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doValue

CONSOLIDATED REPORTS AND ACCOUNTS 2020

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CONSOLIDATED REPORTS AND ACCOUNTS 2020

Registered office: Viale dell'Agricoltura, 7 – 37135 Verona
Share capital € 41,280,000.00 fully paid-up

Parent Company of the doValue Group
Registered in the Register of Industries of Verona, Tax I.D. no. 00390840239 and VAT registration no. 02659940239
www.doValue.it

SUMMARY

LETTER TO SHAREHOLDERS

Dear shareholders and stakeholders,

The year 2020 will be remembered in history as the year in which the Covid-19 pandemic affected health, the healthcare system and the global macroeconomic system with considerable and lasting effects over the years. In this context, doValue's 2020 financial statements confirm the capacity of its business model to effectively deal with the unpredictability of the external scenario. We are also witnessing the demonstration of the systemic importance of the management of loans and real estate assets that can help support banks to achieve a rapid recovery of the disbursement of credit for the benefit of the public and businesses, facilitating and accelerating a route towards the return to economic growth.

In the year we are leaving behind us, the first thing your company did was to proactively implement all measures to prevent and manage the global pandemic emergency, with the primary objective of safeguarding the health of employees. Full operation has been ensured by the effective application of remote working from home methods, facilitated by the Group's technological infrastructure which allowed it to limit the negative impact of the measures employed to contain the pandemic.

The core business of doValue, the servicing of medium-large sized corporate bank loans, backed by guarantees, and the management of real estate assets, requires the full functioning of public utility services, including the courts and those supporting real estate transactions. The interruption of these services in the second quarter as a result of the pandemic containment measures limited the operating capacities of many companies in our sector, with a predictable impact on collections and the development of revenues. Nonetheless, doValue's technological infrastructure, the flexibility of certain costs inherent in its operating model, together with the ability to adopt new management strategies, made it possible to close the year with significant levels of profitability and an extremely solid financial position, which allowed us, and will allow us to continue to look forward to future growth with confidence.

Despite the difficulties caused by the external scenario, 2020 was characterised by important successes both on the commercial and operational fronts.

The servicing market continued to be particularly dynamic, with the major banking groups in Southern Europe continuing to pursue significant asset quality improvement plans, also in preparation for the expected future increase in default rates following the pandemic. Specialised international investors, main customers of the Group together with banks, therefore continued to support this process with significant investments in loan portfolios or their securitisation vehicles. In this context, your company managed to secure more than EUR 13 billion of new management mandates, in terms of gross book value, confirming and in some cases strengthening its leadership position in Italy, Spain, Portugal, Greece and Cyprus. This result, which exceeds the objectives of the business plan communicated in November 2019, is particularly positive if we consider the complex external scenario in which it was achieved and lays a solid foundation for future growth.

On the operational front, important milestones were achieved in relation to the development of the front and back office technological infrastructure, also thanks to a partnership with IBM in Italy and the integration of the companies acquired in 2019, Altamira Asset Management, and in 2020, doValue Greece (formerly Eurobank FPS). More specifically, the integrated digital real estate management platforms were created and, starting from the experience of Altamira in Spain, Portugal and Cyprus, they were extended to the Italian and Greek markets, creating important synergies for the Group. With regard to the IT management systems, significant development, simplification and consolidation projects were sent, which will favour fluid communication between the Group companies and with our main customers, who increasingly operate with a multi-market perspective. The driving force behind this project is a new organisational structure which has rewarded the talent present in the Group and created considerable areas of coordination, especially in terms of commercial development and operations management.

The integration of the ESG dimension into the doValue business model also continues; this is aimed at environmental, social and governance issues and which allow us to be a responsible corporate citizen and provides essential tools for risk management and identification of new opportunities, starting from an ever greater focus on responsible management of debtors, the protection of privacy and achieving the highest levels of customer and employee satisfaction. During 2020, our efforts on this front were reflected in an improvement in the ESG rating by important specialised agencies.

As we submit the 2020 financial statements for approval, the external scenario is showing important signs of optimism due to the roll-out of the Covid-19 vaccines paving the way for a return to normality. The effects of the pandemic will probably have long-term repercussions on the assets of the main financial institutions of Southern Europe, giving doValue and the servicing sector the important task of managing a probable increase in the volumes of non-performing loans in a responsible and efficient manner. Our twenty years of experience, widespread cover of Southern Europe and our solid capital position represent distinctive elements that, we are convinced, will allow us to continue to be preferred partners of banks and investors, offering integrated solutions along the entire credit chain at every stage of the economic cycle.

Lastly, I would like to thank the Group employees and all stakeholders for their crucial contribution towards achieving the value creation results.

Chairman of the Board of Directors

Giovanni Castellaneta

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DOVALUE IN BRIEF

With over 160 billion in assets under management and a 20-year track record, doValue is the leading provider of non-performing asset services (loans and real estate) in Southern Europe.

The doValue mission is to create value for banks and investors and to contribute to growth, promoting the sustainable development of the financial system.

- #1 in Southern Europe, present in 5 markets

• doValue is the market leader in Italy, Spain, Greece and Cyprus, markets characterized by significant growth opportunities, given the high levels of non-performing assets and the strong interest from international investors.

- Business segments

• doValue provides management services along the entire life cycle of loan and real estate asset management

o Servicing of performing and early arrears loans

o Servicing of UTP (unlikely-to-pay) loans

o Servicing of NPL loans (non-performing loans)

o Servicing of real estate assets deriving from the recovery of non-performing loans

o Data supply services and other services ancillary to servicing activities

• doValue also provides additional services to support investors in managing non-performing assets such as:

o Master Servicing and securitisation structuring

o Due Diligence

o Other ancillary services such as the provision and management of credit data

- 3,200 employees

• The doValue operating model provides for a widespread territorial presence and a deep knowledge of the peculiarities of the jurisdictions in which it operates.

- State-of-the-art IT infrastructure

• The activities of doValue are governed by an IT infrastructure developed in over 20 years of experience

• The wealth of data that doValue makes available to its customers makes it possible to optimize the credit management process, improving predictive skills and the ability to anticipate market trends.

- doValue customers

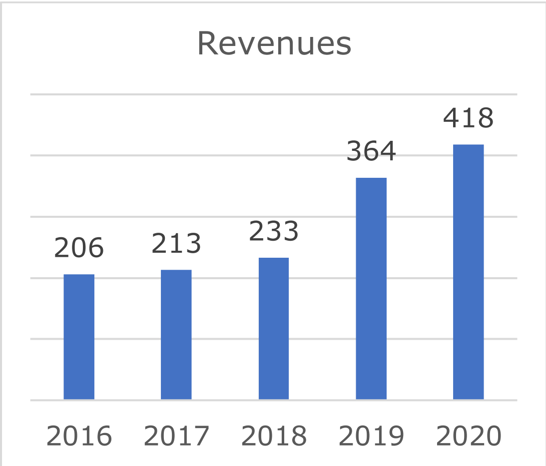
• Banks: through long-term contracts, which also provide for the management of future NPE flows, doValue supports some of the main European financial institutions in optimizing their processes in managing non-performing loans, improving their asset quality and accelerating their de-risking processes.

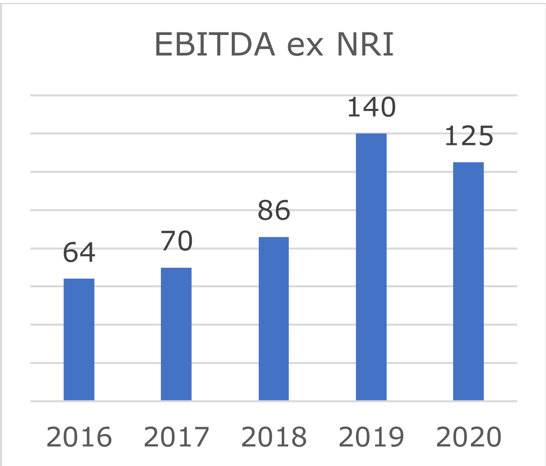
- Specialized investors: doValue supports the main international investors specialised in non-performing assets in achieving their objectives, offering a complete portfolio of investment management services starting from the due diligence and structuring phases.

KPIs

Over the last few years, doValue has seen a strong expansion of the main economic-financial indicators, thanks to both a path of organic growth and M&A transactions that have accelerated its geographical and product diversification, albeit within the scope of a careful financial discipline.

€m





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BUSINESS MODEL

doValue provides a set of integrated services for the management of non-performing assets (loans and real estate assets) to its customers (banks and investors), with the aim of supporting them in their recovery objectives (“Servicing”).

The services offered by the Group include: (i) credit restructuring and liquidation (“Special Servicing”), (ii) Master Servicing and structuring of securitisations (“Master Servicing”), (iii) marketing , development and management of real estate assets (“REO Servicing”), (iv) due diligence activities, (v) management and provision of data and other services in support of Servicing (“Ancillary Services”).

Banks and investors entrust doValue with the management of loans and real estate owned by them both through long-term partnerships and through spot contracts as part of the various investment transactions in portfolios of non-performing assets. doValue is chosen for some distinctive characteristics such as: its twenty years of experience, technology and process efficiency.

doValue is characterized by an independent servicer business model, open to all banks and specialized investors in the sector, which applies a simple remuneration model based on fixed and variable fees without contemplating direct investments in loan portfolios or real estate assets - therefore "asset-light "and without direct balance sheet risks.

As regards the various non-performing assets, doValue focuses on those segments in which it is possible to carry out activities with higher added value such as: management of medium-large bank loans, of corporate origin and secured by real estate guarantees. In addition, doValue is able to assist banks from the early stages of performing loan management (Early Arrears and UTP) and also in the optimal enhancement of real estate portfolio from credit recovery actions (REO).

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THE REFERENCE MARKET

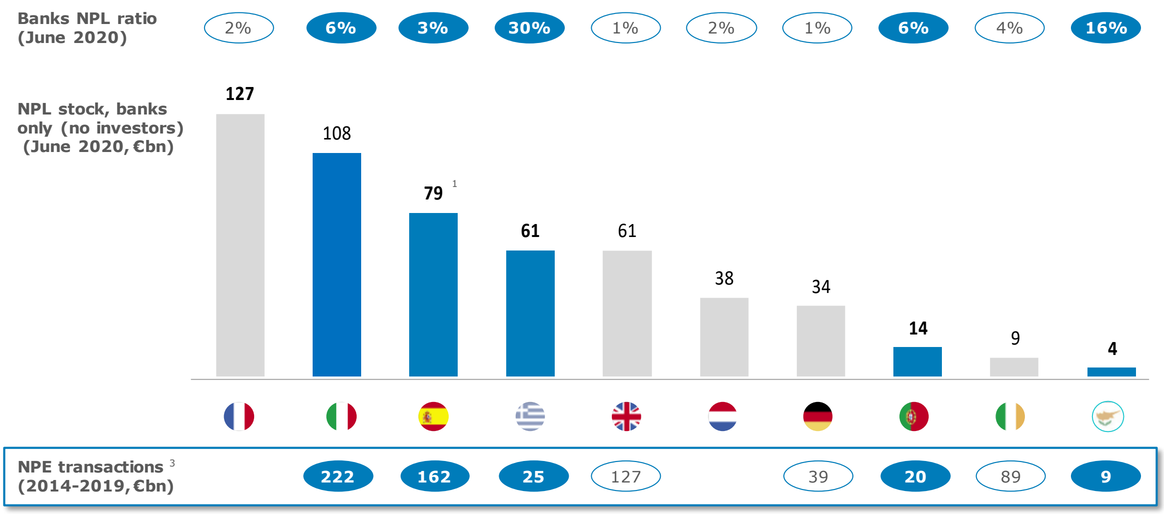
The servicing of non-performing assets (loans and real estate) in Europe benefits from structural trends that encourage banks and investors to make a greater use of outsourcing for the management of their assets.

Despite the numerous transfers made by banks to professional investors in recent years, the stock of non-performing loans in Europe, and the related real estate guarantees, of the banks represent a significant reference market for servicers and continue to attract the interest of specialised investors.

In particular, there is a significant concentration of these types of assets in Southern Europe, a market characterized by higher than average NPL ratios and greater urgency on the part of financial institutions to transfer loan portfolios or promote their more efficient management, through outsourcing contracts executed with specialised operators, including doValue.

These markets are also characterized by greater management complexity, a factor that makes servicer activities even more essential, and by good growth prospects for the servicing of real estate assets.

An important indicator of the dynamism of the market is the volume of expected transactions: transfers of asset portfolios from banks to investors (primary market) or among different investors (secondary market). These transactions usually result in the use of servicers by professional investors, such as banks, who do not have internal servicing capabilities. A significant volume of assets is expected for 2021-2022, estimated at over € 30-40 billion in Italy, over € 25 billion in Spain and Portugal and over € 25 billion between Greece and Cyprus.



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APPROACH TO SUSTAINABILITY

The doValue Group is committed to integrate sustainability into its business strategy: pursuing a path of sustainability means integrating economic-financial value and sustainable value with the aim of generating shared value.

doValue share its culture of sustainability with all Stakeholders, which has always been based on the values of integrity, responsibility and respect for people.

The doValue Group operates in accordance with the highest ethical and moral standards. The values recognized in the Group Code of Ethics commit all people to encourage virtuous behaviour based on fairness, transparency and respect towards all stakeholders and the community of the countries in which doValue is present.

The sustainability initiatives that the Group promotes are oriented towards the creation of:

- Value for our Stakeholders
- Value for our employees
- Social value
- Environmental value

Group value	Social value
€158 Gross Book Value - Portfolio managed **€21** Net profit (excluding non-recurring costs)	**580** Number of beneficiaries of Spazio Mamme of Save the Children in Italy **1,600** Food-related aid donated to families in difficulty in collaboration with the non-profit organisation KYADA in Greece
Value for employees	**Environmental value**
3,230 number of employees **57.9%** female employees **99.4%** permanent contracts **over 42,000** hours of training provided	**260 kg** waste per year collected from the seas thanks to the LifeGate PlasticLess® project in Italy **1,728 sq.m.** forest areas created in Ticino Park, Italy, thanks to Zero Impact® Web Project **4,320 kg of CO_2** compensated, thanks to LifeGate's Zero Impact® Web Project **42%** renewable energy on the total electricity purchased

Our Stakeholders

In light of the Group's internationalisation and reorganisation process, doValue has updated the materiality analysis in order to identify the relevant topics for the Group and its Stakeholders, or rather those aspects which significantly influence the capacity to create value over the short, medium and long term.

In line with the previous year, the Group interfaces with the following categories of Stakeholders in the performance of its activities:

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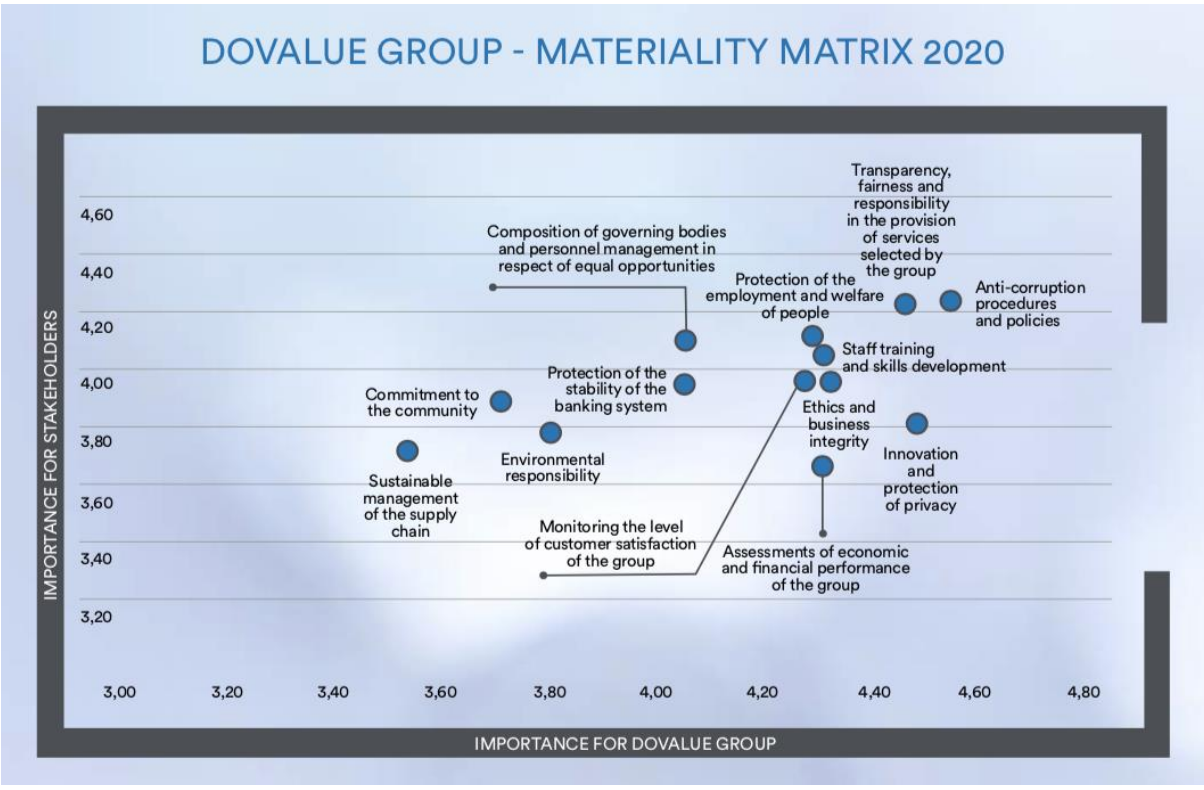
doValue Group - Materiality matrix 2020



The doValue Group updated the materiality matrix by carrying out an analysis that led to the identification of thirteen relevant topics, evaluated through a survey submitted to the Group's top management.

The relevance of the topics for Stakeholders was instead assessed through the Customer Satisfaction Survey submitted to Group customers, and the People Engagement Survey which involved all doValue employees.

The graphical representation of the materiality matrix provides an overview of the issues found to be most relevant from the analyses conducted in 2020.

Governing and control bodies

BOARD OF DIRECTORS

Chairman — Giovanni Castellaneta (2) (4)

CEO — Andrea Mangoni

Directors
Francesco Colasanti (6)
Emanuela Da Rin
Giovanni Battista Dagnino (3) (2)
Nunzio Guglielmino (4) (5)
Giovanni Lo Storto (1) (6)
Giuseppe Ranieri
Marella Idi Maria Villa

BOARD OF STATUTORY AUDITORS

Chairwoman — Chiara Molon (7)

Statutory auditors
Francesco Mariano Bonifacio (8)
Nicola Lorito (8)

Alternate Auditors
Sonia Peron
Roberta Senni

AUDIT FIRM

EY S.p.A.

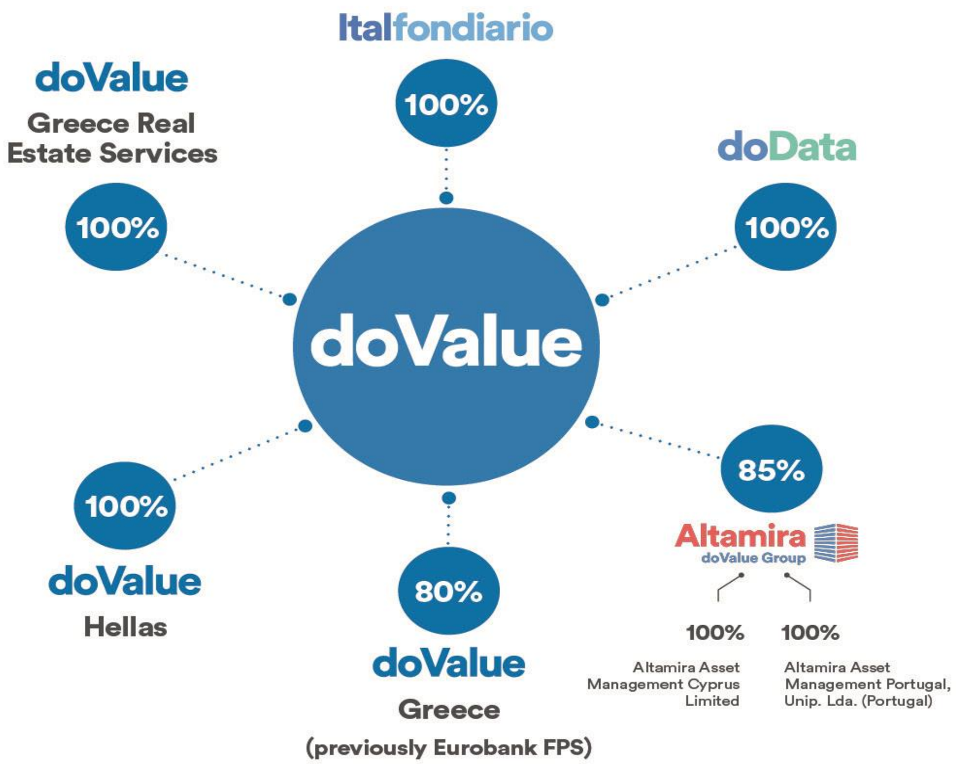
Financial Reporting Officer — Elena Gottardo

Chairman of Appointments Committee
Member of Appointments Committee
Chairman of Risk and Operations with Related Parties Committee
Member of Risk and Operations with Related Parties Committee
(5) Chairman of Remuneration Committee
(6) Chairman of Remuneration Committee
(7) Chairman of the Supervisory Committee, as per Leg. Decree 231/2001
(8) Member of the Supervisory Committee, as per Leg. Decree 231/2001

GROUP STRUCTURE

doValue is one of the main players in Southern Europe providing to banks and investors Services for the management of accounts receivables and property assets ("Servicing"). Its assets under management amounted to about €158 billion as at the end of 2020 (gross book value), up by about 20% from the end of the previous period (€131 billion).

The structure of the Group as at December 31, 2020, as shown in the following diagram, reflects the organic and external growth and diversification of doValue over 20 years of operations.



