



NB Aurora S.A. SICAF-RAIF

Condensed Interim Report as of 30 June 2020

For the period from 1 January 2020 to 30 June 2020

**Registered office**

28-32, Place de la Gare

L-1616 Luxembourg

Grand Duchy of Luxembourg

R.C.S Luxembourg B 218101

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NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
for the period from 1 January 2020 to 30 June 2020

GENERAL INFORMATION

<b>Directors</b>	<p>Francesco Moglia          Patrizia Polliotto (Independent)          Alessandro Spada (Independent)          Karl Pardaens (Chairman)          Galeazzo Pecori Giraldi (Independent)</p>
<b>Alternative Investment</b>	<p>Neuberger Berman AIFM S.á r.l.          9, rue du Laboratoire          L - 1911 Luxembourg</p>
<b>Auditor</b>	<p>KPMG Luxembourg, Société Coopérative          39, avenue John-F. Kennedy          L-1855 Luxembourg</p>
<b>Administrator, Registrar, and Transfer Agent</b>	<p>Société Générale Bank &amp; Trust S.A.          11, avenue Emile Reuter          L-2420 Luxembourg</p>
<b>Depository and Paying Agent</b>	<p>Société Générale Bank &amp; Trust S.A.          11, avenue Emile Reuter          L-2420 Luxembourg</p>

NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
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## DIRECTORS' REPORT

The Board of Directors presents to the shareholders the condensed interim report as of 30 June 2020 (the "financial statements") for NB Aurora S.A. SICAF-RAIF (the "Company" or "Aurora").

### Principal activities

The Company's investment objective is to achieve long-term capital appreciation through equity and equity-related investments primarily in a portfolio of small and medium sized and unlisted Italian companies.

The Company's investment strategy is to acquire further stakes, predominantly minority stakes, in unlisted small and mid-cap companies, providing companies with capital to finance their business growth and international expansion plans alongside the entrepreneurs.

The Company has a corporate form of a "société anonyme" qualifying as a "fonds d'investissement alternatif réservé" or "RAIF" in the form of an "société d'investissement à capital fixe" incorporated under the laws of the Grand Duchy of Luxembourg on 14 September 2017.

The Company does not have any branches nor does it conduct any research and development activities.

The Company's Class A Ordinary shares (ISIN LU1738384764) are listed since 4 May 2018 on the Investment Vehicles Market - Professional Segment, a regulated market operated by Borsa Italiana S.p.A. (the "MIV"). The Company is the first permanent capital vehicle listed on the MIV.

The Company has not repurchased any of its shares during the period.

### Review of development of the business

The Company was incorporated on 14 September 2017. On 4 May 2018 (the "Listing Date") the Company commenced investing in accordance with the investment objective.

The Board of Directors' determination of key performance indicators for the reporting period is represented by the financial results as disclosed in the interim financial report.

On 12 March 2020, the Company completed the acquisition of Pharma Healthcare Supply Chain Expertise ("PHSE") through a newly incorporated vehicle ("Newco"). The co-investment agreement provides in particular that, based on an investment of approximately Euro 16 million, the Company indirectly holds 30.8% of Newco.

PHSE is leader in Italy in the controlled temperature transport, for the 2-8°C segment, of pharmaceutical products, biotech, clinical trials and biological samples serving the hospital channel. The company, with a consolidated turnover of about Euro 30 million, today roughly controls 50% of the domestic market, with 12 Hubs and about 300 employees. PHSE distinguishes itself from other players active in the market because it uses exclusively its own personnel and means of transport, thus guaranteeing a high level of service quality and high reliability.

On 30 April 2020, the Company announced the closing of the sale of the entire investment held by Fondo Italiano di Investimento ("FII") of which the Company holds 13.3% in Elco S.p.A., a company specialising in the production of high-tech printed circuit boards for electronic systems. The entire 29.76% stake of FII has been sold to the majority shareholder Elco Group S.p.A..

Moreover, the Company approved a *Post-Covid* NAV as of 31 March 2020.

NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
for the period from 1 January 2020 to 30 June 2020

DIRECTORS' REPORT (CONTINUED)

**Results, activities and future developments (continued)**

On 3 June 2020, the Company held an Extraordinary Shareholders' Meeting ("EGM"), which approved NB Aurora's new investment policy and has amended consequently the articles of association, including also the authorization to the Board of Directors to issue new shares below the par value of the existing shares within the authorised share capital of the Company. Furthermore, the EGM has resolved to cancel the private placement memorandum dated 27 April 2018 and to approve the new prospectus to be finalised by the Board of Directors in relation to the capital increase transaction that is currently expected to be carried out in the second half of this year and which will be the only issuing document of the Company pursuant to article 38 the Luxembourg law of 23 July 2016 on reserved alternative investment funds

The recent outbreak of the novel coronavirus in many countries, which is a rapidly evolving situation, has, among other things, disrupted global travel and supply chains, and has adversely impacted global commercial activity, the transportation industry and commodity prices in the energy sector. The impact of this virus has negatively affected and may continue to affect the economies of many nations, individual companies and the global securities and commodities markets, including liquidity and volatility, in ways that cannot necessarily be foreseen at the present time. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on economic and market conditions and trigger a period of global economic slowdown. Such conditions (which may be across industries, sectors or geographies) have impacted and may continue to impact the issuers of the securities held by the Funds. The impact of Covid-19 on the valuation of the company's portfolio is described in detail on page 20 of the financial statements.

The financial position and results for the period are presented in the following pages of this report.

On 26 March 2020, the Shareholders' Meeting approved the distribution of an ordinary dividend of Euro 18.9 million and the Company paid a total amount of Euro 18.9 million on 1 April 2020.

The Company attained a loss of Euro 5.1 million as of 30 June 2020 (2019 - Profit: EUR 2.7 million). The Company incurred expenses for a total amount of Euro 2.0 million (2019: EUR 1.8 million) of which Euro 1.2 million (2019: EUR 1.2 million) for management fees. As of 30 June 2020, the subscribed capital of the Company is equal to Euro 151,550,000 consisting of 15,200,000 Shares without indication of a par value, all of which are fully paid up and represented by 15,000,000 Class A Ordinary Shares, 150,000 Class B Ordinary Shares and 50,000 Special Shares, representing Euro 150,000,000 of share capital of the Company for the Class A Ordinary Shares, Euro 1,500,000 of share capital of the Company for the Class B Ordinary Shares and Euro 50,000 of share capital of the Company for the Special Shares. The Company is authorised to issue new shares within the limits of the authorised capital of the Company being Euro 600 million.

As of 30 June 2020 after the dividend distribution, the NAV<sup>1</sup> of NB Aurora is Euro 156.1 million (2019: 180.1 million).

NB Aurora aims to create value by supporting its portfolio companies along the following lines of development:

- internationalisation;
- consolidation of fragmented niches and markets;
- inclusion, in agreement with the majority shareholder, of new managerial figures, possibly useful to facilitate the generational transition; and
- simplification of complex shareholder structures.

<sup>1</sup> NAV means the Net Asset Value of the shares and represents the value of the assets less the liabilities.

NB AURORA S.A. SICAF-RAIF  
 CONDENSED INTERIM REPORT  
 for the period from 1 January 2020 to 30 June 2020

DIRECTORS' REPORT (CONTINUED)

**Results, activities and future developments (continued)**

NB Aurora does not usually use financial leverage and seeks visionary entrepreneurs to support them in the implementation of their projects.

The aggregate turnover of the companies currently in the portfolio (excluding Zeis, in "Concordat of Continuity"), based on the financial statements at December 31, 2019 (latest public data), amounts to approximately Euro 1.0 billion with an aggregate EBITDA<sup>1</sup> of approximately Euro 110 million.

To date, the portfolio includes:

- **Ligabue:** one of the world's leading operators in catering, logistic and housekeeping services on board passenger (ferries and cruises) and cargo ships, and remote sites such as oil rigs and fields, mines and construction camps. The Group employs over 8,000 people and operates in 14 countries around the world. In 2019, the Group generated revenues of approx. Euro 348 million and EBITDA of approx. Euro 14 million. NB Aurora indirectly holds a 13.6% stake.
- **Sira:** the company operates in two specific market sectors: (i) supply of full cycle die-casting and aluminium die-casting moulds for the mechanical and automotive industries and (ii) production of radiators for heating. In 2019, turnover amounted to approx. Euro 115 million, with EBITDA of approx. Euro 9 million. NB Aurora indirectly holds a 18.0% stake.
- **Amut:** the company has been building plastics processing plants since 1958. Having entered the market as an extruder manufacturer, AMUT has progressively continued its technological development to fully cover the plastics life cycle (raw material processing, extrusion and thermoforming of the finished product, finishing processes, product reintegration through recycling technologies). In 2019, the company reported revenues of approximately Euro 88 million and EBITDA of Euro 1.1 million. NB Aurora indirectly holds a 17.7% stake.
- **DBA Group:** listed on the AIM segment of the Milan Stock Exchange, it is an independent group active in the development of professional, technical and management services in the fields of Architecture, Engineering, Project & Lifecycle Management and Information & Communication Technologies. In 2019, revenues amounted to approximately Euro 57.5 million, up 22.3% from the previous year. EBITDA amounted to Euro 2.1 million. NB Aurora indirectly holds a 4.4% stake.
- **Zeis:** it produces shoes under various proprietary brands, including Cult and Dockstep. The company has applied and obtained admission to the white composition with creditors procedure. NB Aurora indirectly holds an 8.9% stake.
- **Club del Sole:** Based in Forlì, Club Del Sole today directly manages 15 campings in 6 regions of Central and Northern Italy. Club del Sole has recorded significant growth in recent years, going from a turnover of around Euro 8 million in 2008 to Euro 50 million in 2019 with a consolidated EBITDA Adj. of Euro 12 million.
- **Dierre Group:** Dierre Group is leader in Italy in the design, production and sale of technologically advanced and aesthetically pleasing protections and components for industrial automation with a large and diversified customer base that includes the largest Italian manufacturers in the industrial automation sector. Founded in 1997 in Fiorano Modenese by Giuseppe Rubbiani, today it is the Italian leader in its market niche. Thanks to 30 in-house engineers (out of a total of 280 employees) and a widespread production footprint (11 plants in Italy), Dierre achieved, in 2019, a turnover of about Euro 46 million and an EBITDA Adj. of about Euro 7 million.

