>	<b>49,691</b>
Shareholders' equity	108,899	29,933
Non-current liabilities	5,631	-
Current liabilities	731	13,527
<b>Consolidated liabilities</b>	<b>115,261</b>	<b>43,460</b>
Alternative asset management fees	-	32,636
Other investment income/charges	13,704	(39)
Other income	-	6
Personnel costs	(320)	(13,940)
External service costs	(134)	(5,027)
Depreciation and amortisation	-	(1,885)
Provision for risks	(2,357)	-
Other charges	-	(177)
Financial income	798	73
Financial charges	(4)	(70)
Taxes	(388)	(1,649)
<b>Net profit/(loss)</b>	<b>11,299</b>	<b>9,928</b>

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**Independent Auditors' Report (Original available in Italian version)**

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**Report of the Board of Statutory Auditors (Original available in Italian version)**