The Parent Company doValue S.p.A., a servicing company governed by Article 115 of the T.U.L.P.S. [1], performs servicing activities for NPL and real estate assets, while doData provides

[1] Italian Consolidated Law on Public Security

ancillary services such as business information services and Italfondiario (ITF) provides Master Services.

doValue coordinates the activities of the subsidiaries that operate in a business sector or in one of the markets in which the Group is present.

doValue (formerly doBank) was established from the combination, in 2016, of the two largest Italian Credit Management Servicers: UCCMB, originally part of the UniCredit Group, and Italfondiario, active since 2000 in partnership with leading specialized investors.

In July 2017, the doValue stock debuted on the stock exchange with an offer that was concluded in advance due to the strong interest shown by domestic and international institutional investors. The doValue shares are identified with ISIN code IT0001044996 and the alphanumeric code DOV [Bloomberg: DOV IM].

Between 2018 and 2019 doValue went through a strong expansion and deep diversification phase, with the entry in the Greek market through the acquisition of a mandate contract executed with the four systemic local banks and later in the wider southern European market, with the acquisition of Altamira Asset Management, a servicer active in Spain, Portugal and Cyprus and a leader in the management of real estate assets.
In the Italian market, doValue's growth continued with the acquisition of new management contracts executed on behalf of Banks and Investors and particularly with the achievement of a leadership position in servicing of securitisations backed by state guarantee ("GACS").

At the end of 2019, doValue announced the acquisition of Eurobank-FPS, a Greek servicer with managed assets of over €26 billion, which allowed the Group to become a leader also in the promising Greek market. The completion of the Eurobank-FPS acquisition, which was completed in June 2020, represents a further step forward in the achievement of the Group's 2020-2022 Business Plan, which seeks to strengthen doValue's leadership in the servicing market in southern Europe using an asset-light business model that does not require direct investments in asset portfolios and pursuing increasingly greater diversification in the credit value chain.

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€ 3 bn	2000	UniCredit acquires Mediovenezie Banca and Fortress joins Italfondiario
	2003	Mediovenezie Banca is appointed UGC Banca
	2004	Fortress acquires 100% of Italfondiario
€ 38 bn	2006	Italfondiario incorporates the company managing the non-performing loans of the Intesa SanPaolo Group
€ 58 bn	2008	UGC Banca merges with Capitalia Service to create UCCMB (Unicredit Credit Management Bank)
€ 85 bn	2015	Fortress acquires 100% of UCCMB from UniCredit
€ 81 bn	2016	doBank (previously Uccmb) acquires Italfondiario
€ 77 bn	2017	doBank is listed in the Milan Stock Exchange at 9€/share
€ 82bn	2018	doBank enters the Greek servicing market and announces the acquisition of Altamira Asset Management, active in Spain, Portugal and Cyprus
€ 131,5bn	2019	**June:** doBank gives up its banking license and takes on the name doValue, completes the acquisition of Altamira and becomes market leader in Southern Europe **December:** doValue announces the acquisition of Greek servicer FPS Loans and Credits Claim Management (completion by May 2020)
€ 158 bn	2020	**June:** doValue completes the acquisition of FPS (doValue Greece) and becomes market leader in Greece **August:** doValue has completed the issuance of a secured senior bond

DIRECTORS' REPORT ON THE **GROUP**

The summary results and financial indicators are based on accounting data and are used in management reporting to enable management to monitor performance.

They are also consistent with the most commonly used metrics in the sector, ensuring the comparability of the figures presented.

The Group's Business

The doValue Group operations are focused on the provision of services to Banks and Investors over the entire life-cycle of loans and real estate assets ("servicing").

doValue is the southern Europe's leading servicer, with about €158 billion (gross book value) in assets under management and a track record spanning 20 years.
Its business model is independent, aimed at all Banks and Investors in the market, and asset light: it does not require direct investments in loan portfolios.

doValue's services are remunerated under long term contracts based on a fee structure that includes fixed fees based on the volume of assets under management and variable fees linked to the performance of servicing activities, such as collections from NPL receivables or the sale of customers' real estate assets.

The Group provides services in the following categories:

- NPL Servicing: the administration, management and recovery of loans utilising in court and out-of-court recovery processes for and on behalf of third parties for portfolios mainly consisting non-performing loans;
    - within its NPL Servicing operations, doValue focuses on corporate bank loans of medium-large size and a high proportion of real estate collateral;
- Real Estate Servicing: the management of real estate assets on behalf of third parties, including:
    - Real estate collateral management: activities to develop or sell, either directly or through intermediaries, real estate owned by customers originally used to secure bank loans;
    - Real estate development: analysis, implementation and marketing of real estate development projects involving assets owned by customers;
    - Property management: management and maintenance of customers' real estate assets, with the aim of maximising profitability through sale or lease;
- UTP Servicing: administration, management and restructuring of loans classified as unlikely-to-pay, on behalf of third parties, with the aim of returning them to performing status; this activity is primarily carried out by the Italfondiario subsidiaries pursuant to art. 106 T.U.B. (financial intermediary) and doValue Greece, pursuant to the Greek law 4354/2015 (NPL Servicer under the license and supervision of the Bank of Greece);
- Early Arrears and Performing Loans Servicing: the management of performing loans or loans past due by less than 90 days, not yet classified as non-performing, on behalf of third parties, with the aim of supporting creditors and ensuring the rapid return of the positions to performing status;
- Ancillary Data and Products: the collection, processing and provision of commercial, real estate and legal information (through the doData subsidiary) on debtors as well as the provision of other services strictly linked to loan recovery activities, including:
    - Due Diligence: services for the collection and organisation of information in

data room environments and advisory services for the analysis and assessment of loan portfolios for the preparation of business plans for Collection and Recovery activities;

- Master Servicing and Structuring: administrative, accounting, cash management and reporting services in support of the securitisation of loans; structuring services for securitisation transactions under Law 130/1999 as well as performing the role of authorised entity in securitisation transactions;
- Master Legal: the preparation and coordination of activities for the recovery of loans through court action, when the analysis of documentation, the preparation of legal opinions and assistance in the preparation of litigation are required;
- Co-investment: Co-investment in loan portfolios in partnership with major financial investors, where this activity is instrumental to obtaining servicing contracts. This activity involves taking minority positions in securities issued by securitisation vehicles.

doValue and Italfondiario, in their capacity as Special Servicers, have received the following ratings: "RSS1-/CSS1-" by Fitch Ratings, and "Strong" by Standard & Poor's, which are the highest ratings assigned to Italian operators in the sector. They have been assigned to doValue and Italfondiario since 2008, before any other operator in this sector in Italy. In 2017, doValue was also assigned a Master Servicer rating of "RMS2/CMS2/ABMS2" by Fitch Ratings, which was also improved by a notch in 2019. In July 2020, doValue received the BB Corporate credit rating, with stable outlook by Standard & Poor's and Fitch.

Macroeconomic environment

The global economy in 2020 was heavily impacted by the Covid-19 pandemic and the GDP declined by around 3.5%. This is the first decline recorded at the global level since 2009 (the year of the global financial crisis) and the greatest decrease of the GDP from World War II. This situation was even more evident in the Eurozone (-7%) where the various countries, not being able to contain the virus in a targeted manner, had to frequently resort to the "lockdown" practice. The recent approvals of emergency vaccines against Covid-19 and the start of global vaccination campaigns are fuelling hopes of a return to normal conditions in which economic activity takes place, but new waves of contagions and new variants, as well as operational difficulties in mass immunization campaigns, could make the forecast of GDP in 2021 at the date of approval of these financial statements more uncertain and difficult.
Among the factors limiting growth, possible new restrictions on economic activity and the movement of people for the management of subsequent pandemic waves, the weakness of the manufacturing sector and long-term idiosyncratic factors such as low productivity growth and the ageing of the population.

The servicing of loans and real estate assets in Europe in 2020 continued to benefit from the support of high volumes of asset sales and greater use of outsourcing services by Banks and financial institutions, supported by the continuous and growing interest of the International investors. In fact, according to the EBA[2], European banks have reduced their exposure to non-performing assets by 10% over the past year, to a value of approximately €528 billion, bringing the NPE ratio to an average value of 2.9%, compared to 3.4% in the previous twelve months. However, this reduction has not been uniform across countries. For example, while in Italy the percentage of assets classified as stage 3 (impaired) has fallen from 7.5% to 6.5%, in Greece and Cyprus this ratio is still high with values of over 30% and 20% respectively. The banks in these two countries are among those that have reduced their NPE ratios most significantly as a result of the use of disposals.

The containment of impaired assets in a highly adverse macroeconomic scenario is to be seen in the context of broad and widespread measures to support the economy in the form of schemes to maintain employment (wage guarantee fund (*cassa integrazione*), freeze on redundancies, etc.), guaranteed loans and moratoria. Indeed, as of June 2020, the EBA was reporting approximately €870 billion of loans benefiting from moratoria (about 7.5% of loans to households and non-financial corporations). The use of moratoria was particularly widespread in Cyprus (50% of assets) and Greece (15% of assets). This is due to the marked increase in assets classified as stage 2 (positions for which the risk has increased significantly), which increased from 6.9% to 8.2% of assets between June 2019 and June 2020. Approximately 17% of the loans that benefited from moratoriums were classified in stage 2. The exhaustion of these measures is possible to lead to a shift of these positions towards the category of non-performing loans (stage 3). This dynamic will be more or less pronounced depending on the post-moratorium macroeconomic conditions and the gradualness with which governments and banks withdraw these measures to support the economy.

[2] Risk Assessment of the European Banking System - December 2020

Southern Europe has confirmed itself even more as a key area for the servicing sector. From 2014 to 2019, there have been disposals of non-performing assets of over €220 billion in Italy, €160 billion in Spain and over €50 billion in Portugal, Greece and Cyprus. In 2020, this trend continued with disposals of around €31 billion in Italy, €15 billion in Greece, €25 billion in Spain and €5 billion in Cyprus. In light of the above, it is expected that servicing activity will continue to benefit from the initiatives adopted at EU level to support a more proactive management of NPLs by financial institutions in view of the new flows that will be generated after the post covid measures to support the economy come to an end. The volume of transactions concerning non-performing loan portfolios will continue to be supported, in Italy, by the "GACS" securitisation guarantee and, in Greece, by the "Hercules" scheme, modelled on the same false line that has already facilitated an acceleration of market activity as early as 2020.

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Group highlights

The tables below show the main economic and financial data of the Group extracted from the related management statements, which are subsequently represented in the section of the Group Results as at December 31, 2020.

(€/000)

Key data of the consolidated income statement	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Gross Revenues	418,243	363,839	54,404	15%
Net Revenues	368,081	323,682	44,399	14%
Operating expenses	(253,734)	(195,916)	(57,818)	30%
EBITDA	114,347	127,766	(13,419)	(11)%
EBITDA Margin	27%	35%	(8)%	(22)%
Non-recurring items included in EBITDA[1)]	(10,928)	(12,676)	1,748	(14)%
EBITDA excluding non-recurring items	125,275	140,442	(15,167)	(11)%
EBITDA Margin excluding non-recurring items	30%	39%	(9)%	(22)%
EBT	13,452	48,473	(35,021)	(72)%
EBT Margin	3.2%	13%	(10)%	(76)%
Profit (loss) for the period attributable to the Shareholders of the Parent Company	(21,943)	21,425	(43,368)	n.s.
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	20,807	51,884	(31,077)	(60)%

[1)] Non-recurring items in Operating expenses include the costs connected with the acquisition of Altamira Asset Management S.A., of doValue Greece (ex Eurobank Financial Planning Services), those incurred for the Group reorganisation project and costs referred to Covid-19

(€/000)

Key data of the consolidated balance sheet	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Cash and liquid securities	132,486	128,162	4,324	3%
Intangible assets	577,460	289,585	287,875	99%
Financial assets	70,859	48,609	22,250	46%
Trade receivables	175,155	176,991	(1,836)	(1)%
Tax assets	117,909	98,554	19,355	20%
Financial liabilities	626,204	434,269	191,935	44%
Trade payables	51,824	46,969	4,855	10%
Tax Liabilities	105,549	28,170	77,379	n.s.
Other liabilities	65,872	25,196	40,676	n.s.
Provisions for risks and charges	55,110	30,305	24,805	82%
Group Shareholders' equity	164,396	206,740	(42,344)	(20)%

The RESTATED data, as at December 31, 2019, were remeasured based on the final results related to PPA of Altamira Asset Management.

In order to facilitate an understanding of the doValue Group's performance and financial position, a number of alternative performance measures ("Key Performance Indicators" or "KPIs") have been selected by the Group and are summarised in the table below.

(€/000)

KPIs	12/31/2020	12/31/2019 RESTATED
Gross Book Value (EoP) - Group[1)]	157,686,703	157,600,134
Gross Book Value (EoP) - Italy	78,435,631	78,796,103
Collections of the period - Italy	1,386,817	1,893,198
LTM Collections - Italy	1,386,817	1,893,198
LTM Collections - Italy - Stock	1,349,089	1,794,339
LTM Collections / GBV EoP - Italy - Overall	1.8%	2.4%
LTM Collections / GBV EoP - Italy - Stock	1.9%	2.5%
Staff FTE / Total FTE Group	43%	38%
LTM Collections / Servicing FTE - Italy	2.02	2.57
EBITDA	114,347	127,766
Non-recurring items (NRIs) included in EBITDA	(10,928)	(12,676)
EBITDA excluding non-recurring items	125,275	140,442
EBITDA Margin	27%	35%
EBITDA Margin excluding non-recurring items	30%	39%
Profit (loss) for the period attributable to the shareholders of the Parent Company	(21,943)	21,425
Non-recurring items included in Profit (loss) for the period attributable to the Shareholders of the Parent Company	(42,750)	(30,459)
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	20,807	51,884
Earnings per share (Euro)	(0.28)	0.27
Earnings per share excluding non-recurring items (Euro)	0.26	0.66
Capex	19,735	8,086
EBITDA - Capex	94,612	119,680
Net Working Capital	123,331	130,022
Net Financial Position	(410,556)	(236,465)
Leverage (Net Debt / EBITDA LTM PF)	2.7x	1,3x

[1)] In order to enhance the comparability of Gross Book Value (GBV) as of 12/31/2019 the values for doValue Greece have been included at the reference date

Key

Gross Book Value EoP Group/Italy: indicates the book value of the loans under management at the end of the reference period for the entire scope of Group/Italy, gross of any potential write-downs due to expected loan losses.

Collections for period Italy: used to calculate fees for the purpose of determining revenues from the servicing business, they illustrate the ability to extract value from the portfolio under management.

LTM collections in last 12 months Italy: these are the recoveries for the 12 months prior to the reference date, which are used in intra-annual periods in order to enable uniform comparison with the annual figure.

LTM collections in last 12 months Stock Italy: these are the recoveries for the 12 months prior to the reference date on the Stock under management.

LTM collections/GBV (Gross Book Value) EoP Italy: the ratio between total gross LTM collections and the period-end GBV of the total portfolio under management. This indicator represents another metric to analyse collections for the period and LTM in absolute terms, calculated in relation to the effectiveness rate of collections, i.e. the yield of the portfolio under management in terms of annual collections and, consequently, commission income from management activities.

L**TM collections Stock/GBV (Gross Book Value) EoP Stock Italy**: the ratio between total gross LTM collections on the Stock portfolio under management at the start of the reference year and the end-period GBV of that portfolio. Compared with the previous indicator LTM collections/GBV, this metric represents the effectiveness rate of recoveries normalised for the entry of new portfolios during the reference year.

Staff FTE/Total FTE: the ratio between the number of employees who perform support activities and the total number of full-time employees of the Group. The indicator illustrates the efficiency of the operating structure and the focus on management activities.

LTM collections/Servicing FTE Italy: the ratio between total LTM collections and the number of employees who perform servicing activities. The indicator provides an indication of the collection efficiency rate, i.e. the yield of each individual employee specialised in servicing activities in terms of annual collections on the portfolio under management.

EBITDA and EBT attributable to Parent Company shareholders: together with other relative profitability indicators, they highlight changes in operating performance and provide useful information regarding the Group's financial performance. These data are calculated at the end of the period.

Non-recurring items: items generated in extraordinary operations such as corporate restructurings, acquisitions or disposals of entities, start-up of new businesses or entry into new markets.

EBITDA excluding non-recurring items: EBITDA attributable to core operations, excluding all items connected with extraordinary operations such as corporate restructurings, acquisitions or disposals of entities, start-up of new businesses or entry into new markets.

EBITDA Margin: obtained by dividing EBITDA by Gross Revenues.

EBITDA Margin excluding non-recurrent elements: obtained by dividing Ordinary EBITDA by Gross Revenues.

Earnings per share: calculated as the ratio between net profit for the period and the number of outstanding shares at the end of the period.

Earnings per share excluding non-recurring items: the calculation is the same as that for earnings per share, but the numerator is equal to net profit for the period excluding non-recurring items net of the associated tax effects.

EBITDA – Capex: calculated as EBITDA net of investments in fixed capital (including property, plant and equipment and intangible and financial assets) ("Capex"). Together with other relative profitability indicators, it highlights changes in operating performance and provides an indication on the Group's ability to generate cash.

Net Working Capital: this is represented by receivables for fees invoiced and accruing, net of payables to suppliers for invoices accounted for and falling due in the period.

Net Financial Position: this is calculated as the sum of cash, cash equivalents and highly-liquid securities, net of amounts due to banks for loans and due to customers for the current accounts opened with the Group.

Leverage: this is the ratio between the net financial position and pro-forma EBITDA for the last 12 months to take account of significant transactions from the start of the reference year. It represents an indicator of the Group's debt level.

Group Results at December 31, 2020

PERFORMANCE

The following table presents the consolidated income statement as at December 31, 2020 with comparative figures as at December 31, 2019. It is noted that the amounts as at December 31, 2020 include the contribution related to the month of June 2020 of doValue Greece (former Eurobank Financial Planning Services), the closing of which was completed on June 5, 2020.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Servicing Revenues:	383,790	325,890	57,900	18%
o/w: NPE revenues	316,150	268,059	48,091	18%
o/w: REO revenues	67,640	57,831	9,809	17%
Co-investment revenues	429	564	(135)	(24)%
Ancillary and other revenues	34,024	37,385	(3,361)	(9)%
Gross revenues	**418,243**	**363,839**	**54,404**	**15%**
NPEOutsourcing fees	(22,147)	(19,854)	(2,293)	12%
REO Outsourcing fees	(17,407)	(12,675)	(4,732)	37%
Ancillary Outsourcing fees	(10,608)	(7,628)	(2,980)	39%
Net revenues	**368,081**	**323,682**	**44,399**	**14%**
Staff expenses	(172,921)	(133,658)	(39,263)	29%
Administrative expenses	(80,813)	(62,258)	(18,555)	30%
Total "o.w. IT"	*(26,440)*	*(20,297)*	(6,143)	30%
Total "o.w. Real Estate"	*(5,484)*	*(5,193)*	(291)	6%
Total "o.w. SG&A"	*(48,889)*	*(36,768)*	(12,121)	33%
Operating expenses	**(253,734)**	**(195,916)**	**(57,818)**	**30%**
EBITDA	**114,347**	**127,766**	**(13,419)**	**(11)%**
EBITDA margin	**27%**	**35%**	**(8)%**	**(22)%**
Non-recurring items included in EBITDA[1)]	(10,928)	(12,676)	1,748	(14)%
EBITDA excluding non-recurring items	**125,275**	**140,442**	**(15,167)**	**(11)%**
EBITDA margin excluding non-recurring items	**30%**	**39%**	**(9)%**	**(22)%**
Net write-downs on property, plant, equipment and intangibles	(62,638)	(63,008)	370	(1)%
Net provisions for risks and charges	(11,272)	(10,732)	(540)	5%
Net write-downs of loans	162	815	(653)	(80)%
Profit (loss) from equity investments	(2)	-	(2)	n.s.
EBIT	**40,597**	**54,841**	**(14,244)**	**(26)%**
Net income (loss) on financial assets and liabilities measured at fair value	(3,729)	1,091	(4,820)	n.s.
Financial interest and commissions	(23,416)	(7,459)	(15,957)	n.s.
EBT	**13,452**	**48,473**	**(35,021)**	**(72)%**
Non-recurring items included in EBT[2)]	(25,461)	(23,664)	(1,797)	8%
EBT excluding non-recurring items	**38,913**	**72,138**	**(33,225)**	**(46)%**
Income tax for the period	(36,596)	(23,987)	(12,609)	53%
PROFIT (LOSS) FOR THE PERIOD	**(23,144)**	**24,486**	**(47,630)**	**n.s.**
Profit (loss) for the period attributable to Non-controlling interests	1,201	(3,061)	4,262	(139)%
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**(21,943)**	**21,425**	**(43,368)**	**n.s.**
Non-recurring items included in Profit (loss) for the period	(47,872)	(30,850)	(17,022)	55%
O.w. Non-recurring items included in Profit (loss) for the period attributable to Non-controlling	(5,122)	(391)	(4,731)	n.s.
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	**20,807**	**51,884**	**(31,077)**	**(60)%**
Profit (loss) for the period attributable to Non-controlling interests excluding non-recurring	3,921	-	3,921	n.s.
Earnings per share (in Euro)	**(0.28)**	**0.27**	**(0.6)**	**n.s.**
Earnings per share excluding non-recurring items (Euro)	0.26	0.66	(0.40)	(60)%

[1)] Non-recurring items in Operating expenses include the costs connected with the acquisition of Altamira Asset Management S.A., of doValue Greece (ex Eurobank Financial Planning Services), those incurred for the Group reorganisation project and costs referred to Covid-19

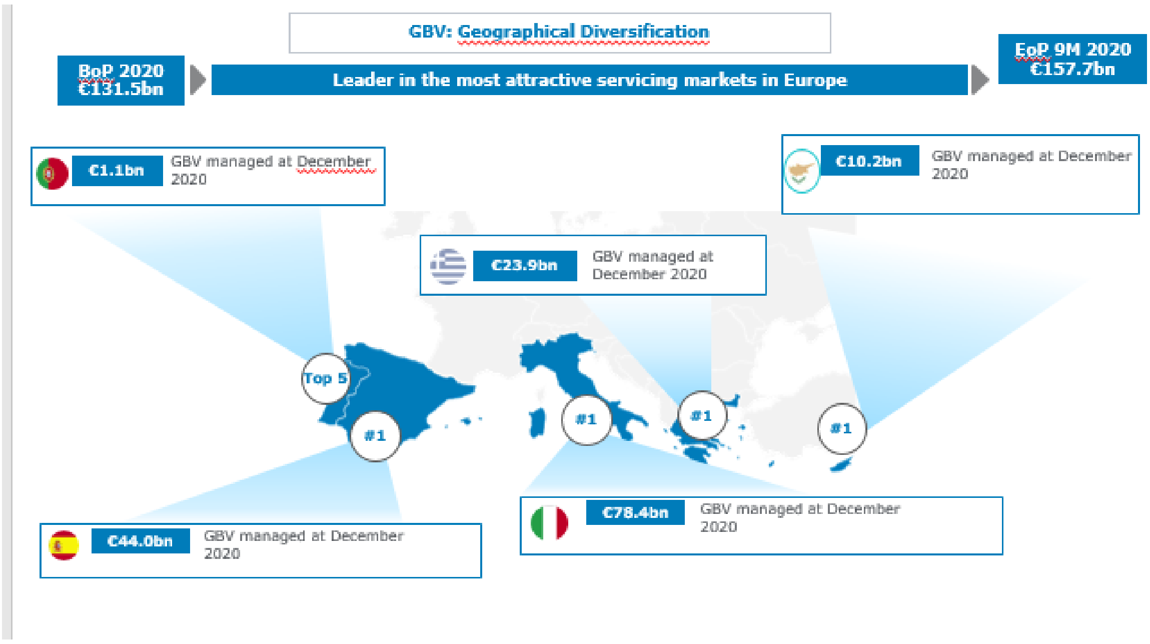
[2)] Non-recurring items included below EBITDA refer mainly to (i) termination incentive plans that have therefore been reclassified from personnel expenses, (ii) financial expenses related to the Altamira's tax claim, (iii) fair value delta of the Put-Option and Earn-out and (iv) income taxes

The RESTATED data, as at December 31, 2019, were remeasured based on the final results related to PPA of Altamira Asset Management.