<sup>1</sup> Earnings before interest, taxes, depreciation, and amortization ("EBITDA"), is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances.

NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
for the period from 1 January 2020 to 30 June 2020

DIRECTORS' REPORT (CONTINUED)

**Results, activities and future developments (continued)**

- **Rino Mastrotto Group:** RMG is a world leader in the production and sale of leather for the fashion, automotive and furnishing sectors. Today RMG employs over 850 people and sells in 60 countries generating about 60% of its turnover abroad. The international turnover increases to over 80% if we consider that many of the Group's customers are fashion houses that produce in Italy, but export most of their articles all over the world. In recent years the Group has grown significantly, increasing its revenues from around Euro 252 million in 2015 to around Euro 310 million in 2019, and is one of the reference points of the Italian tanning industry.
- **PHSE:** is leader in Italy in the temperature-controlled transport, for the 2-8°C segment, of pharmaceutical products, biotech, clinical trials and biological samples serving the hospital channel. The company, with a consolidated turnover of about Euro 30 million, today controls 50% of the domestic market, with 12 Hubs and about 300 employees. PHSE distinguishes itself from other players active in the market because it uses exclusively its own personnel and means of transport, thus guaranteeing a high level of service quality and high reliability.

As at the date hereof, is ongoing the process of the share capital increase, within the limits of the authorised capital pursuant to Article 5.4 of NB Aurora's Articles of Association, announced to the market by means of the press release disseminated on 29 January 2020.

The Company expects to create value through the existing investments as well as other future equity investments primarily in portfolio of small and medium sized and mainly unlisted Italian companies.

**Directors**

The names of Directors at any time during the period are set out on page 1.

**Subsequent events**

In July 2020, the Company completed the acquisition of a 2.8% underlying stake in Engineering Ingegneria Informatica S.p.A. an Italian leading specialist provider of IT services, software development and digital platforms, supporting clients in digital transformation projects for a total consideration of Euro 20 million.

In July of 2020, Fondo Italiano di Investimento distributed to the Company an amount of Euro 2.5 million stemmed mostly from the repayment of the Ligabue loan.

There were no other events occurring after the reporting date which require disclosure in the financial statements of the Company.

**Accounting records**

The Board of Directors have appointed Société Générale Bank & Trust S.A. as administrator of the Company, the accounting records of the Company are maintained at the registered office.

**Going concern**

The Board of Directors consider it appropriate to prepare the condensed interim financial statements under the going concern assumption.

**Independent auditor**

KPMG Luxembourg, Société Coopérative acts as the independent auditor of the Company. The condensed interim financial statements for the period ending 30 June 2020 are subject to limited review by KPMG Luxembourg, Société Coopérative.

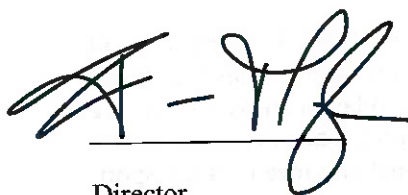
NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
for the period from 1 January 2020 to 30 June 2020

DIRECTORS' REPORT (CONTINUED)

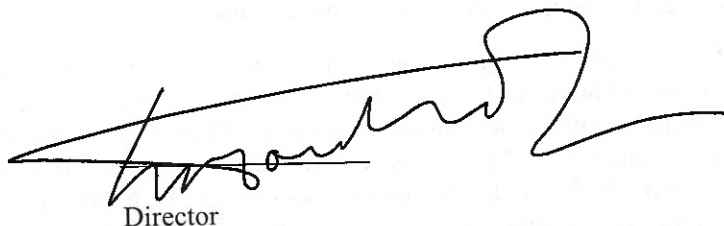
**Corporate Governance Code**

The Board of Directors have taken a number of steps to ensure, on a voluntary basis, compliance with certain provisions of the Corporate Governance Code (the "Code") of Borsa Italiana S.p.A.. The Code is available to the public on Borsa Italiana website ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

Signed for and on behalf of the Board of Directors on 7 September 2020:



Director



Director



NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
for the period from 1 January 2020 to 30 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors are required to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, which give a true and fair view of the state of affairs of the Company at the end of each financial period and of the profit or loss of the Company for the period then ended.

In preparing the condensed interim financial statements, the Board of Directors should:

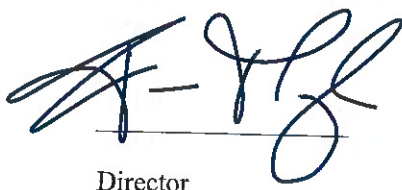
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the condensed interim financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Board of Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company. This responsibility includes designing, implementing and maintaining such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. For this purpose the board has established a risk and control committee which reports on the internal controls.

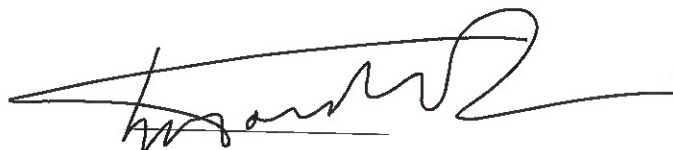
In accordance with Article 4(2) (c) of the Luxembourg law of 11 January 2008 relative aux obligations de transparence concernant l'information sur les émetteurs dont les valeurs mobilières sont admises à la négociation sur un marché réglementé (as amended) the undersigned confirm that to the best of their knowledge, the condensed interim financial statements covering the six months period ended 30 June 2020, which has been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required under Article 4(3) of the Transparency Law.

Furthermore, the undersigned confirm that to the best of their knowledge, the interim management report covering the six months period ended 30 June 2020 includes a fair review of important events that have occurred during the first six months of the current financial year, and their impact on the condensed interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the current financial year.

Approved by the Board of Directors on 7 September 2020 and signed on its behalf by:



Director



Director

NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
for the period from 1 January 2020 to 30 June 2020

	Note	From 1 January 2020 to 30 June 2020 €	From 1 January 2019 to 30 June 2019 €
<b>Income</b>			
Realised and change in unrealised (loss)/gain on financial assets and liabilities at fair value through profit or loss	4(i)	(2,894,211)	4,417,423
Interest income		18,415	19,051
Other income		-	96,510
<b>Total investment (loss)/income</b>		<u>(2,875,796)</u>	<u>4,532,984</u>
<b>Expenses</b>			
Management fees	4(ii)	1,290,296	1,267,562
Reallocation expenses	4(ii)	256,270	-
Professional fees	4(ii)	230,096	174,941
Directors' fees	6(a)	88,053	72,503
Administration, custody and transfer agent fees		82,944	70,958
Audit fees	4(ii)	40,950	34,513
Market authority fees		14,997	18,061
Interest on term loan		4,504	8,130
Other expenses		252,397	187,008
<b>Total expenses</b>		<u>2,260,507</u>	<u>1,833,676</u>
<b>Total (loss)/profit for the period</b>		<u>(5,136,303)</u>	<u>2,699,308</u>
<b>Other comprehensive income</b>			
Items that will not be reclassified in P&L		-	-
Items that are or may be reclassified subsequently to P&L		-	-
<b>Total comprehensive (loss)/income for the period</b>		<u>(5,136,303)</u>	<u>2,699,308</u>
<b>Earnings per share</b>			
	3(iii)		
<b>Class A Shares</b>			
Basic		(0.338)	0.151
Diluted		(0.338)	0.151
<b>Class B Shares</b>			
Basic		(0.338)	2.850
Diluted		(0.338)	2.850
<b>Special Shares</b>			
Basic		(0.338)	0.151
Diluted		(0.338)	0.151

The accompanying notes form an integral part of the condensed interim report.

NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
CONDENSED STATEMENT OF FINANCIAL POSITION  
As of 30 June 2020

	Note	As of 30 June 2020 €	As of 31 December 2019 €
<b>Non-current assets</b>			
Non Pledged Financial assets at fair value through profit or loss	3(i)	107,105,123	93,995,604
<b>Total non-current assets</b>		<u>107,105,123</u>	<u>93,995,604</u>
<b>Current assets</b>			
Cash and cash equivalents	3(ii)	49,521,741	86,878,999
Prepayments		177,238	177,238
<b>Total current assets</b>		<u>49,698,979</u>	<u>87,056,237</u>
<b>Total assets</b>		<u><u>156,804,102</u></u>	<u><u>181,051,841</u></u>
<b>Equity</b>			
Share capital	3(iii)	145,465,956	145,465,956
Non-distributable reserve		1,230,188	27,622,175
Legal reserve	3(iii)	2,683,531	2,632,785
Retained earnings		6,672,235	4,422,590
<b>Total equity</b>		<u>156,051,910</u>	<u>180,143,506</u>
<b>Current liabilities</b>			
Accrued expenses and other payables	3(v)	752,192	908,335
<b>Total current liabilities</b>		<u>752,192</u>	<u>908,335</u>
<b>Total equity and liabilities</b>		<u><u>156,804,102</u></u>	<u><u>181,051,841</u></u>

The accompanying notes form an integral part of the condensed interim report.

NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
CONDENSED STATEMENT OF CHANGES IN EQUITY  
for the period from 1 January 2020 to 30 June 2020

Note	<u>Share Capital</u> €	<u>Distributable Reserve</u> €	<u>Legal Reserve</u> €	<u>Retained Earnings</u> €	<u>Total Equity</u> €
As of 1 January 2020	145,465,956	27,622,175	2,632,785	4,422,590	180,143,506
Loss for the period	-	-	-	(5,136,303)	(5,136,303)
Allocation	-	(26,391,987)	50,746	7,385,948	(18,955,293)
<b>As of 30 June 2020</b>	<b><u>145,465,956</u></b>	<b><u>1,230,188</u></b>	<b><u>2,683,531</u></b>	<b><u>6,672,235</u></b>	<b><u>156,051,910</u></b>
As of 1 January 2019	145,465,956	-	-	52,571,593	198,037,549
Profit for the period	-	-	-	2,699,308	2,699,308
Distributions	-	-	-	(18,908,959)	(18,908,959)
<b>As of 30 June 2019</b>	<b><u>145,465,956</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>36,361,942</u></b>	<b><u>181,827,898</u></b>

The accompanying notes form an integral part of the condensed interim report.

NB AURORA S.A. SICAF-RAIF  
CONDENSED INTERIM REPORT  
CONDENSED STATEMENT OF CASH FLOWS  
for the period from 1 January 2020 to 30 June 2020

	From 1 January 2020 to 30 June 2020	From 1 January 2019 to 30 June 2019
Note	€	€
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(5,136,303)	2,699,308
<b>Adjustments for:</b>		
-Fair value of the financial asset	4(i) 2,894,211	(4,417,423)
-Interest income	(18,415)	(19,051)
	<u>2,875,796</u>	<u>(4,436,474)</u>
<b>Changes in:</b>		
Prepayments	-	(193,572)
Management fees payable	-	818,102
Professional fees payable	(252,030)	(154,455)
Directors' fees payable	-	(169,161)
Administration, custody and transfer agent fees payable	(10,012)	(19,091)
Audit fees payable	-	(12,171)
Market authority fees payable	-	(19,972)
Legal fees payable	329,418	-
IPO costs payable	(68,656)	(668,587)
Other payables	(154,863)	(341,309)
	<u>(156,143)</u>	<u>(760,216)</u>
Interest received	18,415	19,051
<b>Net cash used in operating activities</b>	<u>(2,398,235)</u>	<u>(2,478,331)</u>
<b>Cash flows from investing activities</b>		
Acquisition of investments	3(i) (16,003,730)	-
<b>Net cash used in investing activities</b>	<u>(16,003,730)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Distributions paid	3(iii) (18,955,293)	(17,411,482)
<b>Net cash used in financing activities</b>	<u>(18,955,293)</u>	<u>(17,411,482)</u>
<b>Net decrease in cash and cash equivalents for the period</b>	<b>(37,357,258)</b>	<b>(19,889,813)</b>
Cash and cash equivalents at the beginning of the period	86,878,999	100,302,075
<b>Cash and cash equivalents at the end of the period</b>	<u><b>49,521,741</b></u>	<u><b>80,412,262</b></u>

The accompanying notes form an integral part of the condensed interim report.

NB AURORA S.A. SICAF-RAIF  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
for the period from 1 January 2020 to 30 June 2020

## 1. GENERAL INFORMATION

### *Overview*

NB Aurora S.A. SICAF-RAIF (the “Company” or “NB Aurora” or the “Fund”) was incorporated on 14 September 2017 as a “fonds d’investissement alternatif réservé” in the form of a “société d’investissement à capital fixe” incorporated under the laws of the Grand Duchy of Luxembourg. The Company is incorporated for a maximum of fifty (50) years.

The Company qualifies as an alternative investment fund (“AIF”) within the meaning of the Luxembourg law on alternative investment fund managers.

The Company is registered with the Luxembourg Registre de Commerce et des Sociétés under number B 218101 and has its registered office at 28-32, Place de la Gare, L-1616 Luxembourg, Grand Duchy of Luxembourg.

The Company’s investment objective is to achieve long-term capital appreciation through minority equity investments in a portfolio of small and medium sized and unlisted Italian companies. The target market of the Company is a large number of small mid-caps companies representing the backbone of the Italian economy. Most of these companies possess manufacturing districts in Northern Italy (the largest manufacturing districts in Europe) and are Italian export-driven companies that are more correlated to global growth than Italian growth and domestic product.

Neuberger Berman AIFM S.à r.l. acts as Alternative Investment Fund Manager (“AIFM”) to the Company. Neuberger Berman AIFM S.à r.l. is authorised by the Commission de Surveillance du Secteur Financier (“CSSF”) as an Alternative Investment Fund Manager.

### *Listing on Borsa Italiana*

NB Aurora’s Class A Ordinary Shares (ISIN LU1738384764) are listed since 4 May 2018 (the “Listing Date”) on the MIV. The Company is the first fixed capital vehicle listed on the MIV. During the period ended 30 June 2019 NB Aurora adopted the new trading mechanism on the MIV under Borsa Italiana’s Notice No. 10800 dated 15 May 2019. The new trading mechanism provides in particular that the reference price will be replaced by an indicative price that will be equal to the unit value of the last NAV published on the market by the issuer. The NB Aurora’s NAV is determined at a minimum twice a year, and in any event, as of 31 December and 30 June of every year, and published respectively by 30 April of the following year and by 30 September of the same year.

The prospectus is available on the website of the Company ([www.nbaurora.com](http://www.nbaurora.com)), as well on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

The recent outbreak of the novel coronavirus in many countries, which is a rapidly evolving situation, has, among other things, disrupted global travel and supply chains, and has adversely impacted global commercial activity, the transportation industry and commodity prices in the energy sector. The impact of this virus has negatively affected and may continue to affect the economies of many nations, individual companies and the global securities and commodities markets, including liquidity and volatility, in ways that cannot necessarily be foreseen at the present time. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on economic and market conditions and trigger a period of global economic slowdown. Such conditions (which may be across industries, sectors or geographies) have impacted and may continue to impact the issuers of the securities held by the Funds.

NB AURORA S.A. SICAF-RAIF  
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**1. GENERAL INFORMATION (CONTINUED)**

*Investments*

The Company used part of the proceeds of the private placement to acquire 44.55% of the units of Fondo Italiano d'Investimento ("Fondo Italiano"), bought in November 2017 by NB Secondary Opportunities Fund IV LP ("NB SOF"). The transaction was completed on 25 May 2018.

On 27 December 2018, the Company completed the acquisition of a minority stake in Club Del Sole S.r.l. through NB Aurora Holdings, a wholly owned subsidiary of NB Aurora.

On 30 July 2019, the Company, through NB Aurora Holdings S.à r.l. ("Aurora Holdings"), completed the acquisition of 41.9% in Dierre Group, an Italian company leader in design, manufacture and sale of technologically advanced protections and components with high aesthetic impact for industrial automation for a total consideration of Euro 26.5 million.

On 30 September 2019, the Company, through Aurora Holdings, completed the acquisition of 11.1% in Rino Mastrotto Group S.p.A., ("Rino Mastrotto") a world leader in the production and sale of premium bovine and calf leather for high-end fashion, automotive and the furniture sectors, for a total consideration of Euro 20 million.

On 12 March 2020, the Company completed the acquisition of Pharma Healthcare Supply Chain Expertise ("PHSE") through a newly incorporated vehicle ("Newco"). The co-investment agreement provides in particular that, based on an investment of approximately Euro 16 million, the Company indirectly holds 30.8% of Newco. Further details on the acquisition of PHSE are included in note 3.

Further details of the Company's portfolio as of 30 June 2020 and activity during the period are included in note 3(i).

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These condensed interim financial statements as of 30 June 2020 and for the six months period from 1 January 2020 to 30 June 2020 have been prepared in accordance with the provisions of International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, (hereinafter IAS 34), and should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2019 ("Last Annual Financial Statements"). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events or transactions that are significant to an understanding of the changes in the Company's financial position and performance since the Last Annual Financial Statements.

**(b) Significant accounting policies**

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied by the Company in its last annual financial statements. The same accounting policies are also expected to be reflected in the Company's annual financial statements as at and for the year ending 31 December 2020.