Portfolio under management

At the end of December 2020, the Group's Managed Assets (GBV) in the 5 reference markets of Italy, Spain, Portugal, Greece and Cyprus amounted to €157.7 billion, up 20% compared to the end of 2019 (€131.5 billion). This is mainly due to the new mandates and the flows related to long-term contracts acquired over the period as well as the inclusion of doValue Greece's managed assets, following the acquisition finalised on June 5 of last year. These data testify on the one hand the great capacity of the Group which, even in a year characterized by a pandemic, was capable of making a major effort from a commercial point of view and on the other hand the excellent strategic choice of diversification implemented during the last two years with the acquisitions made on the Spanish market and then on the Greek market.

The following chart shows the geographical distribution of the GBV: in particular for each country, the share managed as at December 31, 2020 is highlighted.



The evolution of the Managed Portfolio was characterized by the following trends relating to flows from new customers for €8.6 billion, broken down as follows:

- new contracts of Altamira Asset Management, for a total amount of €5.1 billion, especially:
    - a contract with Alpha Bank in Cyprus in the amount of about €4.2 billion, announced on October 14, 2019, the onboarding of which was completed by the end of March 2020;
    - a portfolio for a total of €0.8 billion from a securitisation of loans awarded by an investor in Spain;
    - a contract with Banco Santander in Portugal for real estate brokerage services for the management of the customer's assets (REO services), for an approximate total amount of €0.1 billion.

- new doValue and Italfondiario contracts for a total of €3.1 billion, specifically:
    - an agreement with UniCredit Group for approximately €1.1 billion, announced

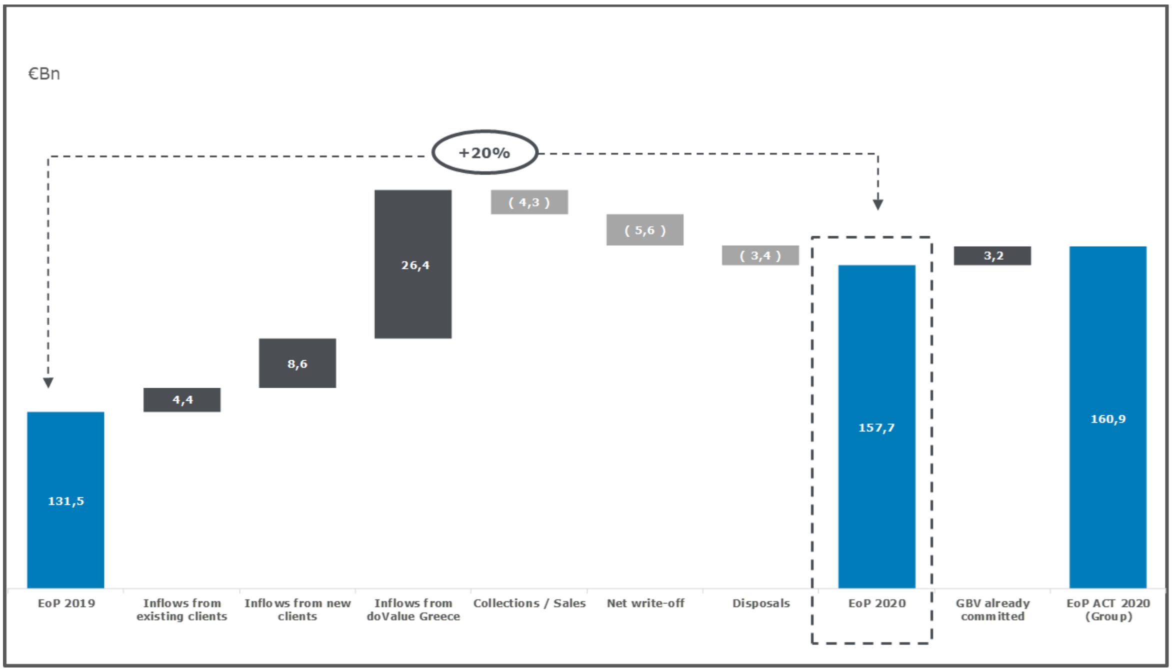
on December 14, 2020, which provides for the exclusive management of a portfolio of NPL leasing loans;
- a servicing agreement with Iccrea Banca of approximately €2.0 billion which envisages the management as Master and Special Servicer of a portfolio of non-performing loans characterized by a prevalence of positions with real estate collateral;
- new mandates won by the subsidiary Italfondiario for the exclusive management as Servicer of a portfolio of unlikely-to-pay (UTP) loans for approximately €0.4 billion.

In addition to the flows listed above, a further €4.4 billion comes from existing customers as follows:

- new mandates for €0.9 billion deriving from flow contracts with UniCredit (Italy) for around €0.8 billion and from Credit Agricole for around €0.1 billion;
- new mandates for €2.7 and Cooperative Central Bank (CCB, Cyprus);
- new mandates for €0.8 billion from the flow contract executed with Eurobank in Greece.

In addition, over the period in question, it was decided to take over the portfolio managed by Eurobank Financial Planning Services SA (hereinafter also "FPS"), the name of which was changed in doValue Greece following the acquisition by doValue, equal to €26.4 billion.

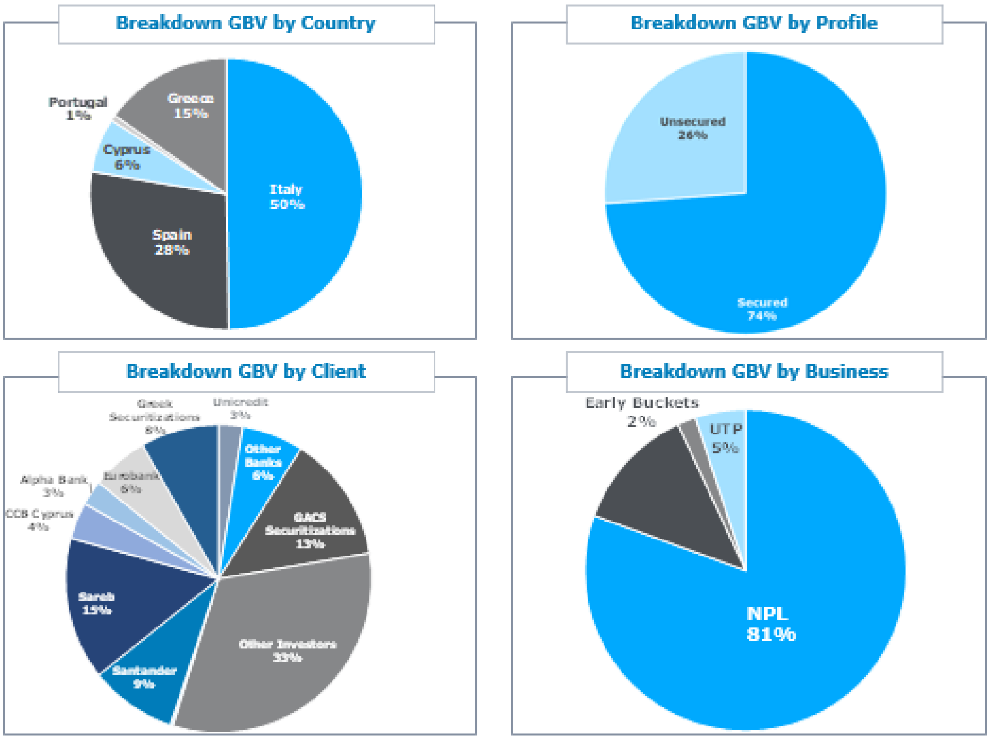
There was a decrease in the GBV during the period, for a total of €3.4 billion: €1.6 billion by an Italian customer bank and €1.8 by a customer bank in Greece.



The Managed Assets reported a further increase compared to positions already described due to new mandates acquired over the period and currently in the on-boarding phase for a total amount of €3.2 billion. They are composed as follows:

- The ICON portfolio, in Greece, for a total value of around €2.6 billion, for which the entering of a Memorandum of Understanding was announced with Bain Capital Credit;
- The MARINA Portfolio, in Cyprus, for a total value of around €0.7 billion, for which the entering of a Memorandum of Understanding was announced with Bain Capital Credit.

The following charts show the composition of the portfolio under management in terms of geographical diversification, type of asset/business and main customers:



Group collections and sales during the period amounted to €4.3 billion, compared to €3.9 billion as at December 31, 2019. The increase is essentially attributable to the full contribution of the Altamira contracts and the seven months of the FPS contracts (not present in 2019). The geographical breakdown of collections is as follows: €1.4 billion in "Italy", €1.8 billion in "Iberia" (Spain and Portugal) and €1.1 billion in "Greece & Cyprus".

Performance

With the primary objective of safeguarding the health of employees, doValue has proactively adopted all necessary measures to prevent and manage the current Corona virus emergency as indicated by government decrees and the health authorities. The full operations of the Group were, and continues to be, ensured by the effective application of remote working methods according to the regulations in force. These measures to contain the spread of the Corona virus, adopted in all the markets of the Group especially in the second quarter of 2020, are progressively being reduced since May in all the markets in which the Group operates, have in any case interrupted important services necessary for servicing loans and real estate assets, notably the courts and services supporting real estate transactions.

In 2020, the doValue Group posted gross revenues for €418.2 million, up by 15% compared to €363.8 million in 2019, due mainly to the full contribution to the results of the period of Altamira Asset Management, which was instead only consolidated starting from the third quarter in comparative data, as well as thanks to the contribution of the recently acquired doValue Greece in the month of June. The fourth quarter of the year contributed €137.4 million (compared to €130.5 in the previous year), equal to 33% of the entire annual turnover (36% in 2019). This confirms the positive trend of normalization of the Group's activities that had been most impacted by the spread of the Coronavirus during the second quarter of 2020 and its ability to promptly deal with the changed market conditions thanks to a flexible business model. In fact, the second half of 2020 recorded approximately 60% of the revenues for the year, amounting to approximately €253 million (69% and €252 million in 2019).

In pro-forma aggregate terms, including the effects of the acquisitions of Altamira Asset Management and doValue Greece since the beginning of each relevant period, revenues would have been €472.9 million, therefore showing a decrease of around 26% compared to €635.3 million that would have been recorded in 2019. This decline is due to the effects of the Coronavirus on general economic activity and on servicing activities in particular. This negative performance, concentrated in the second quarter of 2020, due to the full application of the "lockdown" measures in South Europe, recorded a significant progressive improvement from June 2020.

NPE and REO revenues, amounting to €383.8 million, show an 18% increase compared to the previous year, when revenues of €325.9 million were recorded. The year 2020 benefited from the contribution of FPS (June-December period) in the amount of €71.6 million and the full contribution of Altamira Asset Management in both the NPE and Real Estate areas for €180.4 million compared to €130.6 million in the comparison period, when the contribution was limited to the second half of the year. The increase in revenues recorded in 2020 would be even higher if we excluded from the comparison the component related to indemnities received for the portfolio transfers carried out mainly by three client banks, concentrated in particular in the first and third quarter of 2019.

The positive trend in NPE base fees (about 80% both compared with the first period of 2019), despite virtually no change in the average fees on the GBV of assets under management, is related to two factors:

- the greater weight of this revenue component, in absolute and average fees terms, in the markets of southern Europe, where Altamira and doValue Greece operate, as compared with Italy, a factor that can further strengthen the future visibility of the Group's revenues, particularly with the current external environment characterised by greater uncertainty due to the effects of the Coronavirus.
- the growth in business for the subsidiary doValue Hellas, which is responsible for managing a €1.4 billion NPL portfolio assigned by the four systemic banks in Greece;

As regards the "Italy" segment, regarding NPL, it should be noted that collections for the last 12 months as a ratio to end-of-period (EoP) gross book value (GBV) — given by the formula "LTM collections/GBV (EoP)" — came to 1.8%, a decline compared with the 2.4% recorded in 2019, due to the negative and temporary impact of Coronavirus on the recovery activities.

Excluding new management contracts, the indicator "LTM collections stock/GBV stock (EOP)" was 1.9%, with a similar decrease from the 2.5% recorded in 2019. These results are clearly the consequence of the effects linked to the epidemiological emergency in progress, which did not allow the Group to operate effectively and fully in the period between the second and third quarters.

Co-investment revenues include the €429 thousand contribution (€564 thousand in 2019) from revenues on the ABS securities for the two securitisations Romeo SPV and Mercuzio Securitisation.
The contribution of **ancillary and other revenues**, in the amount of €34.0 million (€37.4 million as at December 2019), was more significant and can be attributed to the following:

- within Italy, mainly to income from data processing and provision services and other services connected with servicing activities, such as due diligence, master and structuring services, and legal services;
- for Altamira, especially to services provided in the areas of rentals, real estate development, and diversified advisory and portfolio management activities.

These revenues represent 8% of total gross revenues for the period, while in the previous year their incidence had been approximately equal to 10%, thus confirming a stable source of revenues for the Group.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
NPE revenues	316,150	268,059	48,091	18%
REO revenues	67,640	57,831	9,809	17%
Co-investment revenues	429	564	(135)	(24)%
Ancillary and other revenues	34,024	37,385	(3,361)	(9)%
Gross revenues	**418,243**	**363,839**	**54,404**	**15%**
NPE Outsourcing fees	(22,147)	(19,854)	(2,293)	12%
REO Outsourcing fees	(17,407)	(12,675)	(4,732)	37%
Ancillary Outsourcing fees	(10,608)	(7,628)	(2,980)	39%
Net revenues	**368,081**	**323,682**	**44,399**	**14%**

Net revenues amounted to €368.1 million, an increase of 14% from the €323.7 million of 2019.

The following items were of note during the period:

- the increase, compared with the previous year, in NPE outsourcing fees, which increased by 12% (€22.1 million in 2020 and €19.9 in 2019) due exclusively to the expansion of the consolidation area to Altamira and FPS. Considering only doValue compared to 2019, a 44% decline is instead recorded in these fees, in line with the objective of reducing the use of outsourcing services and thanks to the with rationalisation efforts implemented over the year;
- the consolidation of REO outsourcing fees, in the amount of €17.4 million (€12.7 million in 2019), related to the increase in assets under management following the acquisition of Altamira Asset Management, which is in line with business performance;
- the fee expenses related to ancillary business at €10.6 compared to €7.6 million in 2019, which is also a direct result of the consolidation of Altamira Asset Management for the entire reference period. Considering only the doValue, these fees increased slightly, from €4.8 million in the previous year to €5.2 million in 2020.

Operating expenses, amounting to €253.7 million, showed an overall 30% increase compared to the previous year, when they amounted to €195.9 million. This increase is entirely linked to the broader scope of consolidation due to the inclusion of Altamira and doValue Greece as mentioned above.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Staff expenses	(172,921)	(133,658)	(39,263)	29%
Administrative expenses	(80,813)	(62,258)	(18,555)	30%
o.w. IT	*(26,440)*	*(20,297)*	*(6,143)*	30%
o.w. Real Estate	*(5,484)*	*(5,193)*	*(291)*	6%
o.w. SG&A	*(48,889)*	*(36,768)*	*(12,121)*	33%
Operating expenses	**(253,734)**	**(195,916)**	**(57,818)**	**30%**
EBITDA	**114,347**	**127,766**	**(13,419)**	**(11)%**
o.w: Non-recurring items included in EBITDA	*(10,928)*	*(12,676)*	*1,748*	(14)%
o.w: EBITDA excluding non-recurring items	*125,275*	*140,442*	*(15,167)*	(11)%

More specifically, of the €57.8 million increase, €39.3 million is attributable to staff expenses and €18.6 million to administrative expenses. Excluding the impact of the Altamira and doValue Greece consolidation, costs decreased significantly on the whole, falling by 20% standing at €112.2 million against €139.4 million at the end of 2019 (- €27.3 million), which testifies to the effectiveness of the cost containment strategy implemented. This strategy was focused in particular on the variable component of staff expenses which decreased its weight over the total personnel expense.

Staff expenses were up by 29% compared to 2019 and amounted to €172.9 million (€133.7 million in the previous year). Excluding the impact of Altamira and doValue Greece, a significant decrease of 21% (down by €20.6 million) was due to the twofold effect of:

- a reduction of the variable component of the remuneration for the period due to the negative, albeit temporary, effect of the Coronavirus on performances achieved, in comparison with the expected targets;
- a reduction in the number of resources following the continuation of the cost-efficiency plan defined in the 2019-2022 Business Plan.

Administrative expenses increased by 30% compared to 2019 and reached €80.8 million compared to €62.3 million in the previous year. Here, too, excluding the contribution of Altamira and doValue Greece, the aggregate posted a decrease of 17% (down €6.7 million) due to:

- the full effect of projects announced in the 2018 plan aimed at achieving greater efficiency in the management of operating processes (especially IT and business process outsourcing);
- a sharp focus on *cost management,*
- the rationalisation in the number of directly managed local offices, which saw the closure, in September and October 2019, of eight local offices, while the new office was opened in Verona and six others were opened under co-working agreements.

These items reflect the effects of the sale to Dock Joined in Tech (an IBM subsidiary) of the doSolutions business unit that manages the Group's IT systems, effective July 1, 2020 for ten years.
Moreover, in response to the Covid-19 epidemic, the company has implemented a comprehensive plan for the further rationalisation of operating costs by taking full advantage of the cost flexibility inherent in the doValue business model.

In line with the two previous years, operating costs for the period includes a number of **non-recurring items** (NRIs), which are shown as adjustments to EBITDA to facilitate comparison between periods and the interpretation of structural profitability for the Group.

These non-recurring items, which were also found in the previous period in the amount of €12.7 million, totalled €10.9 million and mainly concern costs related to:

(i) the acquisition project of doValue Greece servicer, for financial advisory and due diligence activities underlying the acquisition;

(ii) costs associated with the merger of doValue Greece with the doValue Greece

Holding;
(iii) the project to acquire the servicer Altamira Asset Management for a component related to deferred bonuses for the company's management team;
(iv) the project to reorganise the Group as defined in the 2018-2020 Business Plan and work to rationalise Altamira-related business processes.
(v) the costs incurred to deal with the epidemic emergency in progress.

EBITDA, excluding non-recurring items, decreased by 11% to €125.3 million (€140.4 million in 2019), posting a margin on revenues of 30% (38.6% in the comparative period). The decrease in EBITDA (down €15.2 million) is mainly attributable to the impacts of the Coronavirus epidemic, which have prevented, since March, the smooth running of recovery activities, such as the aforementioned closure of courts and most of the services supporting real estate operations. As for revenues, EBITDA for the period also benefited from the contribution of the fourth quarter of the year, in which the Group recorded an EBITDA excluding recurring charges of €49 million, therefore comparable with the same period of the previous year in the absence of Covid-19.

In aggregate, including the effects of acquisitions of Altamira Asset Management and doValue Greece at the beginning of January 2019 and excluding non-recurring items (€153.3 million), EBITDA would be lower than 42%, compared to €265.1 million of EBITDA in the previous year, due to the aforesaid effects of the containment measures of Coronavirus.

Including non-recurring charges, EBITDA was €114.3 million, down by around 11% compared to the same figure in 2019 (€127.8 million), with a fourth quarter contributing €46.3 million (€48.9 million for the same period of the previous year).

The **Group's EBIT** was €40.6 million compared to €54.8 million in 2019. This trend reflects, in line with expectations, the amortization of intangible assets linked to the acquisition of Altamira Asset Management and doValue Greece. **EBT** was €13.4 million, compared with €48.5 million recorded in the same period of the previous year, including the financial expenses connected with the financing received for the Altamira acquisition and the interest payable related to the bridge-to-bond for the acquisition of doValue Greece, then replaced by the bond loan issued on August 4, 2020.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
EBITDA	**114,347**	**127,766**	**(13,419)**	**(11)%**
Net write-downs on property, plant, equipment and intangibles	(62,638)	(63,008)	370	(1)%
Net provisions for risks and charges	(11,272)	(10,732)	(540)	5%
Net write-downs of loans	162	815	(653)	(80)%
EBIT	**40,597**	**54,841**	**(14,244)**	**(26)%**
Net income (loss) on financial assets and liabilities measured at fair value	(3,729)	1,091	(4,820)	n.s.
Net financial interest and commissions	(23,416)	(7,459)	(15,957)	n.s.
EBT	**13,452**	**48,473**	**(35,021)**	**(72)%**

EBT includes non-recurring expenses in the amount of €25.5 million related to:

- €6.2 million in costs for early termination incentives;
- €0.4 million release of the 2019 provisions relating to a dispute with Sareb;
- €1.7 million of the time value of the put option and Earn-out (€1.3 million related to the Altamira transaction and €0.4 million of the time value of the Earn-out connected with the doValue Greece transaction);
- €4 million of additional financial expense attributable to the subsidiary, Altamira, linked to an outstanding tax dispute with the Spanish Tax Authority (for further details see the comment on provisions for risks and charges);
- non-recurring costs included in operating expenses indicated above.