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**2. BASIS OF PREPARATION (CONTINUED).**

**(c) Consolidation Exemption**

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 contains a special exemption to consolidation for investment entities. Principles and basic characteristics for preparation and presentation of consolidated financial statements are given in IFRS 10. According to IFRS 10, an investor to have control over an investee must have all three of the followings: (i) power over the investee; (ii) exposure or rights to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. When all of these three elements of control are present then an investor is considered to control an investee and consolidation is required. When one or more of the elements is not present, an investor will not consolidate. From the investor's point of view, control is defined as the right to variable returns from the involvement with the investee together with the ability to affect those returns through the power over the investee. Certain companies invest in other entities with no intention to either exercise control or hold an investment for an unlimited time period. Instead, their aim is to use advantage of the changes of the fair value of the investments or earn an investment income. Private equity funds may be examples of those companies that are denoted as investment entities. IASB issued amendments to IFRS 10 presenting exception from preparation of consolidated financial statements for investment entities. Under IFRS 10, the Company qualifies as an investment entity since it meets the below criteria: (i) obtains funds from one or more investors and provides those investors with investment management service; (ii) business purpose is to invest solely for returns from capital appreciation, investment income or both, and (iii) measures and evaluates the performance of its investments on a fair value basis. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The Board of Directors concluded that Aurora meets the conditions of investment company and therefore measures its investments in Fondo Italiano and Aurora Holdings at Fair Market Value and will benefit of the exception from preparation of the consolidated financial statements.

**(d) Basis of presentation**

The condensed interim financial statements have been presented for the period from 1 January 2020 to 30 June 2020. The comparative period is 1 January 2019 to 30 June 2019 and as at 31 December 2019.

**(e) Basis of measurement**

The condensed interim financial statements are prepared on a historical cost basis except for financial instruments and financial assets and liabilities which are measured at fair value through profit or loss. Other financial assets and liabilities are stated at amortised cost.

**(f) Functional and presentation currency**

The Board of Directors considers Euro ("€" or "EUR" or "Euro") as the currency that most faithfully represents the economic effects of the underlying transactions, events and condition related to the Company. The condensed interim financial statements are presented in Euro, which is also the Company's functional currency.

**(g) Use of Judgements and Estimates**

The preparation of the Company's condensed interim financial statements requires the Board of Directors to make judgements, estimates and assumptions that may affect the reported amounts of income, expenses, assets and liabilities, and their accompanying disclosures, and the disclosures of contingent liabilities. Actual results may differ from these estimates.



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**2. BASIS OF PREPARATION (CONTINUED)**

**(g) Use of Judgements and Estimates (continued)**

The significant accounting estimates and judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the Last Annual Financial Statements. The significant accounting estimates and judgements made by management in relation to Covid-19 can be found in Note 3.

**(h) Significant changes in accounting policies**

A number of new standards, amendments to standards and interpretations have been issued to date and are not yet effective for the financial statements of the Fund for the year ended December 31, 2019 and have not been applied nor early adopted in preparing these financial statements.

The list of standards endorsed by EU and available for early adoption from January 1, 2020 (not adopted by the Fund):

Standard:	Narrative	Effective date*:
IFRS 3	Business Combinations; Amendments to clarify the definition of a business	1 January 2020
IAS 1	Presentation of Financial Statement; Amendments regarding definition of materiality	1 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors; Amendments regarding the definition of materiality	1 January 2020
	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
IFRS 7/ IFRS 9	Financial Instruments: Pre-replacement issues in the context of IBOR reform (amendment to IFRS 9)	1 January 2020
IAS 39	Financial Instruments: Recognition and Measurement; Amendments regarding interest rate benchmark	1 January 2020

\*Annual periods beginning on or after.

None of the standards listed above are expected to have a material effect on the financial statements of the Company.

**(i) Adoption of new and amended accounting standards**

The Board of Directors anticipate that the adoption of new standards, interpretations and amendments that were in issue at the date of authorisation of these condensed interim financial statements, but not yet effective, will have no material impact on the unaudited condensed interim financial statements of the Company in the period of initial application.

**3. CONDENSED STATEMENT OF FINANCIAL POSITION**

**(i) Non Pledged Financial assets at fair value through profit or loss**

	As of 30 June 2020	As of 31 December 2019
	€	€
Fondo Italiano	14,596,954	14,350,019
Aurora Holdings	92,508,169	79,645,585
<b>Non pledged financial assets at fair value through profit or loss</b>	<b><u>107,105,123</u></b>	<b><u>93,995,604</u></b>

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(i) Non Pledged Financial assets at fair value through profit or loss (continued)**

*Fondo Italiano*

The registered office of Fondo Italiano is the AIFM's registered office address of 9, rue du Laboratoire, L-1911 Luxembourg. On 25 May 2018, NB Aurora completed the acquisition of 44.55% of the units of Fondo Italiano.

The Company has concluded that its interest in Fondo Italiano meets the definition of an unconsolidated structured entity. This conclusion is based on the following factors:

- Fondo Italiano has a narrow and well-defined objective;
- The activities of the Fondo Italiano are managed by the manager of Fondo Italiano, Neuberger Berman AIFM S.à r.l.;
- Fondo Italiano is a closed ended vehicle and will continue until the full divestment of its portfolio; and
- The Company does not have significant influence over the decision making of Fondo Italiano.

The Company's maximum exposure to loss with respect to its investment in Fondo Italiano is the carrying amount of the financial asset. There is no difference between the maximum risk of loss and carrying amounts of the assets and liabilities of Fondo Italiano that relate to the Company's interests.

On 30 April 2020, the Company announced the closing of the sale of the entire investment held by Fondo Italiano di Investimento ("FII") of which the Company holds 13.3% in Elco S.p.A., a company specialising in the production of high-tech printed circuit boards for electronic systems. The entire 29.76% stake of FII has been sold to the majority shareholder Elco Group S.p.A..

*Aurora Holdings*

The registered office of Aurora Holdings is 28-32, Place de la Gare, L-1616 Luxembourg, Grand Duchy of Luxembourg. On 4 December 2018, NB Aurora completed the incorporation of the wholly owned subsidiary Aurora Holdings. The Company meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but rather recognises them as investments at fair value through profit or loss.

The following table provides information on the subsidiary:

Subsidiary	Country	% Ownership
NB Aurora Holdings S.à r.l.	Luxembourg	100%

The following table provides information on the subsidiaries controlled by Aurora Holdings:

Subsidiary	Country	%
CDS Holdings S.p.A.	Italy	26.36
Dierre S.p.A.	Italy	41.56
Rino Mastrotto Group	Italy	11.12
PHSE	Italy	30.80

On 30 July 2019, the Company, through Aurora Holdings, completed the acquisition of 49.9% in Diere Group for a total consideration of Euro 26.5 million.

On 30 September 2019, the Company, through Aurora Holdings, completed the acquisition of 11.1% in Rino Mastrotto Group S.p.A. for a total consideration of Euro 20 million.

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(i) Non Pledged Financial assets at fair value through profit or loss (continued)**

*Aurora Holdings (continued)*

During the period the Company did not provide financial support to Aurora Holdings and has no intention of providing financial or other support.

On 12 March 2020, the Company completed the acquisition of Pharma healthcare Supply Chain Enterprise (“PHSE”) through a newly incorporated vehicle (“Newco”). The co-investment agreement provides in particular that, based on an investment of approximately Euro 16 million, the Company will indirectly hold 30.8% of Newco.

**Fair value measurement**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- |         |   |
|---------|---|
| Level 1 | Unadjusted quoted prices in active markets for identical assets or liabilities.                             |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. |
| Level 3 | Inputs for the asset or liability that are not based on observable market data.                             |

*Valuation process*

The Company has an established control framework with respect to the measurement of fair values. The fair value of privately held investments have been determined by the AIFM and approved by a valuation committee (the “Valuation Committee”). The Valuation Committee is required to be functionally independent from the AIFM, who oversees the fair value measurement, performed by the investment team (“Investment Team”). The Investment Team is composed of senior investment team members of the AIFM. The Investment Team reports the fair value measurement, including level 3 fair value measurements, to the Board of Directors and regularly review significant unobservable inputs and valuation adjustments.

*Valuation methodology*

The fair value measurement of the Company’s investment in Fondo Italiano and Aurora Holdings is determined by the AIFM in accordance with the International Private Equity and Venture Capital (IPEV) 2018 valuation guidelines supplemented by the guidance issued in March 2020. The fair value of the underlying Italian companies are a significant component of the fair value of Fondo Italiano and Aurora Holdings.

With the exception of one underlying company of Fondo Italiano the underlying Italian companies of Fondo Italiano and Aurora Holdings are not quoted in an active market. The fair values of these private companies are therefore estimated using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The AIFM uses its judgement to select a variety of methods and makes assumptions that are not always supported by observable market prices or rates. The AIFM uses the best information it has reasonably available to determine or estimate fair value.

In order to determine the fair market value (“FMV”) of the unrealised investments, the Investment Team (“Team”) primarily performed a market-based valuation, using the comparable company earnings multiple approach, i.e. by reviewing the valuation multiples of comparable companies, both in the public markets and in private transactions, using the last available data (which may differ from one company to another).

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(i) Non Pledged Financial assets at fair value through profit or loss (continued)**

**Fair value measurement (continued)**

*Valuation methodology (continued)*

Regarding the final valuation, the carried interest derived by Fondo Italiano, is therefore pro-rata deducted from the FMV of the unrealised investments of each portfolio company of Fondo Italiano.

*Fair value hierarchy*

The table below analyses, within the fair value hierarchy, the financial assets of the Company measured at fair value through profit or loss as of 30 June 2020 and 31 December 2019:

	Level 1 €	Level 2 €	Level 3 €	Total €
<b>As of 30 June 2020</b>				
<i>Non pledged financial assets at fair value through profit or loss</i>				
Fondo Italiano	-	-	14,596,954	14,596,954
Aurora Holdings	-	-	92,508,169	92,508,169
<b>Total</b>	-	-	<b>107,105,123</b>	<b>107,105,123</b>

	Level 1 €	Level 2 €	Level 3 €	Total €
<b>As of 31 December 2019</b>				
<i>Non pledged financial assets at fair value through profit or loss</i>				
Fondo Italiano	-	-	14,350,019	14,350,019
Aurora Holdings	-	-	79,645,585	79,645,585
<b>Total</b>	-	-	<b>93,995,604</b>	<b>93,995,604</b>

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires significant judgement by the AIFM. The AIFM considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The underlying private Italian companies have been classified in level 3 of the fair value hierarchy. The fair value of the underlying private Italian companies are inputs in the net asset value of the Fondo Italiano and Aurora Holdings and consequently they have also been classified in level 3 of the fair value hierarchy. Level 3 classification is also used for the listed company held by Fondo Italiano as an implied Earnings before interest, taxation, depreciation and amortisation ("EBITDA") multiple is calculated.

*Transfers*

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between levels during the period ended 30 June 2020 or the year ended 31 December 2019.

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(i) Non Pledged Financial assets at fair value through profit or loss (continued)**

**Fair value measurement (continued)**

*Level 3 reconciliation*

As of 1 January 2020	€
Purchases	93,995,604
Net unrealised loss <sup>1</sup>	16,003,730
<b>As of 30 June 2020</b>	<b><u>(2,894,211)</u></b>
	<b><u>107,105,123</u></b>

As of 1 January 2019	€
Purchases	100,123,821
Disposals	46,500,000
Net realised gain <sup>1</sup>	(57,398,030)
Net unrealised loss <sup>1</sup>	31,161,800
<b>As of 31 December 2019</b>	<b><u>(26,391,987)</u></b>
	<b><u>93,995,604</u></b>

<sup>1</sup> Included within realised and change in unrealised gains on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

*Significant unobservable inputs*

The fair value represents Fondo Italiano and Aurora Holdings pro-rata interests in private Italian companies. The net asset value of Fondo Italiano is calculated in accordance with Italian Accounting Standards (i.e. cost less impairment), therefore management has determined the fair value of the underlying private Italian companies held by Fondo Italiano to determine the fair value of Fondo Italiano on the pro-rata share held by the Company deducting from that value the expected carried interest to be paid by NB Aurora on Fondo Italiano disposal.

The following tables summarise the valuation methodologies and significant unobservable inputs used in the fair value measurement of the underlying private Italian companies held through Fondo Italiano and Aurora Holdings as of 30 June 2020:

Investment	Sector	Valuation Methodologies	Unobservable Inputs - 2020			Impact to Valuation from an Increase in Input <sup>2</sup>
			Unobservable Input	Value/Range	Weighted Average <sup>1</sup>	
Fondo Italiano	Services	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	4.1X	4.1X	Increase
	Industrial	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	3.6X - 5.4X	4.7X	Increase
Aurora Holdings	Services	Market Price	n/a			
	Leisure	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	11.3X	11.3X	Increase
	Industrial	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	7.1X - 8.2 X	7.7X	Increase
	Logistic	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	10.3 X	10.3	Increase

<sup>1</sup> Inputs weighted average is based on fair value of investments in range.

<sup>2</sup> The "impact to valuation from an increase in input" column represents the directional change in the fair value of level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in isolation could result in significantly higher or lower fair value measurements.

<sup>3</sup> LTM EBITDA represents Last Twelve Months Earnings Before Interest, Taxes, Depreciation and Amortization.

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(i) Non Pledged Financial assets at fair value through profit or loss (continued)**

**Fair value measurement (continued)**

*Significant unobservable inputs (continued)*

The following tables summarise the valuation methodologies and significant unobservable inputs used in the fair value measurement of the underlying private Italian companies held through Fondo Italiano and Aurora Holdings as of 31 December 2019:

Investment	Sector	Valuation Methodologies	Unobservable Input	Unobservable Inputs - 2019		Impact to Valuation from an Increase in Input <sup>2</sup>
				Value/Range	Weighted Average <sup>1</sup>	
Fondo Italiano	Services	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	4.8x	4.8x	Increase
	Industrial	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	5.5x	5.5x	Increase
	Services	Market price	n/a	n/a	n/a	n/a
	Other	Amortised cost	n/a	n/a	n/a	n/a
Aurora Holdings	Leisure	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	11.9x	11.9x	Increase
	Industrial	Market Comparable Multiple	LTM EBITDA <sup>3</sup> Multiple	5.9x - 9.5x	8.0x	Increase

<sup>1</sup> Inputs weighted average is based on fair value of investments in range.

<sup>2</sup> The "impact to valuation from an increase in input" column represents the directional change in the fair value of level 3 investments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in isolation could result in significantly higher or lower fair value measurements.

<sup>3</sup> LTM EBITDA represents Last Twelve Months Earnings Before Interest, Taxes, Depreciation and Amortization.

Significant unobservable inputs are developed as follows:

EBITDA multiples represent amounts that market participants would use when pricing the investments. EBITDA is a widely used key performance indicator and is calculated as net earnings and adding back interest, taxes, depreciation and amortisation. Earnings before interest, taxes, depreciation and amortization defines the difference between the value of production and the production costs, increased by the amortization of intangible and tangible assets, asset write-offs and risk provisions with the exception of the bad debt provision. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA or revenue.

In particular, considering the period of uncertainty following the Covid-19 outbreak, the valuation was performed based on the principle of sustainable earnings, that is, by applying to the financial year ended 2019 and the first quarter of 2020 or the first half of 2020 (when available) financials the updated trading multiples of public comparable companies in order to take into account the negative effect of Covid-19 outbreak on the reference sector of each portfolio company. This methodology has a direct impact on the valuation of the portfolio companies, which are based on the multiples' ranges deriving from this approach. The negative performance of the comparable listed companies has directly affected the range used in the valuation of each asset by reducing the estimated value.

To corroborate that, the market multiples have recorded in the second quarter of 2020 a strong rebound compared to the first quarter of 2020 due to a recent positive performance of financial markets, while transaction multiples as well as discount rates are remained unchanged during this Covid-19 crisis. Therefore, the portfolio valuation was negatively impacted as a result of the Covid-19 effect on multiples.

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(i) Non Pledged Financial assets at fair value through profit or loss (continued)**

**Fair value measurement (continued)**

*Sensitivity of fair value measurement to changes in unobservable inputs*

The favourable and unfavourable effects of using reasonable alternative assumptions for the valuation has been calculated by recalibrating the model using a 10% shift in the significant unobservable input of each investment. The most significant unobservable input used in determining fair value is EBITDA and the multiples. The impact on fair value of the reasonably possible alternative assumptions for the investments as of 30 June 2020 and 31 December 2019 are presented in the following tables:

As of 30 June 2020	Favourable	(Unfavourable)
	€	€
Underlying Italian privately held investments	<u>12,255,598</u>	<u>(12,255,598)</u>

As of 31 December 2019	Favourable	(Unfavourable)
	€	€
Underlying Italian privately held investments	<u>12,626,623</u>	<u>(12,626,623)</u>

**(ii) Cash at bank**

As of 30 June 2020, cash and cash equivalents comprise balances held with Société Générale Bank & Trust S.A. of Euro 20,547,932 (Euro 368,306 as of 31 December 2019) and Euro 28,973,809 (Euro 86,510,693 as of 31 December 2019) with Intesa Sanpaolo Private Banking S.p.A., which are not pledged.

**(iii) Share capital**

*Authorised and issued share capital*

The Company is incorporated with an initial share capital of Euro 50,000 represented by 50,000 fully paid-up Special Shares without nominal value.

As of the Listing Date, 4 May 2018, Aurora listed 15,000,000 Class A Ordinary Shares for a consideration of Euro 150 million and issued 150,000 Class B Ordinary Shares for a consideration of Euro 1.5 million. As of 30 June 2020, the subscribed capital of the Company is equal to Euro 151,550,000 consisting of 15,200,000 shares without indication of a par value, all of which will be fully paid up and represented by 15,000,000 Class A Ordinary Shares, 150,000 Class B Ordinary Shares and 50,000 Special Shares, representing Euro 150,000,000 of share capital of the Company for the Class A Ordinary Shares, Euro 1,500,000 of share capital of the Company for the Class B Ordinary Shares and Euro 50,000 of share capital of the Company for the Special Shares.

Class A Ordinary Shares are held by Professional Investors and listed on the MIV. A “Professional Investor” means an investor who is considered to be a professional client or has requested to be treated as a professional client within the meaning of Annex II to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

Class B Ordinary Shares and Special Shares will be held by the AIFM and/or certain affiliates, employees and related persons.

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(iii) Share capital (continued)**

*Authorised and issued share capital (continued)*

Ordinary distributions to shareholders shall be allocated pari passu to all shareholders. Class B Ordinary Shareholders are entitled to an additional performance distribution (as discussed further overleaf).