Net write-downs on property, plant and equipment and intangibles amounted to €62.6 million, essentially in line with the "restated" figure for 2019 equal to €63.0 million. This aggregate mainly includes the net adjustments on the Altamira and doValue Greece servicing agreements (based on the temporary calculation carried out at the time of the Purchase Price Allocation - PPA), as well as the amortisation of the same, which are classified as intangible assets given the particular characteristics of the servicing market in Spain, which, in the past, saw the leading operators investing in long-term asset management agreements.
The total balance also includes the amortisation of lease agreements following the introduction of IFRS 16 as of January 1, 2019. The amount that affects the year 2020 amounts to €10.3 million, while the impact in 2019 was €5.7 million. The remainder of amortisation primarily concerns software licenses connected with technology investments made by the Group during the period aimed at upgrading the IT platform.

Net provisions for risks and charges totalled €11.3 million, which is a significant increase from the previous year (€0.5 million). This is mainly attributable to provisions for termination incentives paid to employees (€6.2million granted to employees in Italy and within Altamira and the doValue Greece) participating in the Company's plan, in line with the targets of the 2020-2022 business plan. This was partially offset by reversals of provisions set aside in previous years that are no longer necessary, in addition to the prudential provisions for some minor disputes in progress.

Net income (loss) on financial assets and liabilities measured at fair value recorded a negative result of €3.7 million and recorded a decrease compared to the previous period of around €5 million, when the item was positive for €1.1 million. This change is attributable almost entirely to the write-down of the notes of the Cairo securitisations and the units of the Italian Recovery Fund (formerly Atlante II) investment fund.

Net financial interest and commissions amounted to €23.4 million, up compared to €7.5 million in 2019 and reflect the financial charges attributable to the subsidiary, Altamira, connected to the acquisition, as well as additional charges due to an outstanding tax dispute with the Spanish Tax Authority (for further information see the note to the provisions for risks and charges), the higher charges related to the bond loan linked to the acquisition of doValue Greece as well as the effects of the enlargement of the scope of consolidation.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
EBT	**13,452**	**48,473**	**(35,021)**	**(72)%**
Income tax for the period	(36,596)	(23,987)	(12,609)	53%
Profit (Loss) for the period	**(23,144)**	**24,486**	**(47,630)**	**n.s.**
Profit (loss) attributable to Non-controlling	1,201	(3,061)	4,262	(139)%
Profit (loss) attributable to the shareholders of the Parent company	**(21,943)**	**21,425**	**(43,368)**	**n.s.**

Income tax for the period amounted to €36.6 million. This item is mainly affected by the accounting treatment of the Spanish subsidiary Altamira following both the non-recognition - pending the definition of a new business plan - of deferred tax assets on the Spanish subsidiary Altamira Asset Management SA to cover the losses for the period and as well as higher tax charges connected with an ongoing dispute with the Spanish Tax Authority (for further details see the comment on provisions for risks and charges).

The tax rate, calculated by excluding non-recurring items and normalising the effects of the deferred tax assets of Altamira SA and of the DTA charge, comes to 25%, compared with the 26% for the same period of 2019. In this regard, the impact of the foreign subsidiaries on the normalised tax rate is evident, given that they enjoy a lower overall fiscal burden than that of the Italian companies.

The **Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items** amounted to €20.8 million, compared to €51.9 million in the previous year, showing a significant improvement thanks to the recovery recorded in the second half of 2020 compared to negative result reported in June, equal to €6.1 million. Including non-recurring items, the **Profit (Loss) for the period attributable to the Shareholders of the Parent Company** was negative for €21.9 million, compared to the positive €21.4 million of the same period of the previous year.

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SEGMENT REPORTING

doValue's international expansion, in the wide market of South Europe with the acquisition first of Altamira and later of FPS (now doValue Greece), has led to the review of the procedures used by the Management to evaluate and analyse the business, moving from a segmentation by customers and business lines to a geographical one.
This classification is related to specific factors of the entities included in each category and to the type of market. The geographical regions thus identified are: Italy, Greece and Cyprus and Iberia (Spain and Portugal).
Based on these criteria, the following table shows the revenues and EBITDA (excluding non-recurrent charges) for the period for each of these business segments.

In 2020, gross revenues totalled €418.2 million and EBITDA excluding non-recurring items stood at €125.3 million.
The "Italy" segment accounts for 27% of EBITDA excluding non-recurring items for the Group (compared with 37% for Iberia and 36% for Greece & Cyprus), whereas the margin at the level of EBITDA, excluding non-recurring items, is lower in the "Italy" segment (23%) than in the other two geographical regions which stand essentially at 41% for "Greece & Cyprus" and 29% for "Iberia".

(€/000)

	Year 2020			
Condensed consolidated income statement (excluding non-recurring items)	**Italy**	**Greece & Cyprus**	**Spain & Portugal**	**Total**
Servicing revenues	127,550	110,886	145,354	383,790
o/w NPL Revenues	*127,550*	*100,810*	*87,790*	*316,150*
o/w REO Revenues	-	*10,076*	*57,564*	*67,640*
Co-investment revenues	429	-	-	429
Ancillary and other revenues	19,086	1,614	13,324	34,024
Gross Revenues	**147,065**	**112,500**	**158,678**	**418,243**
NPL Outsourcing fees	(7,930)	(2,641)	(11,576)	(22,147)
REO Outsourcing fees	-	(1,512)	(15,895)	(17,407)
Ancillary Outsourcing fees	(5,259)	-	(5,349)	(10,608)
Net revenues	**133,876**	**108,347**	**125,858**	**368,081**
Staff expenses	(76,690)	(42,815)	(52,440)	(171,945)
Administrative expenses	(23,559)	(19,770)	(27,532)	(70,861)
o/w IT	*(11,232)*	*(4,469)*	*(9,919)*	*(25,620)*
o/w Real Estate	*(1,935)*	*(2,584)*	*(941)*	*(5,460)*
o/w SG&A	*(10,392)*	*(12,717)*	*(16,672)*	*(39,781)*
Operating expenses	**(100,249)**	**(62,585)**	**(79,972)**	***(242,806)***
EBITDA excluding non-recurring items	**33,627**	**45,762**	**45,886**	**125,275**
EBITDA Margin excluding non-recurring items	**23%**	**41%**	**29%**	**30%**
Contribution to EBITDA excluding non-recurring items	**27%**	**37%**	**37%**	**100%**

(€/000)

Condensed consolidated income statement (excluding non recurring items)	2020 vs 2019			
	Italy	Greece & Cyprus	Spain & Portugal	Total
Servicing revenues				
Year 2020	127,550	110,886	145,354	383,790
Year 2019 restated	195,291	22,226	108,373	325,890
Change	*(67,741)*	*88,660*	*36,981*	*57,900*
Co-investment revenues, ancillary and other revenues				
Year 2020	19,515	1,614	13,324	34,453
Year 2019 restated	24,271	5,858	7,820	37,949
Change	*(4,756)*	*(4,244)*	*5,504*	*(3,496)*
Outsourcing fees				
Year 2020	(13,189)	(4,153)	(32,820)	(50,162)
Year 2019 restated	(19,064)	(1,686)	(19,407)	(40,157)
Change	*5,875*	*(2,467)*	*(13,413)*	*(10,005)*
Staff expenses				
Year 2020	(76,690)	(42,815)	(52,440)	(171,945)
Year 2019 restated	(96,507)	(8,988)	(28,118)	(133,613)
Change	*19,817*	*(33,827)*	*(24,322)*	*(38,332)*
Administrative expenses				
Year 2020	(23,559)	(19,770)	(27,532)	(70,861)
Year 2019 restated	(26,791)	(5,170)	(17,667)	(49,628)
Change	*3,232*	*(14,600)*	*(9,865)*	*(21,233)*
EBITDA excluding non-recurring items				
Year 2020	33,627	45,762	45,886	125,275
Year 2019 restated	77,199	12,241	51,002	140,442
Change	*(43,572)*	*33,521*	*(5,116)*	*(15,167)*
EBITDA Margin excluding non-recurring items				
Year 2020	23%	41%	29%	30%
Year 2019 restated	35%	44%	44%	39%
Change	*-12%*	*-3%*	*-15%*	*-9%*

The RESTATED data, as at December 31, 2019, were remeasured based on the final results related to PPA of Altamira Asset Management.

Group Financial Position

INTRODUCTION

The balance sheet figures have been reclassified from a management perspective, which is more in line with the representation of the reclassified income statement and the net financial position of the Group.
At the end of this Directors' Report on the Group, in accordance with the same presentation approach for the income statement, we have included a reconciliation between the management balance sheet and the schedule given in the consolidated financial statements.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change Amount	Change %
Cash and liquid securities	132,486	128,162	4,324	3%
Financial assets	70,859	48,609	22,250	46%
Property, plant and equipment	36,176	23,904	12,272	51%
Intangible assets	577,460	289,585	287,875	99%
Tax assets	117,909	98,554	19,355	20%
Trade receivables	175,155	176,991	(1,836)	(1)%
Assets held for sale	30	10	20	n.s.
Other assets	16,485	14,378	2,107	15%
TOTAL ASSETS	**1,126,560**	**780,193**	**346,367**	**44%**
Financial liabilities: due to banks	543,042	364,627	178,415	49%
Other financial liabilities	83,162	69,642	13,520	19%
Trade payables	51,824	46,969	4,855	10%
Tax Liabilities	105,549	28,170	77,379	n.s.
Employee Termination Benefits	16,341	8,544	7,797	91%
Provision for risks and charges	55,110	30,305	24,805	82%
Other liabilities	65,872	25,196	40,676	n.s.
TOTAL LIABILITIES	**920,900**	**573,453**	**347,447**	**61%**
Share capital	41,280	41,280	-	n.s.
Reserves	145,162	144,219	943	1%
Treasury shares	(103)	(184)	81	(44)%
Profit (loss) for the period attributable to the Shareholders of the Parent Company	(21,943)	21,425	(43,368)	n.s.
NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**164,396**	**206,740**	**(42,344)**	**(20)%**
TOTAL LIABILITIES AND NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**1,085,296**	**780,193**	**305,103**	**39%**
NET EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	41,264	-	41,264	n.s.
TOTAL LIABILITIES AND NET EQUITY	**1,126,560**	**780,193**	**346,367**	**44%**

The RESTATED data, as at December 31, 2019, were remeasured based on the final results related to PPA of Altamira Asset Management.

Financial assets went from €48.6 million to €70.9 million, up by €22.3 million.
The item is broken down in the following table.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
At fair value through profit or loss	**63,644**	**33,588**	**30,056**	**89%**
Debt securities	36,741	4,619	32,122	n.s.
CIUs	26,857	28,923	(2,066)	(7)%
Equity instruments	46	46	-	n.s.
At amortized cost	**7,215**	**15,021**	**(7,806)**	**(52)%**
L&R with banks other than current accounts and demand deposits	75	86	(11)	(13)%
L&R with customers	7,140	14,935	(7,795)	(52)%
TOTAL	**70,859**	**48,609**	**22,250**	**46%**

Debt securities recorded an increase of €32.1 million consisting of:

- €20.6 million for the subscription of ABS securities attributable to the Relais securitisation, whose mezzanine and junior notes were purchased in the last days of 2020 and were already resold in the first half of February 2021, recording a profit on disposal
- €12.8 million related to NPE - Cairo securitisation mezzanine securities, backed by the NPE government guarantees ("Asset Protection Scheme", also known as "Hercules"), similar to the GAGS structure in Italy, acquired on June 5, 2020 as part of the corporate aggregation of doValue Greece described in section Significant events in the period.

Among the components of financial assets at amortized cost, loans to customers recorded a decrease of €7.3 million deriving from the partial return of the opportunistic and non-recurring investment made at the end of 2019 on a portfolio of non-performing loans.

The increase in **property, plant and equipment** of €12.3 million was mainly affected by the contribution of the newly acquired company doValue Greece, which contributed €9.1 million to the item; the residual part of the increase refers to the renewal of the contract of the Las Rozas (Madrid) office of Altamira Spain for €8.2 million, and to the consequent recognition of the rights of use in application of the IFRS 16 *Leasing* standard, reduced by the depreciation for the year.

Intangible assets rose from €289.6 million to €577.5 million with a significant increase of € 287.9 million due to the acquisition of 80% of the share capital of Eurobank Financial Planning Services (FPS), now doValue Greece, which took place on June 5, 2020: this acquisition led to an increase in the value of intangible assets by €324.2 million. In particular, based on the provisional calculation made at the time of Purchase Price Allocation (PPA), the fair value measurement of the acquired intangible assets amounts to €255.7 million (€244.5 million as at December 31, 2020 net of the amortization for the period from the acquisition date), attributable to active servicing contracts, in addition to €68.5 million allocated to goodwill.

The item also includes the balances as at December 31, 2020 relating to the assets attributable to the acquisition of Altamira Asset Management and its subsidiaries at the end of June 2019, allocated on the basis of the final Purchase Price Allocation (PPA):

- €8.5 million for software;
- €37.4 million for the Altamira brand;
- €79.4 million relating to other intangible assets, which include the valuation of long-term active servicing contracts with major banks and companies for approximately €75 million and the backlog & database component for €4.4 million;
- €124.1 million relating to goodwill.

The balances of the software, trademarks and other intangible assets items are net of amortization for the period (€33.8 million).

The following is a breakdown of **intangible assets**.

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(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Software	20,259	18,543	1,716	9%
Brands	37,502	41,081	(3,579)	(9)%
Assets under development and payments on	2,807	2,291	516	23%
Goodwill	192,992	124,499	68,493	55%
Other intangible assets	323,900	103,171	220,729	n.s.
TOTAL	**577,460**	**289,585**	**287,875**	**99%**

Tax assets as at December 31, 2020, are broken down as follows:

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Current tax assets	**6,977**	**1,141**	**5,836**	**n.s.**
Paid in advance	8,085	1,812	6,273	n.s.
Tax liabilities	(1,108)	(671)	(437)	65%
Deferred tax assets	**94,700**	**90,740**	**3,960**	**4%**
Write-down on loans	49,344	49,329	15	0%
Tax losses carried forward in the future	16,821	13,082	3,739	29%
Property, plants and equipment / Intangible assets	21,369	22,637	(1,268)	(6)%
Other assets / liabilities	42	112	(70)	(63)%
Provisions	7,124	5,580	1,544	28%
Other tax receivables	**16,232**	**6,673**	**9,559**	**143%**
TOTAL	**117,909**	**98,554**	**19,355**	**20%**

The increase recorded in deferred tax assets mainly refers to the entry of doValue Greece into the scope of consolidation.

The following is a breakdown of **tax liabilities**:

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Taxes for the period	6,538	7,853	(1,315)	(17)%
Deferred tax liabilities	77,466	15,345	62,121	n.s.
Other tax payables	21,545	4,972	16,573	n.s.
TOTAL	**105,549**	**28,170**	**77,379**	**n.s.**

The increase of €62.1 million recorded under the **tax liabilities** refers almost exclusively to the effect deriving from the doValue Greece business combination, and in particular from the temporary purchase price allocation process as a tax effect of the fair value adjustments made to the initial consolidation values of the acquired company.

As at December 31, 2020, **financial liabilities - payables to banks** amounted to €543 million, and include payables for the acquisition of Altamira in 2019 and doValue Greece in 2020. In particular, for the first acquisition, the residual amortized cost of the Facility Loan at the end of 2020 amounted to €284.2 million, while for the acquisition of doValue Greece, a guaranteed senior bond was subscribed with a residual debt of €258.8 million.

Other financial liabilities at the end of 2020 are detailed below:

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Lease liabilities	28,793	18,027	10,766	60%
Earn-out	29,894	17,417	12,477	72%
Put option on non-controlling interests	24,011	33,194	(9,183)	(28)%
Hedging derivatives	454	367	87	24%
Other financial liabilities	10	637	(627)	(98)%
TOTAL	**83,162**	**69,642**	**13,520**	**19%**

Lease liabilities include the discounted value of future lease payments, in accordance with the provisions of IFRS 16.
The liability for the Earn-out refers (i) to the Altamira operation, in the amount of €17.5 million, which represents a portion of the acquisition price and (ii) to the purchase operation of Eurobank FPS (now doValue Greece) equals to €12.4 million that is related to the achievement of some EBITDA targets within a ten-year time frame and the first payments of which will not be due before 2024.
The liability for "put option on non-controlling interests" regards the option for the purchase of residual non-controlling interests in Altamira, expiring in June 2021.

Provisions for risks and charges increased by €24.8 million compared with the balance at the end of 2019, due to the combined effect of the entry of doValue Greece for €2.8 million and new allocations, uses and releases in respect of litigation and out-of-court disputes during the period and for staff incentive provisions, on provisions for staff incentives and tax disputes. In fiscal year 2020, the provision was increased by €29.2 million, related to a general inspection by the Spanish Tax Authority underway at the subsidiary Altamira on income tax for the years 2014 and 2015, on the basis of new information gathered by the Company through its tax advisors and after meetings held with the Tax Authority itself; for further details, see the section Significant events after the end of the year and Note 15 of the Notes to the Consolidated Balance Sheet.

(€/000)

	12/31/2020	12/31/2019 RESTATED	Change €	Change %
Legal disputes	42,836	18,671	24,165	129%
Staff expenses	6,112	7,359	(1,247)	(17)%
Other	6,162	4,275	1,887	44%
TOTAL	**55,110**	**30,305**	**24,805**	**82%**

Other liabilities amounted to €65.9 million and show an increase of €40.7 million mainly due to the entry of doValue Greece into the scope of consolidation. In particular, this increase, in application of IFRS 15, refers to the recognition of the advance payment of fixed servicing fees pertaining to the year 2021, equal to € 31 million.

NET WORKING CAPITAL

(€/000)

	12/31/2020	12/31/2019
Trade receivables	175,155	176,991
Trade payables	(51,824)	(46,969)
TOTAL	**123,331**	**130,022**

The figure for the period was €123.3 million compared to €130.0 million in December 2019, up by €6.7 million or 5%. It should be noted that in the comparative period, doValue Greece was added to the scope of consolidation and that despite this, the aggregate figure is down. This demonstrates the particular attention that the Group has placed on these items and on the consequent generation of cash to support the growth process. These positive aspects are also the result of the strategic choice of geographic diversification of the business that has allowed the Group to grow in terms of turnover but at the same time to be able to take advantage of improved cash flows from foreign areas.
This result is even more significant in a year characterized by the ongoing epidemic crisis and with turnover levels up by 15% compared to the previous year.

NET FINANCIAL POSITION

(€/000)

		12/31/2020	12/31/2019
A	Cash	132,486	128,162
B	**Liquidity (A)**	**132,486**	**128,162**
C	Current bank debts	(80,998)	(79,683)
D	Bonds issued - current	(5,374)	-
E	**Net current financial position (B)+(C)+(D)**	**46,114**	**48,479**
F	Non-current bank debts	(203,198)	(284,944)
G	Bonds issued - non current	(253,472)	-
H	**Net financial position (E)+(F)+(G)**	**(410,556)**	**(236,465)**

The net financial position at the end of 2020 amounted to €410.6 million compared to €236.5 million at the end of 2019 (and €411.1 million in September 2020).
This item was affected by the acquisition of Eurobank-FPS, financed through a guaranteed senior bond loan of €265.0 million.
The available cash is €132.5 million, up compared to €128.2 million at the end of 2019, thus allowing the necessary flexibility that the Group needs to develop its operating plans. In addition to this, as at December 31, 2020, the Group had €80 million of fully available committed credit lines to support total liquidity.
The current net financial position remained positive at €46.1 million (€48.5 million at the end of 2019), reflecting a balanced overall capital structure.
The figure at December 31, 2020 was temporarily affected by the subscription of ABS securities attributable to the Relais securitisation which took place in the last few days of the year. Following the resale of these securities in February 2021, the net financial position improved by more than €21 million.

OPERATING CASH FLOW

(€/000)

	12/31/2020	12/31/2019 RESTATED
EBITDA	114,347	127,766
Capex	(19,735)	(8,352)
EBITDA-Capex	**94,612**	**119,414**
as % of EBITDA	83%	93%
Adjustment for accrual on share-based incentive system payments	3,098	5,926
Changes in NWC (Net Working Capital)	15,645	22,397
Changes in other assets/liabilities	6,555	(23,031)
Operating Cash Flow	**119,910**	**124,706**
Tax paid (IRES/IRAP)	(15,324)	(12,370)
Financial charges	(17,807)	(6,950)
Free Cash Flow	**86,779**	**105,386**
(Investments)/divestments in financial assets	(24,938)	(10,807)
Equity (investments)/divestments	(234,057)	(356,878)
Dividend paid	(1,875)	(42,264)
Net Cash Flow of the period	**(174,091)**	**(304,563)**
Net financial Position - Beginning of period	(236,465)	68,098
Net financial Position - End of period	(410,556)	(236,465)
Change in Net Financial Position	**(174,091)**	**(304,563)**

Operating cash flow for the period amounted to €119.9 million (€124.7 million in 2019) and represents the positive evidence of the business geographic diversification strategy and the careful management of the working capital (with cash generation equal to €15.6 million) that the Group has implemented. This result is even more appreciable when compared to the value of the EBITDA achieved (€ 114.3 million) and the operational difficulties faced in a year marked by the pandemic.
In 2020, the disbursement related to the payment of taxes amounted to €15.3 million, compared to the €12.4 million recorded in the previous period.
Financial charges paid for €17.8 million (€7 million in 2019) were affected by the higher average indebtedness recorded as a result of the lines activated to support the Group's international growth process.
Therefore, the above trends determined a **Free Cash Flow for the period of € 86.8 million** compared to €105.4 million over the twelve months of 2019.
Investments in financial assets amounted to €24.9 million (€10.8 million in 2019) and essentially include:

- the investment of €14.2 million in junior and mezzanine securities of 3 securitisations, within a scope of €7.5 billion of NPEs ("Cairo Project"), which are backed by government collaterals ("Asset Protection Scheme", also known as "Hercules");
- the investment of €20.6 million in mezzanine and junior notes of a securitisation relating to NPE for €1.6 billion (the "Relay Project");
- the recovery of €7.3 million on an opportunistic and non-recurring investment in a non-performing loans portfolio under management.

Equity investments amounted to €234.1 million and reflect the payment made for the acquisition of the servicer doValue Greece in June 2020.

Dividends paid amounted to €1.9 million and reflect the portion of dividends paid to third-party shareholders by the Spanish subsidiary Altamira.

The **negative net cash flow for the period amounted to €174.1 million**, a clear improvement compared to €304.6 million in the previous period.

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Significant event **during the financial period**

ONBOARDING OF NEW LOAN PORTFOLIOS

During the year, the main transactions on the managed portfolio saw the acceptance and / or signature of approximately €13 billion in new mandates. Significant mandates include the onboarding of the loans of Alpha Bank in Cyprus, the agreement with UniCredit Group for the exclusive management of a portfolio of NPL leases of approximately EUR 1.6 billion, a new mandate relating to a NPL portfolio originated in Spain and taken over by one of the main customers of doValue in the local market for €1.1 billion, a new mandate relating to an NPL portfolio originated in Greece and taken over by Bain Capital Credit for €2.6 billion (Project Icon) and the launch of a multi-originator UTP fund (Efesto Fund) for which Italfondiario will act as special servicer for UTP credits of approximately €430 million.
In addition, around €4.4 billion of new flows of loans granted under management by existing customers on multi-year contracts signed in Spain, Italy, Greece and Cyprus.

ACQUISITION OF EUROBANK FINANCIAL PLANNING SERVICING (FPS), NOW DOVALUE GREECE

On June 5, 2020 the doValue Board of Directors announced that it had completed the acquisition of an 80% stake in the capital of Eurobank Financial Planning Services (FPS), now doValue Greece. The remaining 20% is still held by Eurobank.
This acquisition occurred through a vehicle company - doValue Greece Holding - wholly owned by doValue; it was subsequently merged by incorporation into doValue Greece at the end of December 2020, through a reverse merger transaction.
The operation also includes the exclusive management of future flows from Early Arrears and NPEs originated by Eurobank in Greece for a period of 10 years, thus consolidating the doValue's role as the strategic long term partner of a systemic Bank.
The consideration paid by doValue amounted to around €211 million. The amount was changed, with respect to €248 million (€310 million for 100%), as indicated upon the launch of the transaction, in order to reflect contract provisions on the FPS liquidity position, the actual servicing portfolio at end 2019 and the net economic benefits accrued in 2020. Moreover, the Transaction envisaged an Earn-out up to €50 million (€40 million for 80% acquired by doValue), connected with the achievement of some EBITDA targets over a 10-year horizon. Any Earn-out payments will not be due before 2024 and will be related to the achievement of a performance higher than the current business plan expectations.

The transaction was financed with a bank credit line, subscribed by a pool of national and international banks, and structured as a bridge loan to long-term loans with no amortisation (of the bullet type), equal to €265.0 million. This financing was then fully refinanced in August 2020 through the issuance of a bond.

Within this transaction, a total of mezzanine and Junior securities (totalling €14.2 million) were also subscribed. They were issued by three SPV credit securitisation, backed by government guarantees ("Asset Protection Scheme", also known as "Hercules").

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

The Ordinary and Extraordinary Shareholders' Meeting, in a single call, was held on May 26, 2020.
As per the extraordinary part, the Shareholders' Meeting amended Articles 4 and 5 of the Articles of Association. The amendments (i) allow for, within the limits allowed by law, the publication and disclosure of information relating to properties that are the subject of out-of-court activities carried out by the Company (Article 4); and (ii) grant the Board of Directors the power to increase the share capital, on one or more occasions and, in any case, in a severable manner, with the exclusion of option rights, pursuant to Article 2443 and 2441, paragraph 4, second sentence, of the Italian Civil Code, i.e. for cash, by issuing, even in several tranches, a number of ordinary shares not exceeding 10% of the total number of shares in circulation at the date of any exercise of the proxy (art. 5).
For the Ordinary part, the Shareholders' Meeting has

- approved the Group Consolidated Financial Statements as at December 31, 2019 and the separate Financial Statements of doValue S.p.A.. The profit was allocated entirely to retained earnings;
- approved the Remuneration Report and the 2020 Incentive Plan;
- authorised the Board of Directors to purchase treasury shares and to carry out disposal deeds thereof. In compliance with applicable regulations and in such a way as to guarantee equal treatment of shareholders, the resolution concerns the purchase, in one or more transactions, of up to a maximum of 8,000,000 ordinary shares of the Company, equal to 10% of the total, for a period of 18 months from the Shareholders' Meeting approval.

For further information, see the Company's website, www.dovalue.it, in the section "Governance - Shareholders' Meeting".

BOND ISSUE

On August 4, 2020, doValue successfully completed the issuance of its first guaranteed senior bond for an aggregate principal amount of €265 million at a fixed rate of 5.00% per annum, with an issue price of 98.913%, reserved for institutional investors (the "Bonds"). The Bonds have been admitted to listing on the Euro multilateral trading facility (MTF) organised and managed by the Luxembourg Stock Exchange.
The proceeds from the issue of the Bonds (together with part of the cash liquidity available) were used by doValue to repay in full, in advance, the so-called bridge loan, of a senior and guaranteed type, for an amount of €265 million (and accrued interest) granted to the Company on June 3, 2020, in the context of the acquisition of FPS. The Bonds are guaranteed by Altamira Asset Management ("Altamira") and doValue Greece Loans and Credits Claim Management Société Anonyme. The Bonds are also secured by accessory guarantees consisting of pledges on equity investments and disposals for the purpose of securing the Company's receivables arising from certain intercompany loans.

ASSIGNMENT OF CORPORATE RATING BY S&P AND FITCH

On July 10, 2020, the Company informed that the rating agencies S&P Global Ratings and Fitch Ratings both assigned the "BB" Corporate Rating to doValue, with stable outlook.

doValue believes that the ratings confirm the Group's leadership in the European market, the presence of long-term management contracts and a sound profitability growth profile.

OUTSOURCING OF FUNCTIONS TO IBM

On July 3, 2020 the Company announced that it has chosen IBM as a partner for technological innovation and management of ICT and back office processes of Italian activities. Through its subsidiary Dock Joined in tech, IBM will develop a cognitive data platform, thanks to it doValue will be in a position to supply all customers of the credit supply chain with value-added services based on data following up the recently announced initiatives in this area.

The agreement provided for the disposal to Dock of the doSolutions, l'IT & Operations company business unit, of the doValue Group, operating in IT services field and Back Office. The remaining staff of doSolutions was subsequently be integrated into doValue. As part of the same transaction, on November 19, 2020, the deed of merger by incorporation of the subsidiary doSolutions S.p.A. into doValue S.p.A., entered into on November 16, 2020, whose merger project had been approved by the respective Boards of Directors on September 7, 2020, was registered with the competent Company Registers. As a result of the merger, the incorporating company doValue S.p.A. took over all the legal assets and liabilities of doSolutions S.p.A. The accounting and tax effects, on the other hand, will start on January 1, 2020.

EXECUTION OF A MERGER BY INCORPORATION AGREEMENT OF DOVALUE GREECE HOLDING INTO DOVALUE GREECE

The execution of a merger by incorporation agreement of the subsidiary doValue Greece Holding Single Member Société Anonyme ("HoldCo") into doValue Greece Loans and Credits Claim Management Société Anonyme ("doValue Greece", formerly Eurobank FPS Loan) took place on December 11, 2020.
The reverse merger operation was included in the agreements set forth in the contractual documentation signed in the context of the acquisition of doValue Greece.
As a result of the aforementioned merger, with its registration in the Greek register of companies, doValue became the direct shareholder (with an 80% interest) of doValue Greece, which, as acquiring company and universal successor, took over automatically pursuant to law in all legal assets and liabilities pertaining to HoldCo with accounting and tax effects starting from September 1, 2020.

Significant events after the end of the period

With regard to the provisions of IAS 10, the Company informed that after the closing date of the financial year and until the approval of these Consolidated reports and accounts, the following significant event occurred that led to an adjustment of the results shown in the consolidated financial statements.

DISCLOSURE ON THE TAX ASSESSMENT RELATED TO THE SUBSIDIARY ALTAMIRA ASSET MANAGEMENT

In the context of a tax inspection still ongoing conducted by the Spanish Tax Authorities on Altamira Asset Management Holding ("AAMH"), legal entity used by the previous shareholders of AAM and not part of doValue Group, Altamira Asset Management ("AAM") for fiscal years 2014 and 2015, on the month of March 2021 AAM has been informed by Spanish officials of a different approach by the Spanish Tax Authorities in the calculation of the tax base compared to the one followed by the company at the time based on the existing legislation, mainly regarding the fiscal deductibility of expenses and financial charges incurred by AAM and AAMH following the acquisition of AAM by AAMH by Banco Santander.

As part of the above-mentioned tax inspection, new risk profiles have come out in the estimate of past tax liabilities of AAM, potentially subject to penalties applicable by the Spanish tax authorities, which only in March 24, 2021, following a discussion among AAMH, AAM and the Spanish tax authorities, doValue was able to quantify in terms of financial and economic impact.

The Spanish Tax Authority has shown willingness to reach an agreement to completely settle the tax liabilities without interests or penalties which would entail an overall cash-out of approximately €34 million (the "Agreement").

The Agreement is subject to certain conditions, including a satisfactory outcome of the tax inspection which would entail: (a) an official response by the Tax Authority in the next days; (b) the formalization of the settlement proposal by the Tax Authority, which could be issued on April 2021; (c) the opinion of the Officina Tecnica – a higher administrative Spanish authority – on the settlement proposal which could be issued by the end of May.

These circumstances have led doValue to increase the provision already booked at December 31, 2019 for the above-mentioned tax inspection(equal to 4.6 million) with an impact of €29.2 million on the income statement 2020 (€25.2 million as higher tax charges and €4.0 million as additional financial charges on tax arrears) in application of accounting standard IFRIC 23 "Uncertainty about Income Tax Treatment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Both items have been earmarked as non-recurring items in the consolidated accounts since they refer to exceptional events occurred before the acquisition of AAM by doValue.

doValue points out that, although the formalization of a settlement has not been completed, AAM has deemed the Agreement with the authority as represented above in its best interest and although the tax inspection has not yet been completed at the time of the board's approval of the consolidated reports and accounts, it deems these amounts adequate to face entirely any responsibility arising by the tax inspection as well as consequent recalculations of the tax base for the period 2016-2019.

All of the above tax expenses originate from the structure originally put in place in 2013 and 2014 for the acquisition of AAM by the previous shareholders (Apollo, CCPIB and Adia). At the time of its acquisition of AAM from AAMH, doValue protected the risk from contingent liabilities, including tax liabilities, by obtaining representations and warranties from the seller and complementing them with a specific insurance coverage. The insurance policy taken out at the time of acquisition and the additional contractual safeguards will therefore be activated against the entire amount relating to the above-mentioned tax audit. The request for compensation will follow the payment of the amount to the Spanish Tax Authority and, on the basis of further analysis of the matter, also supported by specific legal advisors, would support recovery of these cash-outs by way of indemnities.

The cash-out expected in 2021 related to the settlement of the tax inspection is funded by an adequate level of available cash and does not entail any critical issue for the monitoring of existing financial covenants.

Further significant events occurring after the end of the financial year that the doValue Group considers to be non-adjusting events pursuant to IAS 10 are listed below.

REGISTRATION OF A MERGER BY INCORPORATION AGREEMENT OF DOVALUE GREECE HOLDING INTO DOVALUE GREECE

Following authorisation by the Greek Bank issued on November 9, 2020, the merger by incorporation of the subsidiary doValue Greece Holding Single Member Société Anonyme ("HoldCo") into doValue Greece Loans and Credits Claim Management Société Anonyme ("doValue Greece", formerly Eurobank FPS Loan and Credit Claim Management Company S.A.), carried out on December 11, 2020, was registered in the appropriate Greek Companies Register (General Electronic Commercial Registry - G.E.MI.).

The reverse merger operation was included in the agreements set forth in the contractual documentation signed in the context of the acquisition of doValue Greece.

As a result of the aforementioned merger, doValue has become a direct shareholder (with an 80% investment) of doValue Greece, which, as the acquiring company and universal successor, has automatically taken over, pursuant to the law, all legal assets and liabilities pertaining to HoldCo. The accounting and tax effects will start on September 1, 2020.

FITCH CORPORATE RATING UPDATE

On February 18, Fitch Rating confirmed the long-term rating (IDR) of BB with a stable outlook and the short-term rating at B. The rating of the guaranteed senior bond was confirmed at BB.

Outlook for operations

The current economic situation related to the effects of the Coronavirus, which is not expected to involve structural changes in the dynamics of the sector, requires a cautious approach to short-term trends, in a context of limited visibility and despite the good indications that have emerged from the collection trends in the second part of 2020, an improvement compared with the second quarter of 2020.

In particular, despite the operational continuity of doValue in all its markets and the progressive improvement of the market conditions in the second part of the year, the Group continues to carefully monitoring the reduced activity of the legal system and public services in general, together with decisions on bank moratoriums and developments in the real estate sector that can impact the time needed to manage positions and collections. However, it notes a gradual improvement in conditions, which are moving towards a stabilisation and normalisation phase.

The seasonality of the Group's collections, which are concentrated on the last quarter of the year, our significant geographical, product and customer diversification and the flexibility of costs, in particular outsourcing costs, the employee incentive plan and the support of government incentives applied to personnel expense, represent factors of mitigation of the negative 2020 impacts, in view of a potential full recovery in 2021.

Finally, it is believed that the doValue business model is able to respond to the various phases of the economic cycle with the expansion of assets under management or collections, respectively, during the contraction or expansion of the cycle itself, consistent with the mission of the Group to support Banks, Investors, companies and individuals in all phases of credit management, fostering the sustainable development of the financial system.

Main **risks** and **uncertainties**

In consideration of the activities it performs and the results achieved, the financial position of the doValue Group is appropriately scaled to meet its needs.
The financial policy pursued is aimed at fostering the stability of the Group, which in view of its operations does not currently or prospectively intend to engage in speculative investment activity.
With regard to the main risks and uncertainties, the current financial markets' situation and the consequences of any economic and financial effects deriving from the spread of the corona virus may still present elements of uncertainty, even in the presence of more stable macroeconomic conditions compared to what happened in 2020.
Despite 2020 being the period most affected by the negative effects of the Covid-19 health emergency and the related impact on global economic activities, the Group has generated an EBITDA of approximately €114.3 million which, excluding non-recurring items, amounts to over €125 million. The Group's liquidity available at end of December, was over €130 million and unused credit lines for were a further €90.5 million, of which €80 million in committed lines.
Lastly, in 2020, the Group obtained new loan management mandates for around €8.6 billion and new loans under management from existing agreements for around €4.4 billion.

GOING CONCERN

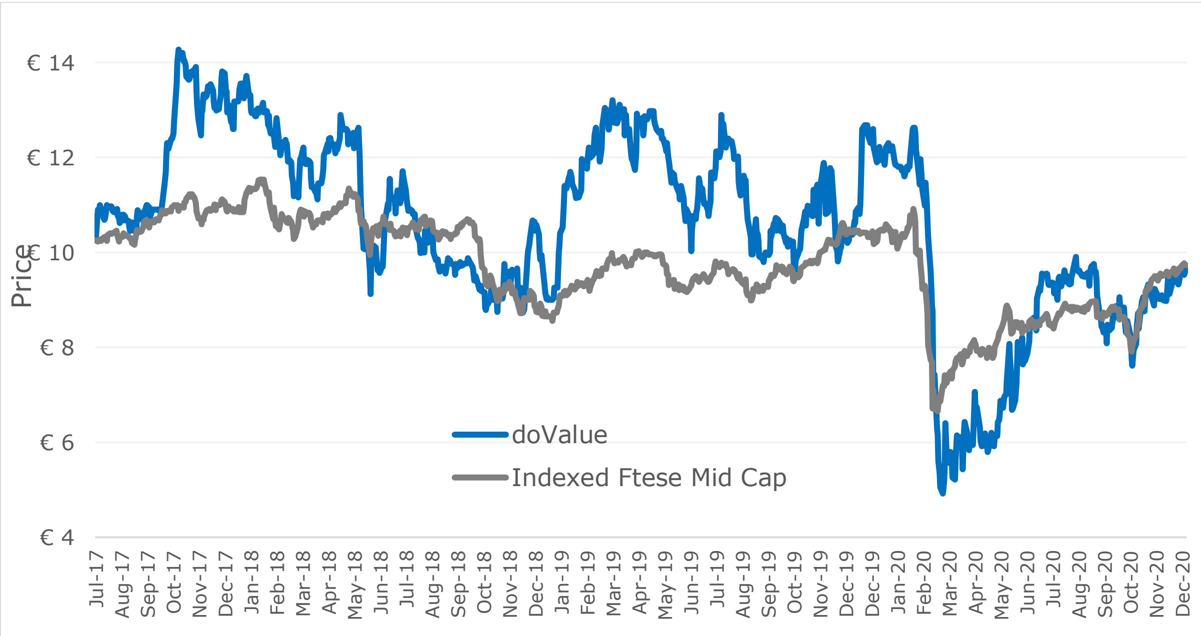
In order to express an opinion on the going concern assumption on the basis of which these Financial Statements as at December 31, 2020 were prepared, the risks and uncertainties to which the Group is exposed were carefully assessed:

- in particular, account was taken of the forecasts regarding the macroeconomic and health scenarios characterised by the expansion of the Covid-19 pandemic and its variants, as well as government and EU measures and the related potential impact on the Group, as described in greater detail in the paragraph below "Impacts and effects of the Covid-19 epidemic";
- with reference to the Business Plan used to verify the sustainability of financial assets, as illustrated in detail in the aforementioned paragraph, the Group has updated the plan's targets taking into account the results recorded in 2020 and estimating the future impacts of Covid-19, in the event of a return to normal conditions starting from 2021;
- the assessment took into account the Group's solid capital base, financial position and confirmed ability to generate cash flows, as well as the characteristics of doValue's specific business model, which is capable of responding flexibly to the various phases of the economic cycle;
- finally, account was taken of the constant contribution of new contracts for the management of new portfolios recorded in 2020 and confirmed in the early months of 2021.

From the analyses carried out and on the basis of the assumptions reported above, no uncertainties have emerged in relation to events or circumstances which, considered individually or as a whole, could give rise to doubts regarding the company's ability to continue as a going concern.

doValue shares

doValue shares were listed on the screen-based stock exchange (MTA) managed by Borsa Italiana on July 14, 2017. The chart below shows the performance of the shares from its listing on the stock market up to the end of 2020, in relation to the Mid-Caps Index of the Stock Exchange in Milan, in which doValue is included.



In the first months of 2020, due to the global outbreak of the Coronavirus pandemic, financial markets, including the key stock indices and doValue shares, recorded high volatility and a significant reduction in value. In the second half of the year, thanks to the commencement of expansive monetary and fiscal policies in Europe and the United States, the financial markets - and doValue as a result - began a phase of recovery to pre-pandemic values. This movement was accentuated in the last two months of the year with the announcement of the efficacy of the first Covid-19 vaccines. In fact, already during the first quarter of 2021, the stock is back above IPO levels.

Since its listing at the end of 2019, doValue's stock has outperformed the basket of Italian stocks comparable in size (FTSE Italia Mid Cap), appreciating from its IPO value at €9 per share to €12.3. The interest of investors in the strategic positioning of the group, a leader in a growing and profitable sector, has contributed to this positive performance. Added to this is the market's appreciation of both the organic growth strategy outlined in the Business Plan presented in June 2018 and updated in November 2019, and the acquisitions of Altamira Asset Management and FPS. During the period, dividend income of €0.394 and €0.460 per share, relative to the 2017 and 2018 periods respectively, further improved returns for shareholders.

However, from March 2020, the stock began to under-perform the basket of comparable Italian stocks following the start of the first measures to contain the Covid-19 pandemic. The stock was particularly affected both by liquidity, which in an environment of marked volatility, accentuates downward movements in the stock, and by the greater sensitivity of doValue's business to lockdown measures (court closures). Since the vaccine announcement, doValue stock has essentially recovered entirely from its under-performance against the index, beginning to perform better in the first part of 2021.

The main statistics on the performance of doValue shares are reported in the table below:

Summary data		
IPO Price	9.00	2017-07-14
Min closing price	4.92	2017-07-14
Max closing price	14.27	2017-10-18
Last closing price	9.65	2020-12-30
Last official price	9.65	2020-12-30
Numbers of shares issued	80,000,000	2020-12-30
of which treasury shares	651,542	2020-12-30
Market capitalization	772,000,000	2020-12-30
Market capitalization (ex. Treasury shares)	765,712,620	2020-12-30

Impacts and effects on the **Covid-19** epidemic

The international health emergency declared in January 2020 by the World Health Organisation (WHO) as a consequence of the spread of coronavirus has caused a significant slowdown in activity in the period, in some cases the interruption of economic and commercial activity in multiple sectors.
Market turbulence persists, which amplifies the level of uncertainty of the estimates of possible developments in terms of the economic impact of the spread of the Corona virus around the world, Europe and Italy. Short-term macroeconomic forecasts will therefore be subject to changes that are currently not precisely quantifiable, even if there is a greater stability, compared with 2020, in the reference market.
Starting from the end of February, the doValue Group promptly activated the Business Continuity & Crisis Management Committee in crisis session in order to make decisions resulting from the development of the situation. The main measures taken over time were aimed at supporting its employees and collaborators, both in Italy and abroad, in the management of the Covid-19 emergency, first and foremost protecting their health and well-being, while allowing them to maintain contact with the organisation:

- blocking travel and encouraging remote meetings;
- analysis of smart working in order to verify the technological needs in terms of equipment (laptops and smartphones) and capacity of servers and data network lines in access to the Data Centers, with the establishment of monitoring of the communication network and external access systems to ensure timely intervention in case of criticality;
- authorisation for smart working, progressively extended to all Italian branches as well as to the foreign offices of subsidiaries;

- delivery of IT equipment, with an increase in the service desk service, to ensure faster delivery and a more adequate telephone support and advice service;
- adoption of new systems of so-called "unified communication" such as Skype and Microsoft Team so as to facilitate meetings and video calls between users in smart working;
- activation of smart working-related online courses and seminars to support staff in managing operational change in the best possible way;
- provision of online training sessions on health & safety issues related to Covid-19.