Special Shares give holders corporate governance rights where, in appointing Directors by the General Meeting of Shareholders, Directors may be appointed from two lists of candidates, the first list provided by the holders of Special Shares of which the General Meeting may appoint (from that list) up to three candidates, one of which shall qualify as an independent director, and the second list provided by and proposed by the Class A Ordinary Shareholders, of which the General Meeting may appoint (from that list) up to two candidates, both of which qualify as independent directors.

The authorised capital, including the initial share capital and any share premium, is set at Euro 600 million.

Movement in the Class A Shares, Class B Shares and Special Shares during the period ended 30 June 2020 and 2019 was as follows:

Share Class	As of	Issued	As of
	31 December 2019		30 June 2020
Class A Shares	15,000,000	-	15,000,000
Class B Shares	150,000	-	150,000
Special Shares	50,000	-	50,000
<b>Total</b>	<b>15,200,000</b>	<b>-</b>	<b>15,200,000</b>

Share Class	As of	Issued	As of
	31 December 2018		30 June 2019
Class A Shares	15,000,000	-	15,000,000
Class B Shares	150,000	-	150,000
Special Shares	50,000	-	50,000
<b>Total</b>	<b>15,200,000</b>	<b>-</b>	<b>15,200,000</b>

The Company is a closed-end company and therefore no Class A Shares, Class B Shares and/or Special Shares are subject to redemption.

*Capital increase*

The Company announced on 29 January 2020 to start the process of a share capital increase, within the limits of the authorised capital pursuant to article 5.4 of the Company's Articles of Association. The share capital increase consists of (i) an offering with preferential subscription rights to existing shareholders of new Class A Ordinary Shares (the "New Shares") of the Company (the "Rights Offering") and (ii) in case the preferential subscription rights are only partially exercised during the Rights Offering, a private placement to qualified investors whereby the Board of Directors will place any New Shares that were not subscribed in the Rights Offering (the "Private Placement", together with the Rights Offering, the "Offering"). The new shares will rank pari passu with the existing Class A Shares, effective as at 30 June 2020.



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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(iii) Share capital (continued)**

*Listing costs*

According to IAS 32, transaction costs on issuance of share capital are recognised directly in equity. As of 30 June 2020, listing costs are equal to Euro Nil. As of 31 December 2019, listing costs amounted to Euro Nil. The total cumulated listing costs, which were previously deducted from the share capital column in the statement of changes in equity amounts to Euro 6,084,044.

*Legal reserve*

In accordance with article 38.1 of the articles of associations and the requirements of the amended law on commercial companies dated 10 August 1915, the Company is required to allocate at least 5% of its annual net profits to a legal reserve until it reaches 10% of the issued share capital. As at 30 June 2020 the legal reserve amounts to Euro 2,683,531 (31 December 2019: Euro 2,632,785) and is not available for distribution.

*Voting rights*

Each Share holds one vote with no restrictions on voting rights.

*Earnings per share*

The calculation of basic and diluted earnings per share is presented in the table below. There is no dilutive impact for the period ended 30 June 2020 and 2019.

	For the period from 1 January 2020 to 30 June 2020	For the year ended 31 December 2019	For the period from 1 January 2019 to 30 June 2019
<b>Class A Shares</b>	€	€	€
(Loss)/Income for the period	(4,308,412)	851,328	2,264,222
Weighted average number of shares	15,000,000	15,000,000	15,000,000
Basic earnings per share	(0.338)	0.057	0.151
Diluted earnings per share	(0.338)	0.057	0.151
<b>Class B Shares</b>			
(Loss)/Income for the period	(813,530)	160,751	427,538
Weighted average number of shares	150,000	150,000	150,000
Basic earnings per share	(0.338)	1.072	2.850
Diluted earnings per share	(0.338)	1.072	2.850
<b>Special Shares</b>			
(Loss)/Income for the period	(14,361)	2,838	7,547
Weighted average number of shares	50,000	50,000	50,000
Basic earnings per share	(0.338)	0.057	0.151
Diluted earnings per share	(0.338)	0.057	0.151

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(iii) Share capital (continued)**

*Capital management*

The capital of the Company is represented by the Company's total equity. The Company is a closed-ended fund. The Company's policies for managing capital are:

- to invest the capital in investments meeting the description, risk exposure and expected return indicated in the prospectus;
- to achieve consistent returns while safeguarding capital;
- to maintain sufficient liquidity to meet the expenses of the Company and to meet distribution commitments; and
- to maintain sufficient size to make the operation of the Company cost-efficient.

As of 30 June 2020, the remaining authorised share capital of the Company is Euro 448,450,000. The Board of Directors has authority to issue new Shares within the limits of the authorised share capital and the Articles. Any issuance of new Shares will reduce the available authorised capital accordingly.

As of 30 June 2020, the Company has sufficient cash resources to meet the Company's expenses, distribution commitments and potential investment opportunities for the foreseeable future.

The Company is an Alternative Investment Fund ("AIF") and is required under Chapter IV of Luxembourg law of 23 July 2016 on reserved alternative investment funds to maintain its subscribed capital, increased by share premium, at a minimum of Euro 1,250,000.

*Distributions*

Following the publication of the annual audited financial report, the Board of Directors shall make a proposal to the General Meeting of shareholders for a distribution to the shareholders for an amount between 50% and 100% of the excess (if any), between:

- the difference between (i) the acquisition cost of all illiquid assets (including all net capitalised costs and taking into account any write off/write down made on said assets), plus cash (including all the liquid assets valued at their net current value); and (ii) all liabilities of the Company ((i) and (ii) together, the "Adjusted Cost Value"), both as resulting from the last annual audited financial report; and
- the amount equal to the numbers of the Class A Ordinary Shares and Class B Ordinary Shares of the Company multiplied by the respective subscription price of the Ordinary Shares (the "Floor Capital").

Distributions to shareholders shall be allocated pari passu as follows:

- 85% to all shareholders in proportion to the Shares in issue; and
- 15% to the holder(s) of the Class B Ordinary Shares.

The articles of association also authorise the Board of Directors to make interim payments of interim dividends for a particular financial year to be deducted from profits or the available reserves.

On 26 March 2020 the Shareholders' Meeting approved the distribution of an ordinary dividend of Euro 18.95 million of which Euro 15.9 million to Class A Ordinary Shareholders, Euro 3.0 million to Class B Ordinary Shareholders and Euro 0.05 million to Special Shares owners. The distribution was equal to Euro 1.06 per listed share and the payment date was 1 April 2020.

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**3. CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**(iii) Share capital (continued)**

*Distributions (continued)*

The following dividends were declared and paid by the Company:

<i>In millions of euro</i>	<b>For the period ended 30 June 2020</b>	
	Declared	Paid
	€	€
1.057 cents per Class A share	15.9	15.9
19.966 cents per Class B share	3.0	3.0
1.057 cents per Special share	0.05	0.05

Distributions, if and when declared, will result in an equivalent reduction in value on the net asset value (“NAV”) of the Company and the NAV per share of each Share Class.

Non-distributable reserves of 5% of any net profit must be allocated to a legal reserve account. Such contribution ceases to be compulsory as soon as and as long as the legal reserve reaches 10% of the Company’s subscribed capital but shall again be compulsory if the legal reserve falls below such 10% threshold.

*Net asset value*

The NAV is determined at a minimum twice a year, and in any event, as of 31 December and 30 June of every year, and published respectively by 30 April of the following year and by 30 September of the same year. The NAV per share is communicated immediately to investors through a press release and on the Company’s website ([www.nbaurora.com](http://www.nbaurora.com)).

The Company adopted the new trading mechanism on the MIV under Borsa Italiana’s Notice No. 10800 dated 15 May 2019. The new trading mechanism provides in particular that the reference price will be replaced by an indicative price that will be equal to the unit value of the last NAV published on the market by the issuer.

**(iv) Borrowings**

During the period ended 30 June 2020 or the year ended 31 December 2019 the Company did not enter into any financing arrangements.

**(v) Accrued expenses and other payables**

Details of accrued expenses and other payables is presented in the table below:

	<b>As of 30 June 2020</b>	<b>As of 31 December 2019</b>
	€	€
Legal fees payable	329,418	-
Professional fees payable	308,008	560,038
Administration, custody and transfer agent fees payable	66,921	76,933
Audit fees payable	44,072	44,072
IPO costs payable	-	68,656
Other payables	3,773	158,636
<b>Total</b>	<u><u>752,192</u></u>	<u><u>908,335</u></u>

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**4. CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

**(i) Income**

*Net gains/(losses) on financial assets and liabilities at fair value through profit and loss*

The following table details the Company's gains/(losses) in Fondo Italiano from the underlying investments during the period ended 30 June 2020 and 30 June 2019:

	For the period ended 30 June 2020	For the period ended 30 June 2019
	€	€
Unrealised (loss)/gain	(2,894,211)	4,417,423
<b>Realised and change in unrealised (loss)/gain on financial assets and liabilities at fair value through profit or loss</b>	<b>(2,894,211)</b>	<b>4,417,423</b>

The realised gain/(loss) from financial instruments at fair value through profit or loss represents the difference between the transaction price of the underlying investments and the settlement price on disposal of those investments.

The unrealised (loss)/gain mainly represents the difference between transaction price of the underlying investments and the carrying amount at the end of the reporting period.

**(ii) Expenses**

NB Aurora is charged an annual Management fee payable to the AIFM quarterly in advance, starting from the Listing Date. The Management fee is equal to 1.5% per annum of the Adjusted Cost Value (as defined in the Company's prospectus) determined as of 31 December of each year (except for the first period of activity of the Company, where the Management fee shall be calculated on the Floor Capital (as defined in the Company's prospectus). For the period ended 30 June 2020, management fees amount to Euro 1.29 million (30 June 2019: Euro 1.27 million).

Reallocation expenses include legal and consultancy costs of Euro 0.26 million (30 June 2019: Euro Nil).

Professional fees mainly include legal, consultancy, liquidity and brokerage costs of Euro 0.23 million (30 June 2019: Euro 0.17 million).

Other expenses of Euro 0.25 million (30 June 2019: Euro 0.18 million) are mainly comprised of administration providers.

Audit fees payable to KPMG for the period ended 30 June 2020 are Euro 44,072 (31 December 2019: Euro 44,072) and audit related fees charged are Euro 40,950 (30 June 2019: Euro 34,513).

**(iii) Taxation**

The Company is not liable to any Luxembourg tax on profits or income. The Company is, however, liable in Luxembourg to a tax of 0.01% per annum of its Net Asset Value, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Company at the end of the relevant calendar quarter. No stamp duty or other tax is payable in Luxembourg on the issue of shares. No Luxembourg tax is payable on the realised capital appreciation of the assets of the Company.

Dividends, interest and capital gains held by the Company, if any, received by a Luxembourg SICAF-RAIF from investments, may be subject to taxes and/or withholding taxes in the countries concerned at varying rates, such (withholding) taxes usually not being recoverable. A Luxembourg SICAF-RAIF may be liable to certain other foreign taxes.

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## 5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's investment objective is to achieve long-term capital appreciation through minority equity investments in a portfolio of small and medium sized and unlisted Italian companies. The Company's objective in managing risk is the creation and protection of shareholder value.

The target investments of the Company are a large number of small mid-caps companies representing the backbone of the Italian economy. Most of these companies possess manufacturing districts in Northern Italy (one of the largest manufacturing districts in Europe) and are Italian export-driven companies that are more correlated to global growth than Italian growth and domestic product. The Company may provide financial support – through risk capital investments – in connection with expansion transactions designed to finance the development of existing small and medium sized enterprises in order to promote their geographic and product expansion. The Company primarily selects enterprises operating in the industry, trade, services and tertiary sector in general, with good capital stability.

The Company thus performs growth capital investments in target enterprises meeting the following criteria:

- lower mid-market companies with sales typically between Euro 30 million and Euro 300 million;
- companies operating in all growing industries with strong long-term drivers;
- market leaders in their niche market on a domestic, European or global basis;
- mainly family-owned companies, even with succession issues and/or with fragmented, misaligned and/or stressed shareholder groups;
- limited indebtedness with visible cash-flow projections;
- clear industrial plan, typically through improving operations, strategic acquisitions and international growth;
- strong export attitude;
- significant value-creation potential;
- present and/or future adequate profitability; and
- operational efficiency enhancements.

The Company also considers replacement transactions, designed to restructure a company's shareholding structure, where the Company may replace the minority shareholders no longer interested in that company's activity, as well as management buy-in or buy-out transactions designed to support the acquisition of enterprises facing a generational change and to develop possible aggregations, with the involvement of in-house or external managers.

The Company may make investments in other collective investment undertakings having a similar investment objective, such as, amongst others and without limitation, Fondo Italiano. Should the Company invest in collective investment undertakings other than Fondo Italiano, the targeted investment shall always be a collective investment undertaking that has a similar investment strategy to the one adopted by the Company.

While an investment may be sold at any time, the Company invests with a medium to long-term investment horizon from five to nine years, with tailored exit agreements already defined before the investments are made.

The Company's activities expose it to the following primary financial risks: market risk (including market price risk, currency risk and interest rate risk), liquidity risk, credit risk and concentration risk.

Although the Company only has direct exposure to its investments in Fondo Italiano and Aurora Holdings, the risks of its investments reflect those of the underlying investment portfolio. As such, management considers these risks in its risk management processes.

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**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

The Company's Board of Directors has delegated the risk management function to the AIFM. Risk is inherent in the Company's activities. The process of risk management is critical to the Company's profitability. The AIFM has established risk management policies to identify and analyse the exposure of the Company's assets to certain risks, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

In relation to the risk management of the Company, the AIFM in particular:

- has set up and regularly updates a risk management procedure in order to identify, measure, manage and monitor on an ongoing basis all risks relevant to the Company's investment strategy and their overall effect on the Company's investments and ensure compliance with all risk limits;
- has set out for each risk it has identified, quantitative and/or qualitative risk limits as required under applicable laws and regulations;
- will identify and analyse the risks to which the Company is exposed and to determine and monitor compliance with the Company's risk limits, in particular market, credit, liquidity and counterparty risks as well as other risks such as operational risks;
- will calculate the leverage of the Company (if any) in accordance with applicable regulation;
- has set up an appropriate liquidity management system and adopted procedures, to monitor the liquidity risk of the Company and to ensure that the liquidity profile of the investments of the Company complies with their underlying obligations;
- ensures that the risk profile of the Company disclosed to the Company's investors are consistent with the size, portfolio structure, investment strategy and objective of the Company, the liquidity profile and the risk limits that have been set; and
- will take all remedial measures and corrective actions where and as required.

The Company currently does not employ specific hedging techniques to reduce the risks of adverse movements in securities prices, currency exchange rates and interest rates, however, the underlying portfolio company investments may employ such techniques. While hedging techniques may reduce certain risks, such transactions themselves may entail other risks.

Within the context of the Company's investment objective and strategy as set out above the AIFM maintains the following investment restrictions:

- The Company is not allowed to invest more than 20% of its gross assets in securities of the same type issued by a single underlying issuer;
- The Company must not invest more than 20% of its gross assets in undertakings for collective investment ("UCIs") which, in turn, may invest more than 20% of their gross assets in other UCIs. In addition, the Company is not allowed to invest in excess of 40 % of its gross assets in a single UCI. For the avoidance of doubt, when the Company invests in UCIs (including Fondo Italiano) then (x) the compliance with the 20% diversification rule mentioned in the first sentence of the preceding paragraph is made on a "look through" basis taking into consideration the assets owned by said target UCIs and (y) said target UCIs must be subject to risk-diversification requirements substantially comparable to those of the Issuer;
- The Company is not allowed to be exposed to the creditworthiness or solvency of any one counterparty in excess of 20% of its gross assets; and
- The Company shall not invest in real estate.

The AIFM believes that it has taken the necessary steps to ensure that risk is properly identified, controlled and managed.

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**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

The Company's risk management objectives, policies and processes are consistent with those disclosed in the last audited financial statements for the year ended 31 December 2019.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

*(i) Price risk*

Price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether caused by factors specific to an individual investment or its issue or factors affecting all instruments traded in the market.

The Company's exposure to the financial risks below is both direct (through its holdings of assets and liabilities directly subject to these risks) and indirect (through the impact of these risks on the overall valuation of its investments).

The direct risks are a component of overall valuation risk with respect to the Company's investments. Small changes in valuations are typical in the first few years of private equity investments as the investments are held in private non-marketable investments that take several years to mature. A 10.0% shift in the value of the Company's investments would result in an approximately 7% change in net assets value as of 30 June 2020 (31 December 2019: 7%).

In addition, the Team has also applied in some circumstances a discount to reflect both (i) the lack of comparability between portfolio companies and comparable companies arising from different scale, revenue diversification, growth and margin characteristics, as well as other business specific factors and (ii) the exit mode, which in general has to be agreed with controlling shareholders that may have objectives not necessarily aligned to a financial investor.

*Indirect exposure*

The Company's underlying portfolio company investments are not traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments. These investments represent interests in privately held securities which may be indirectly exposed to market price risk to the extent the valuation of the investment is affected by changes in market prices impacting the issuer of the security or similar financial instruments traded in the market. Additionally, market conditions may affect the ability of the Company to exit certain privately held investments.

The underlying portfolio company investments vary as to type of security held, stage of operations, industry, geographic location, and geographic distribution of operations and size, all of which impact the susceptibility of their valuation to market price risk.

The indirect sensitivity of the valuation of the Company's underlying portfolio company investments due to market price risk in isolation is not possible to quantify but is a component of the overall valuation risk for these investments described above. Valuation risk, in turn, affects the net asset valuations that in part determine the internal rate of return ("IRR"), which is considered by the AIFM as the most relevant measure of performance. IRRs develop over a period of years and are most meaningful after investments have time to mature. The period to period change in the IRR can be volatile. For private equity funds, underlying portfolio company investment valuations are typically not volatile in the early years of the fund. A 10.0% increase in the valuation of the underlying portfolio company investments would result in an approximately 3.0% increase, in absolute term, in the inception-to-date IRR (31 December 2019: 3.5%). A 10.0% decrease in the valuation of the underlying portfolio company investments would result in an approximately 3.1% decrease, in absolute term, in the inception-to-date IRR (31 December 2019: 3.5%).