These measures have meant that almost all companies in Italy and abroad have been able to continue to operate in smart working mode, ensuring the full operation of the business and all critical processes, under conditions of elevated personal safety.
Once the phase of maximum security was concluded and the gradual reopening of the operational sites, both in Italy and abroad, was initiated, in order to protect the health, safety and welfare of people, further specific initiatives were also put in place:

- installation of sanitising product dispensers in all locations;
- posters and warnings regarding the code of conduct to minimise the risk of infection by Covid-19 in all common areas and refreshment areas and issuing an appropriate Company Safety Protocol;
- sanitation of the offices and provision of individual protection devices (gloves and masks) to be delivered daily to colleagues;
- arrangement for temperature detection at the entrance;
- reorganisation of the spaces and of the methods of access to the premises in stages and groups, in order to guarantee the minimum obligatory distance between people.

As regards Italian companies belonging to the group with a national collective labour agreement for the financial sector, an application was submitted for access to the Solidarity Fund for the reduction in activities caused by the Covid-19 emergency, establishing a number of hours to cover the reduction.
The application covered the period from May 4, 2020, to August 28, 2020, for a maximum duration of 9 weeks and the payment of the ordinary allowance to eligible employees was brought forward by the company.

Having said so, pursuant to indications issued by Consob on 16 February 2021 (Warning notice no. 1/21 Subject: Covid-19 – Economy support measures - Warning notice on the reporting to be provided) and ESMA guidelines, the main financial information is supplied being useful to understand the effects of the pandemic on the Company's business.

<u>Measurements pursuant to IAS 36 "Impairment of assets"</u>

As regards the intangible assets in the financial statement, it should be noted, on a preliminary basis, that the opening balance of intangible assets, which include the value of multi-annual servicing contracts and goodwill connected to the acquisition of Altamira, were restated with respect to the closing balance resulting from the 2019 financial statements, following changes incurred in the Purchase Price Allocation (PPA) measurement, pursuant to IFRS 3, rendered final as at June 30, 2020, after 12 months from its entry into the consolidation (for additional details, see also the section Retrospective Adjustments in the chapter "Business Combinations").
Following the acquisition of Eurobank-FPS (now doValue Greece), concluded on June 5, 2020, (also described in more detail in the aforementioned chapter of the "Business combinations"), steps were taken to carry out a provisional Purchase Price Allocation (PPA), based on which intangible assets relating to the Special and Master Servicing contracts were identified, for the management of portfolios of impaired exposures and consequent goodwill. The related values of initial recognition in the financial statements were determined on the basis of the valuation, carried out at the same time as these financial statements, of the estimate of the fair value of the net assets of doValue Greece, which takes into account the useful information for valuation purposes available at the acquisition date and entry into consolidation. The process of

collecting and analysing useful information for valuation purposes is still in progress and is not yet completed; this process is to be completed within one year from the date of acquisition of the subsidiary.

Albeit taking into account the difficulty inherent in the formulation of even short or medium-term forecasts in this climate of great ongoing uncertainty and considering that both Altamira and doValue Greece hold medium/long-term management contracts for existing loans (stock) and future positions (new flows) with leading banks and major investment funds, the Group carried out an impairment test on the intangible asset values and on the goodwill as at December 31, 2020, in accordance with the international accounting standard IAS 36 "Impairment of assets and in accordance with the instructions issued by ESMA on October 28, 2020 in the Public Statement "European common enforcement priorities for 2020 IFRS annual financial reports".
To this end, the Cash Generating Unit (CGUs) in the two geographical segmentation areas pertaining to Altamira Asset Management, its subsidiaries and doValue Greece, namely Iberia (Spain and Portugal) and Cyprus and Greece, were preliminarily identified and the allocation of intangible assets and goodwill to the two separate CGUs was determined.
For the purposes of impairment testing, the forward-looking information determined in accordance with the most recent scenario assumptions collected by the subsidiaries was considered, that takes account of the pandemic trend and the estimated effects it has had and will have on the NPL servicing market, in general and on Altamira Asset Management, in particular and on doValue Greece in addition to the budget data for 2021.
As part of the analysis, the current value in use attributable to the individual active servicing contracts were therefore consistently estimated, considering the respective expected cash flows over the entire useful life. This calculation found evidence of that the difference between the value in use and the related carrying amount net of amortisation for the period was always positive.

As regards the comparison between the recoverable value and the aggregate net book value of the two CGUs, as at December 31, 2020, in both cases the model highlighted a recoverable value to support the goodwill, confirming the absence of impairment losses. (For further information reference is made to section Accounting policies and Note 1 Intangible assets in the Notes to the Financial Statement).

Uncertainties and significant risks related to Covid-19

The current financial markets' situation and the consequences of any economic and financial effects deriving from the spread of the Corona virus inevitably involve elements of uncertainty, even in the presence of stable macroeconomic conditions.
However, in light of the information available to date, considering the organisational measures implemented to guarantee business continuity, the multiple cost containment initiatives put in place, and taking account of the type of business conducted by the Group, which is structurally flexible in the different phases of the economic cycle, it is believed that there is currently no risk of having to adjust the carrying amounts of the assets and liabilities reported in these financial statements.

Impact of the Covid-19 epidemic on the Income Statement

The direct effects of the CODIV-19 pandemic and the lockdown measures carried out by European governments caused operating difficulties for the sector in which doValue operates and the possibility of forecast performance over the short-time remains restricted. Despite this, the courts, which are instrumental to both court and out-of-court management of credit, have been progressively reopened since mid-May and the levels of Court activity, although still below normal, show progressively increasing volumes, which represent a positive sign although in a context of uncertainties. Consequently, the trend in collections until the end of 2020 is in line with the scenarios envisaged by the Group and shows an improvement in the last quarter compared to the previous quarter. The results for 2020 were higher than the consensus expectations at the time of publication. The Group achieved the following results in 2020 (compared to 2019):

- Collections, amounting to approximately €4.3 billion (€3.9 billion in 2019
- Gross revenues, amounting to €418.2 million (€363.8 million in 2019).
- EBITDA, excluding non-recurring items, equal to €125.3 million (€140.4 million in 2019).

To fully understand the effects arising from Covid-19 on the income statement are reflected in the above-mentioned drop in revenues, taking into consideration the equal contribution results of each subsidiary. On the other hand, lower personnel costs were also recorded in the variable component, related to the lower performance achieved compared to the expected targets.
It should also be noted that non-recurring expenses relating to Covid-19 were incurred in the approximate amount of €0.8 million, including:

- costs for the purchase of personal protective equipment (such as masks, gloves and sanitizers);
- expenses to align the premises to the new rules on spacing;
- costs for the activation of remote work.

As regards Managed Assets (GBV), despite the current context, in 2020 doValue has entered new servicing contracts with investors for a GBV equal to €8.6 billion, in addition to the flows from long-term management contracts for €4.4 billion, proving the stability of the current market pipeline of the servicing market in southern Europe. In terms of costs, the Group's business model has proven to be flexible and able to offer an additional level of protection in the current scenario.

<u>Information on the impacts of Covid-19 on strategic planning and on the estimates and assumptions underlying the financial trajectories as well as on the economic performance, financial position and cash flows</u>

As of the date of these consolidated financial statements as at December 31, 2020, in consideration of the persistence of the market turbulence linked to the Covid-19 pandemic, which prevents the estimation of possible developments in its economic impact with any accuracy, it would be premature to conduct a review of the overall business plan.
However, in order to assess the sustainability of the assets under management, while taking into account the difficulty inherent in making forecasts, even in the short or medium term, in this climate of uncertainty, the Company has prepared a hypothesis of the future impact of the Covid-19 on the plan targets which have been updated taking into account the decline in revenue flows from the portfolios under management in 2020, assuming a gradual and progressive recovery in operations in the second half of the year and estimating a return to normal conditions starting in 2021 until the return to a cash flow situation equal to the pre-covid period in the following years, together with the cost containment measures set out in the budget.

These assumptions are consistent with the doValue business model, which is able to adapt to the contraction or expansion phases of the economic cycle, reacting with the expansion of assets under management or collections.

To be noted is how the EBITDA and the shares performance, in terms of costs, have allowed the Group to protect and increase cash flows, with cash on hand amounting to around €132.5 million and unused credit lines equal to €90.5 million at end of 2020, of which €80 million in committed credit lines. Consequently, as at December 31, 2020, the doValue Group recorded a financial lever (ratio between net financial indebtedness of the Group and consolidated EBITDA) in the amount of €2.7x whose value does not exceed the parameters envisaged by the financial covenants.

Other **information**

MANAGEMENT AND COORDINATION

As at December 31, 2020, 25.05% of the shares of the Parent Company doValue were owned by its largest shareholder, Avio S.à r.l, the reference shareholder, a company incorporated in Luxembourg, affiliated to the Fortress Group, which in turn was acquired by Softbank Group Corporation in December 2017. A further 1.74% of doValue shares are held by other investors similarly connected with Softbank Group Corporation, which there by holds an overall stake of 26.79%.
As at December 31, 2020, the residual 72.40% of the shares was placed on the market and the remaining 0.81% is represented by 651,542 treasury shares, measured at cost, for a total of €103 thousand held by the Parent Company.
The reference shareholder does not exercise any management or coordination powers over doValue pursuant to Article 2497 et seq. of the Civil Code, as it does not issue directives to doValue and, more generally, does not interfere in the management of the Group. Accordingly, the strategic and management policies of the doValue Group and all of its activities in general are the product of the independent self-determination of the corporate bodies and do not involve external management by Avio.
The Parent Company doValue exercises its management and coordination powers over its direct subsidiaries as provided for in the legislation referred to above.

TRANSACTIONS IN TREASURY SHARES

As at December 31, 2020, doValue held 651,542 treasury shares, equal to 0.81% of the total share capital. Their carrying amount is €103 thousand and they are presented in the financial statements as a direct reduction of shareholders' equity under "Treasury shares". The item "Other reserves" includes the associated equity reserve in the same amount.
The Ordinary Shareholders' Meeting, held on May 26, 2020 approved the purchase of treasury shares on the market up to a maximum of 8,000,000 ordinary shares of doValue S.p.A., equal to 10% of the total, for a period of 18 months from the Shareholders' Meeting approval.

RESEARCH AND DEVELOPMENT

During the period the Group continued to invest in a number of technological innovation projects, which are expected to bring a competitive advantage in the future.

RELATED-PARTY TRANSACTIONS

In compliance with the provisions of the "Rules for Transactions with Related Parties" referred to in Consob Resolution no. 17221 of March 12, 2010, as amended, any transaction with related parties and connected persons shall be approved in accordance with the procedure approved by the Board of Directors, whose most recent update was approved at the meeting held on February 13, 2020.
This document is available to the public in the "Governance" section of the company website

www.doValue.it.
The universe of related parties of the Group changed near the end of the previous year following the acquisition of the Fortress Investment Group LLC ("Fortress") by SoftBank Group Corp. ("SoftBank" or "SBG"). As a result of the transaction, SBG and its subsidiaries gained ownership of the shares of Fortress, which in turn held Avio S.à r.l., doValue's majority shareholder.

With regard to paragraph 8 of Article 5 - "Public information on transactions with related parties" of the Consob Regulations containing provisions relating to transactions with related parties (adopted by Consob with Resolution no. 17221 of March 12, 2010 and subsequently amended with Resolution no. 17389 of June 23, 2010), please note that:

a) on the basis of the Policy concerning transactions with related parties adopted by the Board of Directors of doValue S.p.A. on February 13, 2020, in 2020 no transactions of greater importance were carried out;
b) in 2020 no transactions with related parties were carried out, as defined pursuant to Article 2427, paragraph 22-bis of the Italian Civil Code, on conditions different from normal market conditions that significantly influenced the performance and financial position of the Group;
c) in 2020, there have been no changes or developments to individual transactions with related parties already described in the last financial statements that have had a significant effect on the Group's balance sheet or results in the reference period.

For further information on transactions with related parties please refer to the specific section in the Notes to the Financial Statements.

DISCLOSURE ON THE OPT-OUT OPTION

We inform you that doValue S.p.A. has adopted the simplified rules provided for in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Consob Issuers Regulation no. 11971/1999, as subsequently amended, and has therefore exercised the option to derogate from compliance with the obligations to publish the information documents provided for in Articles 70, paragraph 6, and 71, paragraph 1, of that Regulation on the occasion of significant mergers, spin-offs, capital increases through the contribution of assets in kind, acquisitions and sales.

RECONCILIATION OF EQUITY AND PROFIT FOR THE YEAR OF THE PARENT COMPANY

In accordance with Consob Communication no. DEM/6064293 dated 28 July 2006, Shareholders' equity and the Parent Company's result are reconciled below with the related consolidated amounts.

(€/000)

	12/31/2020		12/31/2019 RESTATED	
	Shareholders' Equity	Profit (loss) of the year	Shareholders' Equity	Profit (loss) of the year
doValue's S.p.A. separate financial statements	222,805	7,831	180,165	38,507
Cancellation of the carrying value of investments in consolidated companies:				
- difference arising from the investments' carrying values and the relative subsidiaries' Equity	(36,765)	-	5,137	-
- Results of the subsidiaries, net of minority interest	-	(12,570)	-	33,409
Cancellation of dividends	-	(20,429)	-	(21,300)
Other consolidation adjustments	299	3,225	13	(29,191)
Net Group consolidated financial statements	**186,339**	**(21,943)**	**185,315**	**21,425**

Rome, March 30, 2021

Board of Directors

E-MARKET SDIR CERTIFIED

STATEMENT RECONCILING THE CONSOLIDATED INCOME STATEMENT AND THE STATUTORY CONSOLIDATED INCOME STATEMENT

(€/000)

	12/31/2020	12/31/2019 RESTATED
NPE revenues	**316,150**	**268,034**
o.w. Revenue from contracts with customers	314,045	266,941
o.w. Other revenues	2,105	1,093
REO revenues	**67,640**	**57,831**
o.w. Revenue from contracts with customers	56,682	57,299
o.w. Other revenues	10,958	532
UTP Servicing	**-**	**25**
o.w. Revenue from contracts with customers	-	25
Co-investment revenues	**429**	**564**
o.w. Financial (expense)/income	429	564
Ancillary and other revenues	**34,024**	**37,385**
o.w. Financial (expense)/income	15	26
o.w. Revenue from contracts with customers	6,573	6,557
o.w. Other revenues	27,864	31,107
o.w. Costs for services rendered	(388)	(597)
o.w. Other operating (expense)/income	(40)	292
Gross revenues	**418,243**	**363,839**
NPE Outsourcing fees	**(22,147)**	**(19,854)**
o.w. Costs for services rendered	(22,146)	(19,860)
o.w. Other revenues	(1)	6
REO Outsourcing fees	**(17,407)**	**(12,675)**
o.w. Costs for services rendered	(17,407)	(12,675)
Ancillary Outsourcing fees	**(10,608)**	**(7,628)**
o.w. Costs for services rendered	(5,349)	(2,780)
o.w. Administrative expenses	(5,177)	(4,439)
o.w. Other operating (expense)/income	(82)	(409)
Net revenues	**368,081**	**323,682**
Staff expenses	**(172,921)**	**(133,658)**
o.w. Personnel expenses	(172,935)	(133,674)
o.w. Other revenues	14	16
Administrative expenses	**(80,813)**	**(62,258)**
o.w. Personnel expenses	**(3,899)**	**(3,688)**
o.w. Personnel expenses - o.w. SG&A	(3,899)	(3,688)
o.w. Administrative expenses	**(77,779)**	**(59,818)**
o.w. Administrative expenses - o.w. IT	(26,493)	(20,297)
o.w. Administrative expenses - o.w: Real Estate	(5,482)	(5,163)
o.w. Administrative expenses - o.w. SG&A	(45,804)	(34,358)
o.w. Other operating (expense)	**(6)**	**(130)**
o.w. Other operating (expense)/income - o.w. Real Estate	(2)	(30)
o.w. Other operating (expense)/income di cui: SG&A	(4)	(100)
o.w. Other revenues	**930**	**1,413**
o.w. Other revenues - o.w. IT	53	-
o.w. Other revenues - o.w. SG&A	877	1,413
o.w. Costs for services rendered	**(59)**	**(35)**
o.w. Costs for services rendered - o.w. SG&A	(59)	(35)
Total "o.w. IT"	*(26,440)*	*(20,297)*
Total "o.w. Real Estate"	*(5,484)*	*(5,193)*
Total "o.w. SG&A"	*(48,889)*	*(36,768)*
Operating expenses	**(253,734)**	**(195,916)**
EBITDA	**114,347**	**127,766**
EBITDA margin	**27%**	**35%**
Non-recurring items included in EBITDA	(10,928)	(12,676)
EBITDA excluding non-recurring items	125,275	140,442
EBITDA Margin excluding non-recurring items	30%	39%
Net write-downs on property, plant, equipment and intangibles	**(62,638)**	**(63,008)**
o.w. Depreciation, amortisation and impairment	(62,638)	(63,008)
Net Provisions for risks and charges	**(11,272)**	**(10,732)**
o.w. Personnel expenses	(6,596)	(7,193)
o.w. Provisions for risks and charges	(2,329)	(2,440)
o.w. Other operating (expense)/income	192	(369)

o.w. Depreciation, amortisation and impairment	(1,039)	(730)
o.w. Administrative expenses	(1,500)	-
Net Write-downs of loans	**162**	**815**
o.w. Depreciation, amortisation and impairment	14	(64)
o.w. Other revenues	148	879
Profit (loss) from equity investments	**(2)**	**-**
o.w. Profit (loss) of equity investments	(2)	-
EBIT	**40,597**	**54,841**
Net income (loss) on financial assets and liabilities measured at fair value	**(3,729)**	**1,091**
o.w. Financial (expense)/income	(3,729)	1,091
Financial interest and commissions	**(23,416)**	**(7,459)**
o.w. Financial (expense)/income	(23,186)	(7,371)
o.w. Costs for services rendered	(232)	(88)
o.w. Profit (loss) of equity investments	2	-
EBT	**13,452**	**48,473**
Non-recurring items included in EBT	(25,461)	(23,664)
EBT excluding non-recurring items	38,913	72,138
Income tax for the period	**(36,596)**	**(23,987)**
o.w. Administrative expenses	(1,719)	(1,820)
o.w. Income tax expense	(34,877)	(22,167)
PROFIT (LOSS) FOR THE PERIOD	**(23,144)**	**24,486**
Profit (loss) for the period attributable to Non-controlling interests	1,201	(3,061)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**(21,943)**	**21,425**
Non-recurring items included in Profit (loss) for the period	(47,872)	(30,850)
O.w. Non-recurring items included in Profit (loss) for the period attributable to Non-controlling interest	(5,122)	(391)
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	20,807	51,884
Profit (loss) for the period attributable to Non-controlling interests excluding non-recurring items	3,921	-
Earnings per share (in Euro)	**(0.28)**	**0.27**
Earnings per share excluding non-recurring items (Euro)	**0.26**	**0.66**

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STATEMENT RECONCILING THE RECLASSIFIED CONSOLIDATED BALANCE SHEET AND THE STATUTORY CONSOLIDATED BALANCE SHEET

(€/000)

	12/31/2020	12/31/2019 RESTATED
Cash and liquid securities	**132,486**	**128,162**
Cash and cash equivalents	132,486	128,162
Financial assets	**70,859**	**48,609**
Non-current financial assets	64,961	48,609
Current financial assets	5,898	-
Property, plant and equipment	**36,176**	**23,904**
Property, plant and equipment	36,121	23,767
Inventories	55	137
Intangible assets	**577,460**	**289,585**
Intangible assets	577,460	289,585
Tax assets	**117,909**	**98,554**
Deferred tax assets	94,702	90,740
Other current assets	1,333	6,673
Tax assets	21,874	1,141
Trade receivables	**175,155**	**176,991**
Trade receivables	175,155	176,991
Assets held for sale	**30**	**10**
Assets held for sale	30	10
Other assets	**16,485**	**14,378**
Other current assets	14,840	14,272
Other non-current assets	1,645	106
TOTAL ASSETS	**1,126,560**	**780,193**
Financial liabilities: due to banks	**543,042**	**364,627**
Loans and other financing non-current	456,670	284,944
Loans and other financing current	86,372	79,683
Other financial liabilities	**83,162**	**69,642**
Loans and other financing non-current	6	637
Loans and other financing current	4	-
Other non-current financial liabilities	31,380	43,923
Other current financial liabilities	51,772	25,082
Trade payables	**51,824**	**46,969**
Trade payables	51,824	46,969
Tax Liabilities	**105,549**	**28,170**
Tax payables	28,083	12,825
Deferred tax liabilities	77,466	15,345
Employee Termination Benefits	**16,341**	**8,544**
Employee benefits	16,341	8,544
Provision for risks and charges	**55,110**	**30,305**
Provisions for risks and charges	55,110	30,305
Other liabilities	**65,872**	**25,196**
Other current liabilities	65,872	25,196
TOTAL LIABILITIES	**920,900**	**573,453**
Share capital	**41,280**	**41,280**
Share capital	41,280	41,280
Reserves	**145,162**	**144,219**
Valuation reserve	(215)	(13)
Other reserves	145,377	144,232
Treasury shares	**(103)**	**(184)**
Treasury shares	(103)	(184)
Profit (loss) for the period attributable to the Shareholders of the Parent Company	**(21,943)**	**21,425**
Profit (loss) for the period attributable to the Shareholders of the Parent Company	(21,943)	21,425
NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**164,396**	**206,740**
TOTAL LIABILITIES AND NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**1,085,296**	**780,193**
NET EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**41,264**	**-**
Net Equity attributable to Non-controlling interests	41,264	-
TOTAL LIABILITIES AND NET EQUITY	**1,126,560**	**780,193**

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2020

CONSOLIDATED **FINANCIAL STATEMENTS**

E-MARKET SDIR CERTIFIED

CONSOLIDATED BALANCE SHEET

(€/000)

	NOTE	12/31/2020	12/31/2019 RESTATED
NON-CURRENT ASSETS:			
Intangible assets	1	577,460	289,585
Property, plant and equipment	2	36,121	23,767
Non-current financial assets	3	64,961	48,609
Deferred tax assets	4	94,702	90,740
Other non current assets	5	1,646	106
Total non-current assets		**774,890**	**452,807**
CURRENT ASSETS:			
Inventories	6	55	137
Current financial assets		5,898	-
Trade receivables	7	175,155	176,991
Tax assets	8	21,874	1,141
Other current assets	5	16,172	20,945
Cash and cash equivalents	9	132,486	128,162
Total current assets		**351,640**	**327,376**
Assets held for sale	**10**	**30**	**10**
TOTAL ASSETS		**1,126,560**	**780,193**
SHAREHOLDERS' EQUITY:			
Share capital		41,280	41,280
Valuation reserve		(215)	(13)
Other reserves		145,377	144,232
Treasury shares		(103)	(184)
Profit (loss) for the period attributable to the Shareholders of the Parent Company		(21,943)	21,425
Net Equity attributable to the Shareholders of the Parent Company	**11**	**164,396**	**206,740**
Net Equity attributable to Non-controlling interests		**41,264**	**-**
TOTAL NET EQUITY		**205,660**	**206,740**
NON-CURRENT LIABILITIES:			
Loans and other financing	12	456,676	285,581
Other non-current financial liabilities	13	31,380	43,922
Employee benefits	14	16,341	8,544
Provisions for risks and charges	15	55,110	30,305
Deferred tax liabilities	4	77,466	15,345
Total non-current liabilities		**636,973**	**383,697**
CURRENT LIABILITIES:			
Loans and other financing	12	86,376	79,683
Other current financial liabilities	13	51,772	25,083
Trade payables	16	51,824	46,969
Tax payables	8	28,083	12,825
Other current liabilities	17	65,872	25,196
Total current liabilities		**283,927**	**189,756**
TOTAL LIABILITIES		**920,900**	**573,453**
TOTAL NET EQUITY AND LIABILITIES		**1,126,560**	**780,193**

The RESTATED amounts as at December 31, 2019 were restated based on the final results related to the PPA of Altamira Asset Management.

CONSOLIDATED INCOME STATEMENT

(€/000)

	NOTE	12/31/2020	12/31/2019 RESTATED
Revenue from contracts with customers	**20**	377,300	330,796
Other revenues	**21**	42,018	35,071
Total revenue		**419,318**	**365,867**
Costs for services rendered	**22**	(45,582)	(36,037)
Personnel expenses	**23**	(183,430)	(144,554)
Administrative expenses	**24**	(86,175)	(66,075)
Other operating (expense)/income	**25**	64	(617)
Depreciation, amortisation and impairment	**26**	(63,663)	(63,803)
Provisions for risks and charges	**27**	(2,329)	(2,439)
Total costs		**(381,115)**	**(313,525)**
OPERATING INCOME		**38,203**	**52,342**
Financial (Expense)/Income	**28**	(26,471)	(5,690)
Profit (loss) from equity investments		1	-
PROFIT (LOSS) BEFORE TAX		**11,733**	**46,652**
Income tax expense	**29**	(34,877)	(22,166)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(23,144)**	**24,486**
PROFIT (LOSS) FOR THE PERIOD		**(23,144)**	**24,486**
o.w. Profit (loss) for the period attributable to the Shareholders of the Parent Company		(21,943)	21,425
o.w. Profit (loss) for the period attributable to Non-controlling interests		(1,201)	3,061
Earnings per share	**30**		
basic		(0.28)	0.27
diluted		(0.28)	0.27

The RESTATED amounts as at December 31, 2019 were restated based on the final results related to the PPA of Altamira Asset Management.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)

	12/31/2020	12/31/2019 RESTATED
PROFIT (LOSS) FOR THE PERIOD	**(23,144)**	**24,486**
Other comprehensive income after tax not recyclable to profit or loss		
Defined benefit plans	(82)	(460)
Other comprehensive income after tax recyclable to profit or loss		
Cash flow hedges	(66)	(575)
Financial assets (other than equity instruments) measured at fair value through comprehensive income	-	(4)
TOTAL OTHER COMPREHENSIVE INCOME AFTER TAX	**(148)**	**(1,039)**
COMPREHENSIVE INCOME	**(23,292)**	**23,447**
o.w. Comprehensive income attributable to Shareholders of the Parent Company	(22,091)	21,432
o.w. Comprehensive income attributable to Non-controlling interests	(1,201)	2,015

The RESTATED amounts as at December 31, 2019 were restated based on the final results related to the PPA of Altamira Asset Management.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AT 12/31/2020

(€/000)

	Balance as at 12/31 previous	Changes in opening balance	Balance as at 1/1	Changes during the year: Allocation of profit from previous year: Reserves	Changes during the year: Allocation of profit from previous year: Dividends and other payouts	Changes during the year: Changes in reserves	Changes during the year: Equity transactions: Issue of new shares	Changes during the year: Equity transactions: Stock options	Changes during the year: Equity transactions: Changes in equity investments	Changes during the year: Comprehensive income at the period	Net equity attributable to Shareholders of the Parent Company at the period	Net equity attributable to Non-controlling interest at the period	Total Net Equity at the period
Share capital	41,280	-	41,280	-	-	-	-	-	-	-	41,280	26,933	68,213
Valuation reserves	(13)	-	(13)	-	-	(54)	-	-	-	(148)	(215)	(21)	(236)
Other reserves													
- Reserves from profit and/or withholding tax	18,606	-	18,606	38,793	-	3	-	3,680	-	-	61,082	-	61,082
- Other	127,292	-	127,292	(190)	-	(42,143)	-	(664)	-	-	84,295	11,676	95,971
Treasury shares	(184)	-	(184)	-	-	-	-	81	-	-	(103)	-	(103)
Net profit (loss) for the period	**38,318**	**-**	**38,318**	**(38,603)**	**-**	**285**	**-**	**-**	**-**	**(21,943)**	**(21,943)**	**2,676**	**(19,267)**
Net equity attributable to Shareholders of the Parent Company	**225,299**	**-**	**225,299**	**-**	**-**	**(41,909)**	**-**	**3,097**	**-**	**(22,091)**	**164,396**		**205,660**
Net equity attributable to Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**10,785**	**-**	**-**	**31,680**	**(1,201)**		**41,264**	**41,264**
TOTAL NET EQUITY	**225,299**	**-**	**225,299**	**-**	**-**	**(31,124)**	**-**	**3,097**	**31,680**	**(23,292)**	**164,396**	**41,264**	**205,660**

AT 12/31/2019

(€/000)

	Balance as at 12/31 previous	Changes in opening balance	Balance as at 1/1	Allocation of profit from previous year		Changes during the year					Net equity attributable to Shareholders of the Parent Company at the period	Net equity attributable to Non-controlling interest at the period	Total Net Equity at the period
						Changes in reserves	Equity transactions			Comprehensive income at the period			
				Reserves	Dividends and other payouts		Issue of new shares	Stock options	Changes in equity investments				
Share capital	41,280	-	41,280	-	-	-	-	-	-	-	41,280	-	41,280
Valuation reserves	591	-	591	-	-	-	-	-	-	(604)	(13)	-	(13)
Other reserves													
- Reserves from profit and/or withholding tax	13,993	-	13,993	-	-	-	-	4,613	-	-	18,606	-	18,606
- Other	126,331	-	126,331	14,576	-	(14,863)	-	1,248	-	-	127,292	-	127,292
Treasury shares	(246)	-	(246)	-	-	-	-	62	-	-	(184)	-	(184)
Net profit (loss) for the period	**50,840**	**-**	**50,840**	**(14,576)**	**(36,264)**	**-**	**-**	**-**	**-**	**38,318**	**38,318**	**-**	**38,318**
Net equity attributable to Shareholders of the Parent Company	**232,789**	**-**	**232,789**	**-**	**(36,264)**	**(14,863)**	**-**	**5,923**	**-**	**37,714**	**225,299**	**-**	**225,299**
Net equity attributable to Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(17,848)**	**-**	**-**	**14,787**	**3,061**	**-**	**-**	-
TOTAL NET EQUITY	**232,789**	**-**	**232,789**	**-**	**(36,264)**	**(32,711)**	**-**	**5,923**	**14,787**	**40,775**	**225,299**	**-**	**225,299**

CONSOLIDATED CASH FLOW STATEMENT - INDIRECT METHOD -

(€/000)

	12/31/2020	12/31/2019 RESTATED
OPERATING ACTIVITIES		
Profit (loss) for the period befor tax	**11,733**	**46,652**
Adjustments to reconcile the profit (loss) before tax with the net financial flows:	**97,485**	**84,441**
Capital gains/losses on financial assets/liabilities held for trading and on financial assets/liabilities measured at fair through profit or loss (+/-)	1,997	(1,738)
Depreciation, amortisation and impairment	63,663	63,476
Change in net provisions for risks and charges	8,775	8,830
Financial (Expense)/Income	19,952	7,947
Costs for share-based payments	3,098	5,926
Change in working capital	**14,612**	**22,398**
Change in trade receivables	15,319	11,364
Change in trade payables	(707)	11,034
Change in financial assets and liabilities	**(24,179)**	**(9,808)**
Financial assets measured at fair value through other comprehensive income	-	999
Other assets mandatorily measured at fair value	(31,998)	2,485
Financial assets measured at amortised cost	7,819	(13,292)
Other changes:	**(698)**	**(40,847)**
Interests payed	(9,316)	(6,568)
Payment of income taxes	(13,356)	(10,549)
Other changes in other assets/other liabilities	21,974	(23,730)
CASH FLOWS GENERATED BY OPERATIONS	**98,953**	**102,836**
INVESTING ACTIVITIES		
Sales of inventories	154	408
Sales of property, plant and equipment	-	12
Purchases of property, plant and equipment	(7,123)	(1,424)
Purchases of intangible assets	(12,874)	(6,929)
Purchases of subsidiaries and business units	(234,599)	(356,878)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(254,442)**	**(364,811)**
FUNDING ACTIVITIES		
Distribution of dividends and other	(1,875)	(42,264)
Loans obtained	252,574	405,747
Repayment of loans	(83,067)	(41,500)
Payment of principal portion of lease liabilities	(7,819)	(5,477)
NET CASH FLOWS USED IN FUNDING ACTIVITIES	**159,813**	**316,506**
NET LIQUIDITY IN THE PERIOD	**4,324**	**54,531**
RECONCILIATION		
Cash and cash equivalents	128,162	73,631
NET LIQUIDITY IN THE PERIOD	4,324	54,531
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**132,486**	**128,162**

The RESTATED amounts as at December 31, 2019 were restated based on the final results related to the PPA of Altamira Asset Management.

E-MARKET SDIR CERTIFIED

ACCOUNTING **POLICIES**

General **information**

STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The Consolidated Financial Statements as at December 3, 2020 were prepared, in application of Legislative Decree no. 38, accordance with the IAS/IFRS International Financial Reporting Standards issued by the International Accounting Standards Board (IASB), endorsed by the European Commission, as established by EU Regulation no. 1606 of July 19, 2002, and currently in force, including the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

In terms of interpretation and support in the application, the following documents were used:
- the Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, and any other documents prepared by the IASB or IFRIC to complete the issued accounting standards;
- the interpretative documents on the application of IAS / IFRS in Italy prepared by the Italian Accounting Body (OIC);
- ESMA (European Securities and Markets Authority) and Consob documents that refer to the application of specific provisions in the IFRS.

As required by IAS 8, the paragraph "New accounting standards" reports the new international accounting standards, or amendments to standards already in force, the application of which became mandatory from the 2020 financial year.

The consolidated financial statements are accompanied by the certification of the Financial Reporting Officer pursuant to Article 154-bis of Legislative Decree 58/1998 and have undergone an audit by the audit firm EY S.p.A. in accordance with Legislative Decree 39 of January 27, 2010.

BASIS OF PREPARATION

The Condensed consolidated financial statements were prepared using the euro as the currency of account, in accordance with Article 5, paragraph 2, of Legislative Decree 38/2005, and consist of:
- the **Consolidated financial statements**, which include the Consolidated balance sheet, the Consolidated income statement, the statement of Consolidated comprehensive income, the statement of changes in Consolidated Shareholders' Equity and the Consolidated Statement of Cash flows (prepared using the "indirect method");
- the **Illustrative Notes**;

and are accompanied by the **Directors' Report on the Group**.

The amounts stated are expressed in thousands of euros unless otherwise specified.

These financial statements have been prepared in application of the general standards envisaged by IAS 1 and the specific accounting standards approved by the European Commission and illustrated in the Section "Main items of the financial statements" of these Notes to the Consolidated Financial Statements.

The Consolidated financial statements were prepared on a going concern basis in accordance with the provisions of IAS 1, and in compliance with the principles of accrual accounting, the relevance and materiality of accounting information and the prevalence of economic substance over legal form and with a view to fostering consistency with future presentations.

The criteria adopted in these Consolidated financial statements as at December 31, 2020 for the recognition, classification, measurement and derecognition of assets and liabilities and the recognition of costs and revenues have not been updated from those adopted in the preparation of the Consolidated financial statements for the year ended December 31, 2019. No exceptions were made to the application of IAS/IFRS accounting standards.

Directive 2013/50/EU - which amends Directive 2004/109/EC (known as "Transparency Directive") - establishes that as of January 1, 2020, all consolidated annual financial reports of issuers of securities traded on regulated markets must be drawn up in a single electronic communication format. The objective is to prepare the consolidated financial statements in a format that provides the structured data required by regulators and analysts, allowing the drafters to maintain full control over the layout and related presentation. The task of developing regulatory technical standards to specify this format was assigned to the European Securities and Markets Authority (ESMA), which published the European Single Electronic Format (ESEF).
On 05/29/2019, Regulation (EU) 2018/815 was published, which introduced the obligation of a single electronic format (ESEF) for annual financial reports.

At national level, the law converting the Milleproroghe Decree (Law Decree no. 183 of December 31, 2020), published in the Official Journal on March 1, 2021, provides, in art. 3, paragraph 11-sexies, that the provisions of the ESEF Regulation will apply to the financial reports relating to the years started as from January 1, 2021; therefore, for the financial reports relating to the financial year ending on December 31, 2020, there is no preparation and publication obligation in accordance with the provisions of the ESEF Regulation.
The doValue Group, in compliance with the above, has therefore postponed the preparation of the consolidated financial statements in the single electronic format (ESEF) to 2021.

SCOPE AND METHOD OF CONSOLIDATION

The preparation of the Consolidated financial statements as at December 31, 2020 drew on the accounts as at December 31, 2020 of the companies included in the scope of consolidation reported in the table presented at the end of this Section.

The accounts as at December 31, 2020 of the companies included in the scope of consolidation were reclassified and adjusted appropriately to take consolidation requirements into account and, where necessary, align them with the Group accounting policies.

All of the companies in the scope of consolidation use the euro as their currency of account and, accordingly, no translations of foreign currency amounts have been necessary.

The following Section shows the consolidation principles adopted by the Group in preparing the Consolidated financial statements as at December 31, 2020.

E-MARKET SDIR CERTIFIED

Subsidiaries

Entities in which doValue holds direct or indirect control are considered subsidiaries. Control over an entity is obtained when the Group is exposed, or has rights, to variable returns from its involvement with the investee and at the same time has the ability to affect those returns through its power over the entity.

In order to ascertain the existence of control, the following factors are considered:

- the purpose and design of the investee in order to identify the entity's objectives, the activities that determine its returns and how these activities are governed;
- power, in order to determine whether the investor has contractual rights that give it the ability to direct the relevant activities; to this end, only substantive rights that give the practical ability to govern are considered;
- the exposure or the rights held in respect of the investee in order to assess whether the investor has relations with the investee whose returns are subject to changes that depend on the investee's performance;
- the ability to exercise its power over the investee to affect its returns;
- existence of potential "principal-agent" relationships

It is generally presumed that holding a majority of voting rights gives the investor control over the investee. When the Group holds less than a majority of voting rights (or similar rights), it considers all relevant facts and circumstances to determine whether it controls the investee, including:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- the Group's voting rights and potential voting rights.

The Group reconsiders whether or not it has control over an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ends when the Group loses control.

The book value of equity investments in companies consolidated on a line-by-line basis held by the Parent Company is eliminated – with the incorporation of the assets and liabilities of the investees – against the corresponding portion of shareholders' equity attributable to the Group.
Assets and liabilities, off-balance-sheet transactions, income and charges, as well as profits and losses occurring between companies within the scope of consolidation are fully eliminated, in accordance with the consolidation methods adopted.
The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.
The difference between the amount received for the subsidiary and the book value of its net assets (including goodwill) at the same date is recognised in the income statement under "Profit (loss) from equity investments" for companies subject to line-by-line consolidation. The shareholding that may be retained must be recognised at fair value.
For companies included within the scope of consolidation for the first time, the fair value of the cost incurred to obtain control over the investee, including transactions costs, is measured as of the acquisition date.
If the disposal does not involve a loss of control, the difference between the amount received in the disposal of a portion of a subsidiary and the associated book value of the net assets is recognised with a balancing entry in Shareholders' Equity.

Business combinations

Regarding business combinations, the applicable accounting standard is IFRS 3. The transfer of control of a business (or an integrated set of activities and assets conducted and managed together) constitutes a business combination. To this end, control is considered transferred when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 3 requires that an acquirer be identified for all business combinations. The latter is the entity that obtains control over another entity or group of assets. If it is not possible to identify a controlling entity on the basis of the definition of control described above, such as for example in the case of exchanges of equity interests, the acquirer shall be identified using circumstances such as: the entity whose fair value is significantly greater, the entity that transfers cash, or the entity that issues new equity interests.

The acquisition, and therefore, the initial consolidation of the acquiree, must be recognised on the date on which the acquirer effectively obtains control over the company or assets acquired. When the transaction takes place as a single transfer, the date of transfer normally coincides with the acquisition date. However, it is always necessary to verify the possible presence of agreements between the parties that may lead to the transfer of control before the date of the exchange.

The consideration transferred as part of a business combination must be determined as the sum of the fair value, at the date of the exchange, of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control. In transactions involving payment in cash (or when payment is made using financial instruments comparable to cash) the price is the agreed consideration, possibly discounted if payment is to be made in instalments over a period longer than short term. If the payment is made using an instrument other than cash, therefore through the issue of equity instruments, the price is equal to the fair value of the means of payment, net of the costs directly attributable to the capital issue. Adjustments subject to future events are included in the consideration of the business combination at the acquisition date, if they are provided for in the agreements and only if they are probable, can be reliably determined and realised within the twelve months following the date of acquisition of control, while indemnities for a reduction of the value of the assets used are not considered as they are already considered either in the fair value of the equity instruments or as a reduction of the premium or increase in the discount on the initial issue in the case of the issue of debt instruments.
Any contingent consideration to be paid is recognised by the acquirer at fair value at the acquisition date. The contingent consideration classified as equity is not remeasured and its subsequent payment is accounted for with a balancing entry in shareholders' equity. The change in the fair value of the contingent consideration classified as an asset or liability, as a financial instrument that is subject to IFRS 9 Financial Instruments, must be recognised in the income statement in accordance with IFRS 9. Contingent consideration that does not fall within the scope of the IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognised in the income statement.

Acquisition-related costs are the costs the acquirer incurs to effect a business combination. By way of example, these may include professional fees paid to auditors, experts, legal consultants, costs for appraisals and auditing of accounts, preparation of information documents required by regulations, as well as finder's fees paid to identify potential targets to be acquired if it is contractually established that the payment is made only in the event of a positive outcome of the combination, as well as the costs of registering and issuing debt and equity securities. The acquirer shall recognise acquisition-related costs in the periods in which these costs are incurred and the services are received, with the exception of the costs of issuing debt or equity securities, which shall be recognised in accordance with IAS 32 and IAS 39.

Business combinations are accounted for using the "acquisition method", under which the identifiable assets acquired (including any intangible assets not previously recognised by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) are recognised at their respective fair values on the acquisition date. In addition, for each business combination, any non-controlling interests in the acquiree can be recognised at fair value (with a consequent increase in the consideration transferred) or in proportion to the non-controlling stake in the identifiable net assets of the acquiree.
If control is acquired in stages, the acquirer shall measure its previously held equity interest in the acquiree at its acquisition date fair value and recognise through profit or loss any difference compared to the previous carrying amount.

The excess of the consideration transferred (represented by the fair value of the assets transferred, the liabilities incurred or the equity instruments issued by the acquirer), the amount of any non-controlling interests (determined as described above) and the fair value of interests previously held by the acquirer, over the fair value of the assets and liabilities acquired shall be recognised as goodwill. Conversely, if the latter exceeds the sum of the consideration, non-controlling interests and fair value of previously held interests, the difference shall be recognised through profit or loss.

Business combinations may be accounted for provisionally by the end of the financial year in which the business combination is carried out and must be completed within twelve months of the acquisition date. Pursuant to IFRS 10, the acquisition of additional stakes in entities that are already controlled are considered equity transactions, i.e. transactions with owners in their capacity as owners. Therefore, differences between the acquisition costs and the book value of non-controlling interests acquired are booked to Group shareholders' equity; similarly, sales of non-controlling interests without loss of control do not generate gains/losses recognised in profit or loss but rather are recognised as changes in Group equity.
Business combinations do not include transactions to obtain control over one or more entities that do not constitute a business or to obtain transitory control or, finally, if the business combination is carried out for the purpose of reorganisation, therefore between two or more companies or activities that already belong to the doValue Group and that does not involve a change in the control structure regardless of the percentage of third-party rights before and after the transaction (so-called combinations of entities under common control). These transactions are considered as having no economic substance. Accordingly, in the absence of an IAS/IFRS that specifically applies to the transaction and in compliance with the assumptions of IAS 8, which requires that – in the absence of a specific standard – an entity shall use its judgment in applying an accounting policy that produces relevant, reliable and prudent information that reflects the economic substance of the transaction, such transactions are accounted for by retaining the values of the acquiree in the financial statements of the acquirer. Mergers are a form of business combination, representing the most complete form of such combinations, as they involve the legal and financial merging of the entities participating in the transaction.
Whether they involve the formation of a new legal entity (merger of equals) or the absorption of one entity by another existing entity, mergers are treated in accordance with the criteria discussed above. Specifically:
if the transaction involves the transfer of control of an entity, it is treated as a business combination pursuant to IFRS 3;
if the transaction does not involve the transfer of control, it is accounted for by retaining the accounting values of the merged company.