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**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**Market risk (continued)**

*(ii) Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company may hold financial assets and liabilities and enter into transactions denominated in currencies other than the Euro, which is the functional currency of the Company. Consequently, the Company may be exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the Euro.

The Company holds only financial assets in Euro, therefore is not exposed to currency risk.

*Indirect exposure*

The Company may be subject to indirect risks associated with changes in foreign exchange rates due to the fact that its capital is invested in underlying portfolio companies which themselves may be subject to currency risk. As the underlying portfolio companies are domiciled in Italy the risk is not expected to be significant.

*(iii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Company's assets and liabilities are non-interest bearing.

The Company's cash may be invested in short-term fixed deposit accounts that are impacted by interest rate fluctuations as such giving the Company variable cash deposits.

The Company has incurred, and expects to continue to incur, indebtedness to fund its liquidity needs and to potentially leverage certain investments. Due to the forgoing, the Company is, and believes that it will continue to be exposed to risks associated with movements in prevailing interest rates. An increase in interest rates could make it more difficult or expensive to obtain debt financing, could negatively impact the values of debt securities, and could decrease the returns that investments generate or cause them to generate losses.

*Indirect exposure*

The Company is and will continue to be subject to indirect risks associated with changes in prevailing interest rates due to the fact that its capital is invested in underlying portfolio companies whose capital structures may have a significant degree of indebtedness. Investments in leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would be the case if money had not been borrowed. As a result, the risk of loss associated with an investment in a leveraged company is generally greater than for companies with comparably less debt.

The AIFM selects investment opportunities with a view to achieving predetermined target returns on an IRR basis. The underlying investments are therefore structured with a combination of both interest income and principal appreciation matched to these return requirements.



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**5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

**Liquidity risk**

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with its financial liabilities.

The Company's Prospectus does not provide for the redemption of Shares at the option of the shareholder. The Company is therefore not exposed to the liquidity risk of meeting redemptions from holders of participating Shares.

The AIFMs liquidity management approach is to continuously monitor the Company's assets to ensure that there are sufficient liquid assets to meet the Company's obligations. The Company may utilise short-term and long-term loans to maintain sufficient liquidity.

As of 30 June 2020 and 31 December 2019, the Company's liabilities consist of short-term payables of less than one year. There are sufficient cash deposits to meet these obligations.

**Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company.

As of 30 June 2020 and 31 December 2019, the carrying amounts of cash and cash equivalents represent the Company's maximum exposure to the credit risk in relation to the financial assets. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss. The AIFM considers the credit risk associated as minimal as all of the Company's cash balances are held with a reputable financial institution which the AIFM believes is of high credit quality.

The Company has recognised an impairment allowance of €Nil with respect to the cash and cash equivalents. The amount of the allowance has not changed during the period. The Company's cash and cash equivalents are held with counterparties with credit ratings of BBB-/Baa or higher which the Company has determined represents a low credit risk. Impairment has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures and the low probability of default.

**Concentration risk**

Concentration risk arises when financial instruments have similar characteristics and are affected in a similar manner when there are changes in economic or other conditions.

The Company's investments as of 30 June 2020 are detailed in note 3(i). Although the Company only holds two direct investments, the AIFM believes that the diversified nature of the underlying investment portfolio reduces the level of overall concentration risk of the Company.

The Company's investments are concentrated in Italy and this geographic concentration increases the Company's vulnerability to the risk of adverse social, political or economic events in Italy.

The majority of the Company's cash balances were held with Banca IMI S.p.A. and Société Générale Bank & Trust S.A. as of 30 June 2020 and 31 December 2019.

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**6. RELATED PARTY TRANSACTIONS**

In accordance with IAS 24, *Related Party Disclosures* (“IAS 24”), parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The following provides details on the related parties of the Company and transactions with the related parties:

**(a) Board of Directors**

The listing of the Board of Directors is shown on page 1. For acting as Directors of the Company the Directors are entitled to remuneration as follows (on a pro-rata basis from the appointment date):

- Alessandro Spada, Patrizia Polliotto and Galeazzo Pecori Giraldi are entitled to receive remuneration of Euro 15,000 per annum;
- Karl Pardaens is entitled to receive remuneration of Euro 20,000 per annum; and
- Francesco Moglia does not receive remuneration for acting as a Director of the Company.

The total Directors’ fees charged for the period ended 30 June 2020 amounted to Euro 88,053 (30 June 2019: Euro 72,503), which relate to Board of Directors and Risk Committee Remunerations and also include Directors’ expenses such as insurance costs. The Directors’ fees payable are included in accrued expenses and other payables in the Condensed Statement of Financial Position and amounted to Euro Nil as of 30 June 2020 (31 December 2019: Euro Nil).

**(b) Risk and Control Committee**

The Risk and Control Committee was set-up on 12 April 2019. For acting as part of the risk and control committee the committee is entitled to remuneration as follows (on a pro-rata basis):

- Patrizia Polliotto is entitled to receive remuneration of Euro 7,500 per annum; and
- Karl Pardaens and Alessandro Spada are entitled to receive remuneration of Euro 5,000 per annum.

**(c) AIFM**

The Company will be charged an annual Management fee payable to the AIFM quarterly in advance, starting from the Listing Date. The Management fee charged for the period ended 30 June 2020 amounted to Euro 1.29 million (30 June 2019: Euro 1.27 million). The Management fee payable is included in accrued expenses and other payables in the Condensed Statement of Financial Position and amounted to Euro Nil as of 30 June 2020 (31 December 2019: Euro Nil).

The Special Shares of the Company are held by the AIFM and/or their certain affiliates, employees and related persons.

The AIFM also acts as AIFM of Fondo Italiano.

**(d) NB Alternative Adviser LLC**

NB Alternatives Advisers LLC owns 50,000 fully paid up Special Shares at the end of the period.

On 26 March 2020, the Shareholders’ Meeting approved the distribution of an ordinary dividend of Euro 0.05 million to holders of Special Shares and the Company paid a total amount of Euro 0.05 million on 1 April 2020.

There were no other related party transactions during the period.

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**6. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(e) NB Aurora Holdings S.à r.l.**

Aurora Holdings is a wholly owned subsidiary of the Company, incorporated in Luxembourg.

On 26 March 2020, the Shareholders' Meeting approved the distribution of an ordinary dividend of Euro 18.9 million of which Euro 15.9 million to holders of Class A shares and Euro 3.0 million to holders of Class B shares. The Company paid a total amount of Euro 18.9 million on 1 April 2020.

There were no other related party transactions during the year.

**7. OPERATING SEGMENTS**

As required by IFRS 8, Operating Segments, the information provided to the Board of Directors and AIFM, who are the Chief Operating Decision Makers, can be classified into one segment for the financial period ended 30 June 2020.

For the financial period ended 30 June 2020, the Company's primary exposure was to Italian related assets (see note 3(i)).

*Major Customers*

The Company regards the holders of Shares as customers, because it relies on their funding for continuing operations and meeting its objectives. The Company's shareholding structure is not exposed to a significant shareholder concentration.

**8. SUBSEQUENT EVENTS**

In July 2020, the Company completed the acquisition of a 2.8% underlying stake in Engineering Ingegneria Informatica S.p.A. an Italian leading specialist provider of IT services, software development and digital platforms, supporting clients in digital transformation projects for a total consideration of Euro 20 million.

An outbreak of an infectious novel coronavirus known as COVID-19 has developed into a global pandemic. This coronavirus has resulted in major disruption including travel restrictions, closed international borders, disruption in healthcare services, prolonged quarantines, lower consumer demand and general uncertainty. The duration of COVID-19 outbreak and its affects cannot be determined with certainty, including the risk of further outbreaks of the novel coronavirus until a vaccination is developed and made widely available. The Board of Directors believe COVID-19 may have a negative overall effect on the Company as financial performance, financial position and cash flows may be adversely affected. However, the Company estimates that the impact of COVID-19 on its liquidity will be limited. Indeed, the Company's prospectus does not provide for the redemption of Shares at the option of the shareholder. The Company is therefore not exposed to the liquidity risk of meeting redemptions from holders of participating Shares. The AIFMs liquidity management approach is to continuously monitor the Company's assets to ensure that there are sufficient liquid assets to meet the Company's obligations. The Company may utilise short-term and long-term loans to maintain sufficient liquidity. As of 30 June 2020, the Company's liabilities consist of short-term payables of less than one year. There are sufficient cash deposits to meet these obligations. The Board of Directors are continually assessing the impact of the outbreak on the Company based on the latest available information. The impact of this coronavirus has adversely affected the economies of many countries, individual issuers and capital markets.

There were no other events occurring after the reporting date which require disclosure in the condensed interim financial statements of the Company.

**9. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The Board of Directors approved the condensed interim financial statements on 7 September 2020.



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## **Report of the Réviseur d'Entreprises agréé on the review of the condensed interim financial statements**

### ***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of NB Aurora S.A. SICAF-RAIF (the "Company") as at 30 June 2020, the condensed interim statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended, and notes to the condensed interim financial statements ("the condensed interim financial statements") as set out on pages 8 to 33. Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 34, "Interim Financial Reporting", as adopted by European Union. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

### ***Scope of review***


We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at 30 June 2020 as set out on pages 8 to 33 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by European Union.

Luxembourg, 8 September 2020

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