Associates

An associate is an entity over which an investor has significant influence but which is not controlled exclusively or jointly controlled. Significant influence is presumed when the investor:

holds, directly or indirectly, at least 20% of the share capital of another entity; or
is able, including through shareholders' agreements, to exercise significant influence through:
representation on the governing body of the company;
participation in policy-making processes, including participation in decisions about dividends or other distributions;
material transactions between the entity and its investee;
interchange of managerial personnel;
provision of essential technical information.

Note that only companies that are governed through voting rights can be classified as subject to significant influence.
Investments in associates are measured using the equity method. In accordance with IAS 36, the book value of associated companies is tested as a single asset, comparing this with the recoverable amount (defined as the higher of its value in use and its fair value less costs of disposal).

Equity method

With the equity method, the investment in an associated company is initially recognised at cost. The book value of the equity investment in companies measured using the equity method include any goodwill (less any impairment loss) paid to purchase them. The investor's share of the profit or loss of the investee after the acquisition date is recognised in the income statement under "Profit (loss) from equity investments". Any dividends distributed reduce the book value of the equity investment.
If the investor's interest in a subsidiary's losses is equal to or greater than its book value, no further losses are recognised, unless the investor has assumed specific obligations to or made payments on behalf of the company.
Gains and losses on transactions with associates or joint arrangements are eliminated in proportion to the percentage interest in the company.
Any changes in the valuation reserves of associates or joint arrangements, which are recorded against the value changes in the associated item, are reported separately in the Statement of comprehensive income.

As at December 31, 2020, there were no companies measured using the equity method.

Investments in subsidiaries

The following table reports the companies included in the scope of consolidation:

						Owner relationship		
	Company name	Headquarters and Registered Office	Country	Headquarters and Registered Office	Held by	Holding %	Voting rights % (2)
1.	doValue S.p.A. (formerly doBank S.p.A.)	Verona	Italy		Holding		
2.	Italfondiario S.p.A.	Rome	Italy	1	doValue S.p.A.	100%	100%
3.	doData S.r.l.	Rome	Italy	1	doValue S.p.A.	100%	100%
4.	doValue Hellas Credit and Loan Servicing S.A.	Athens	Greece	1	doValue S.p.A.	100%	100%
5.	Altamira Asset Management S.A.	Madrid	Spain	1	doValue S.p.A.	85%	85%
6.	Altamira Asset Management Portugal, Unip. Lda. (Portugal)	Lisbon	Portugal	1	Altamira Asset Management S.A.	100%	100%
7.	Altamira Asset Management Cyprus limited	Nicosia	Cyprus	1	Altamira Asset Management S.A.	100%	100%
8.	doValue Cyprus Limited	Nicosia	Cyprus	1	doValue S.p.A. + Altamira AM S.A.	94%+6%	94%+6%
9.	dovalue Greece Loans and Credits Claim Management Société Anonyme	Moschato	Greece	1	doValue S.p.A.	80%	80%
10.	doValue Greece Real Estate Services azionista unico Société Anonyme	Moschato	Greece	1	doValue S.p.A.	100%	100%

Notes to

(1) Type of relationship:

1 = majority of voting rights at ordinary shareholders' meeting

2 = dominant influence at ordinary shareholders' meeting

3 = agreements with other shareholders

4 = other types of control
5 = centralized management pursuant to Article 39, paragraph 1, of Legislative Decree 136/2015
6 = centralized management pursuant to Article 39, paragraph 1, of Legislative Decree 136/2015

(2) Voting rights available in general meeting. The reported voting rights are considered effective

Changes in the scope of consolidation

As reported in the Section "Significant events during the period" in the Directors' Report on the Group, 2020 saw the entry into the scope of consolidation of one new foreign entity located in Greece.
On June 5, 2020 the acquisition of 80% of Eurobank-FPS (now doValue Greece) was finalised through a vehicle company, doValue Greece Holding, established in May 2020 and wholly owned. The latter was subsequently merged by reverse incorporation into the subsidiary doValue Greece in December 2020.
Moreover, at the end of September 2020, the wholly-owned subsidiary doValue Greece Real Estate Services was established in Greece for the management of real estate assets.
Lastly, the liquidation of the company Altamira, with registered office in Greece, is reported.
Lastly, it should be noted that in July 2020 the liquidation process of Altamira Asset Management Hellas Single-Member Company, 100% owned by the Spanish Altamira Asset Management S.A., was concluded.

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Significant valuations and assumptions for determining the scope of consolidation

The doValue Group determines the existence of control and, as a consequence, the scope of consolidation, by ascertaining compliance with the requirements envisaged by IFRS 10 with regard to entities in which it holds exposures:

- the existence of power over the entities' relevant activities;
- exposure to variable returns;
- the ability to affect the returns.

The factors considered for the purpose of this assessment depend on the entity's method of governance, its purpose and its financial structure.
This analysis led to the inclusion of the subsidiaries listed in the previous section within the scope of consolidation as at December 31, 2020.

SUBSEQUENT EVENTS

In accordance with the provisions of IAS 10, following the closing date of the year and up to the approval of these financial statements, a significant event occurred occurred such as to entail an adjustment to the results presented in the consolidated financial statements.

Please refer to the specific paragraph of the Directors' Report on the Group for a description of significant corrective and not corrective events occurred after the end of the year.

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OTHER MATTERS

Going concern

In preparing the Consolidated Financial Statements as at December 31, 2020 the Directors consider the going concern assumption appropriate as in their opinion, despite the persistence of the complex economic and health scenario following the expansion of the Covid-19 pandemic and its variants, as well as the Government and EU interventions, no uncertainties have emerged related to events or circumstances that, considered individually or as a whole, could give rise to doubts regarding the business as a going concern. The assessment took into account the Group's capital base, financial position and the outlook for operations, despite the uncertainties linked to the current emergency situation. Please also refer to the specific paragraph of the Directors' Report on the Group.

Risks and uncertainties associated with the use of estimates

The application of accounting policies sometimes involves the use of estimates and assumptions that affect the amounts recorded in the financial statements and the disclosures regarding contingent assets and liabilities. For the purposes of the assumptions underlying estimates, we consider all information available at the date of preparation of the financial statements and any assumptions considered reasonable in the light of past experience and current conditions in the financial markets.
More specifically, estimation processes were adopted to support the book value of certain items recognised in the consolidated financial statements as at December 31, 2020, as required by accounting standards. These processes are essentially based on estimates of future recoverability of the values recognised and were conducted on a going concern basis. These processes supported the book values recognised as at December 31, 2020. Estimates and assumptions are reviewed regularly.
In view of the presence of uncertainty in the macroeconomic and market environment, the assumptions made, even if reasonable, might not hold in future scenarios in which the Group may operate. Accordingly, future results may differ from the estimates made for the purpose of preparing the financial statements, with the consequent probable need to make adjustments that currently cannot be foreseen or estimated to the book value of the assets and liabilities recognised in the financial statements. In addition, the economic effects deriving from the Covid-19 pandemic and the uncertainties of the future macroeconomic framework in which the Group will operate have required a careful analysis and weighting of the new economic context in the valuation models of the recoverable value of the Group's assets. These estimates and valuations are therefore difficult and inevitably involve elements of uncertainty, even in the presence of stable macroeconomic conditions.
The following Sections discuss the key accounting policies for the purposes of providing a true and fair representation of the Group's financial position and performance, both with regard to the materiality of the values in the financial statements and the considerable judgement required in performing the assessments.

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Estimation of accruing servicing revenues and the effects of the application of servicing contracts

Sales revenues associated with servicing contracts for the recovery of receivables managed under mandate are recognised on an accruals basis based on the activities carried out by the Group, using IT procedures and complex accounting processes that take account of the different contractual terms of each mandate. Servicing agreements contain numerous clauses specifying the rights and duties of the Group in relations with the participating clients, which can generate income on the one hand and contingent liabilities on the other connected with the possibility of non-performance of contractual obligations.
The amount of the variable consideration estimated is included in the transaction price in whole or in part only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant downward adjustment of the amount will not occur of the cumulative revenues recorded.
At end of the financial year, revenues accrued in the period that have not yet been manifestly accepted by the customer are recognised. Depending on the terms of contract and the established practice, that acceptance may take the form of the issuance of an invoice or an explicit notice.
At the date of the preparation of these financial statements, the portion of servicing revenues without such manifest acceptance amounted to 43% of total amounts to be invoiced as at December 31, 2020 and 10% of the aggregate Total revenues of the consolidated income statement. In addition, any certain or contingent liabilities must be prudentially determined in order to assess compliance with the obligations set out in the servicing agreement, taking due account of natural differences in interpretation of contractual clauses in the context of actual recovery operations.

Determination of the fair value of financial assets

In the presence of financial instruments not listed on active markets or illiquid and complex instruments, it is necessary to adopt appropriate valuation processes that require the use of a certain degree of judgement concerning the choice of valuation models and the related input parameters, which may sometimes not be observable on the market.
A degree of subjectivity is present in the valuation on whether it is possible to observe or not certain parameters and the consequent classification in correspondence with the levels of fair value hierarchy.
With particular reference to valuation methods and the unobservable inputs that may be used in fair value measurements, please see the specific Section "Fair value disclosures".

Estimation of the recoverability of deferred tax assets

The Group has significant deferred tax assets mainly arising from temporary differences between the date on which certain business costs are recognised in the income statement and the date on which the same costs can be deducted. Deferred tax assets are written down to the extent that they are deemed unrecoverable given the outlook for performance and the resulting expected taxable income, taking due account of tax legislation, which allows those assets to be converted into tax credits under certain conditions, regardless of the Group's ability to generate future profits. In the Section on tax assets and tax liabilities under Assets in these Illustrative Notes, information is provided on the nature and checks carried out with regard to the recognition of deferred tax assets.

Estimation of provisions for risks and charges

The complexity of the situations that underline the existing disputes, along with the difficulties in the interpretation of applicable law, makes it difficult to estimate the liabilities that may result when pending lawsuits are settled. The valuation difficulties concern what may be due and how much time will elapse before liabilities materialise and are particularly evident if the procedure launched is in the initial phase and/or its preliminary investigation is in progress.

Information about the Group's main risk positions related to legal disputes (revocatory action and pending lawsuits) and tax disputes, is provided in the Liabilities Section of the Illustrative Notes that deals with Provisions for risks and charges.

Estimation of impairment losses on intangible assets

On an annual basis, upon preparing the financial statements, intangible assets are tested for impairment. This impairment test is usually conducted by determining the value in use or the fair value of the assets and verifying that the book value of the intangible asset is less than the greater of the respective value in use and the fair value less costs to sell.
Impairment testing for cash generating units (CGUs), to which almost all intangible assets with an indefinite life and goodwill have been attributed, is conducted with reference to value in use obtained through the application of the dividend discount model (DDM), under which the value of a company is a function of the flow of dividends that it will be able to generate looking forward. In this case, the method used is the excess capital variant of the DDM, which assumes that the economic value of a company is equal to the sum of the current value of future cash flows (expected dividends) generated over the selected planning time horizon, and distributable to shareholders while maintaining an adequate level of capitalisation to ensure the expected future development of the business, and the perpetual capitalisation of the normalised dividend of the last year of the forecast, based on a pay-out ratio that is a function of profitability. A similar procedure is used to estimate the recoverability of the values recognised for active long-term servicing contracts, which assess the business plans of the portfolios under management in order to check their consequent capacity to generate adequate cash flows.
However, note that the parameters and information used to check the recoverability of intangible assets, including goodwill (in particular the cash flow forecast for the various CGUs, as well as the discount rates used) are significantly influenced by macroeconomic conditions and market developments as well as the behaviour of counterparties, which could change unpredictably.
If the recoverable value of the assets undergoing impairment testing is determined on the basis of the associated fair value, it should also be noted that the significant and persistent volatility shown by the markets and the intrinsic difficulties in forecasting contractual cash flows mean that we cannot rule out the possibility that the valuations based on parameters drawn from the same markets and on contractual cash flow forecasts may subsequently prove not to be fully representative of the fair value of the assets.

With reference to intangible assets recorded following the acquisition of Altamira Asset Management S.A. (Altamira) and its subsidiaries in June 2019, it should be noted that those assets, after 12 months from the acquisition date, were measured on the basis of the final Purchase Price Allocation (PPA) described in the Section "Business combinations relating to company enterprises or branches". While, with reference to the intangible assets recorded following the acquisition of Eurobank FPS (now doValue Greece) in June 2020, it should be noted that these assets are valued on the basis of the provisional Purchase Price Allocation described in the same Section, to which reference is made. These values of initial recognition in the financial statements were determined on the basis of the valuation, carried out at the same time as these financial statements, of the estimate of the fair value of the net assets of doValue Greece, which considers the useful information for valuation purposes available at the acquisition date and entry into the scope of consolidation. The process of collecting and analysing useful information for valuation purposes is still in progress and is not yet completed; this process is to be completed within one year from the date of acquisition of the subsidiary.

Albeit taking into account the difficulty inherent in the formulation of even short or medium-term forecasts in this climate of great ongoing uncertainty and considering that both Altamira and doValue Greece hold medium/long-term management contracts for existing loans (stock) and future positions (new flows) with leading banks and major investment funds, the Group carried out an impairment test in accordance with the international accounting standard IAS 36 "*Impairment of assets* and in accordance with the instructions issued by ESMA on October

28, 2020 in the Public Statement "European common enforcement priorities for 2020 IFRS annual financial reports".
The test was performed on the amounts of intangible assets and goodwill, resulting, as at December 31, 2020 in accordance with the allocation of final PPA of Altamira and provisional PPA of doValue Greece and the updating of amortisation/depreciation pertaining to the period.
To this end, the so-called Cash Generating Units (CGUs) in the two geographical segmentation areas pertaining to Altamira Asset Management and its subsidiaries and of doValue Greece, namely Iberia (Spain and Portugal) and Cyprus and Greece, were identified on a preliminary basis and the allocation of intangible assets and goodwill to the two separate CGUs was determined.
For the purposes of impairment testing, the forward-looking information determined in accordance with the most recent scenario assumptions collected by the subsidiaries was considered, that takes account of the pandemic trend and the estimated effects it has had and will have on the NPL servicing market, in general and on Altamira Asset Management, in particular and on doValue Greece in addition to the budget data for 2021. This disclosure is contained in the broader prospective scenario of the Group described in the Directors' Report in the paragraph "Impacts and effects of the Covid-19 epidemic" to which reference is made, in compliance with the aforementioned indications issued by ESMA in its Public Statement of October 2020.

As regards the methodological approach, it should be noted that, for the purposes of estimating the recoverable value of intangible assets acquired through business combinations, doValue adopted the valuation models used in the PPA for consistency.
Therefore, as regards impairment testing on the values of each single intangible assets, the following were used:

- As regards the estimate of the recoverable value of intangible assets related to Servicing contracts: the Multi-Period Excess Earnings Method, according to which the economic benefits of intangible assets can be assessed over more than one year by identifying cash flows generated by the use of this activity and deducting a periodic charge therefrom, corresponding to the remuneration for the use of supplementary assets that contribute to generate the revenues thereof (contributory asset charge or CAC).
- As regards the estimate of the recoverable value of the Brand Name connected with the Altamira transaction: the Relief-from-royalty method, according to which the value of an intangible asset can be assessed through the addition of new flows related to royalties that the Company plans to obtain for a certain period of time against the licensing of the trademark.

The discount rate used in the impairment analyses carried out by doValue, expresses the cost of financing sources of the asset being assessed: the equity cost and the debt cost. In professional practice, the discount rate normally used is the WACC (weighted average cost of capital), determined using valuation techniques such as CAPM.
The formula for calculating the weighted average cost of capital (WACC) is set out below:

$$WACC = K_d(1 - t_d)\frac{D}{D + E} + K_e\frac{E}{D + E}$$

where

- K_d, debt cost;
- K_e, equity cost;
- t_d, tax rate;
- $\frac{D}{D+E}$, weight of the debt component on the financial structure;
- $\frac{E}{D+E}$, weight of the equity component on the financial structure.

EQUITY COST

The cost of equity, calculated using the Capital Asset Pricing Model (CAPM), measures the cost of equity, K_e, for a certain security as an increase in the risk-free rate, based on the sensitivity

of the return on the share, so-called β, to the expected yield of the stock market to which it belongs, net of the same risk-free rate (equity risk premium - ERP).
According to the above, the following formula can be written down:
$E(R_j)=R_f+\beta_j \cdot [E(R_M)-R_f]$
where

$E(R_M)$, expected yield of the stock market;
R_f, risk-free yield rate;
β_j, beta coefficient.

In summary, the above equation can be written down as follows:
$K_e=R_f+\beta \cdot ERP$
where

K_e, cost of equity;
R_f, risk-free yield rate;
β, beta coefficient (measure of the so-called systematic risk);
ERP, equity risk premium, $E(R_M)-R_f$.

For the purposes of the WACC calculation of the above-mentioned intangible assets, in view of the fact that the related business can only be attributed to a specific country, the following was carried out:
1) estimate the risk-free yield rate, calculated as the annual yield of the 10-year United States Treasury, measured as at December 31, 2020;
2) estimate of the Group average "unlevered" beta (net of the financial leverage effect) of a set of comparable companies, starting from data supplied by reference financial analysts and recalculate it, in the "levered" form;
3) estimate the equity risk premium, calculated as the country risk premium (i.e. the rating-based default spread) of the specific country multiplied by the ratio between the volatility of the stock market and that of the government bonds of the specific country, using as a source data provided by New York University (Professor Damodaran database);
4) use of values estimated to calculate the cost of equity; $K_e = R_f + \beta \cdot ERP$
5) charge a cost of debt (Kd) equal to the interest rate of the most recent acquisition;
6) Calculate the WACC on the basis of the target financial structure, according to the formula WACC = E / (D + E) * Ke + D / (D + E) * Kd, where E and D represent Equity and Debt of the financial structure.

The test conducted using the aforementioned models did not reveal any impairment losses from the comparison with the net book value of the assets (for the result of the test, please refer to the information provided in Note 1 "Intangible assets", Section "Information on the consolidated balance sheet").

As regards the impairment test on the goodwill, in order to make the comparison between the recoverable value and aggregate net book values of the two CGUs as at December 31, 2020, the following procedure was used.

The recoverable value of a cash generating unit is the higher of fair value less costs to sell and value in use.
The method adopted assumes that the recoverable value of a CGU is equal to the sum of:

- current value of the future profits generated over the selected time horizon;
- final value, or the value of the company at the end of the analytical flow forecast period.

The operating cash flow is based on the estimate of the "enterprise value", the methodological estimate is based on operating flows generated by the core management of the CGUs, based on the operating income available for the remuneration of equity and third parties. Through the DCF method (known as Discounted Cash Flow) it is possible to determine the value of a CGU through the sum of prospective cash flows of the same, discounted through the special rate.

In this case, the rate used for discounting is also the WACC (weighted average cost of capital), determined making use of evaluation techniques, such as the CAPM.
For the purposes of the WACC calculation of goodwill, taking account of the fact that the business attributable of the two CGUs, to which it has been allocated, is attributable to more than one specific country, the following was carried out:

1) estimate the risk-free yield rate, calculated as the annual yield of the 10-year United States Treasury, measured as at December 31, 2020;
2) estimate of the Group average "unlevered" beta (net of the financial leverage effect) of a set of comparable companies, starting from data supplied by reference financial analysts and recalculate it, in the "levered" form;
3) estimate the equity risk premium, calculated as the country risk premium (i.e. the rating-based default spread) of the specific country multiplied by the ratio between the volatility of the stock market and that of the government bonds of the specific country, using as a source data provided by New York University (Professor Damodaran database);
4) use of values estimated to calculate the cost of equity;
5) charge a cost of debt (Kd) equal to the interest rate of the most recent acquisition;
6) Calculate the WACC on the basis of the target financial structure, according to the formula WACC = E / (D + E) * Ke + D / (D + E) * Kd, where E and D represent Equity and Debt of the financial structure.

The book value of the CGU, to be used for comparison with the recoverable value in impairment testing, includes the book value of the only assets (non-current) that are directly attributable or divided according to a reasonable and uniform criterion, to the individual CGU, taking into account, in addition to goodwill, all the intangible assets falling within the CGU's scope of valuation. This book value is determined consistently with the criterion by which the recoverable value of the CGU is determined on the basis of the cash flows used in the prospective disclosure.

The method described above showed in both cases a positive difference between the recoverable value and the net book value, which confirms the absence of impairment losses (please refer to Note 1 "Intangible assets" in the Section "Information on the consolidated balance sheet" for the results of the test).

Business combinations

The recognition of business combinations involves allocating the difference between the acquisition cost and the net book value to the assets and liabilities of the acquiree. For most of the assets and liabilities, the difference is allocated by recognising the assets and liabilities at their fair value. Any unallocated remainder is recognised as goodwill if positive; if negative, it is recognised in profit or loss as revenue. In the process of allocating the cost of the business combination, the doValue Group uses all available information.
For information on the Group's business combinations, please refer to the specific Section "Business combinations relating to company enterprises or branches".

Hedging derivatives

Since interest rate swaps are carried out for hedging purposes, they are measured at fair value, with a balancing entry recorded in the cash flow hedge shareholders' equity reserves. The above-mentioned fair value, classified under the other current and non-current assets or financial liabilities, is calculated with adequate measurement techniques that use updated financial variables and used by market participants. These derivative contracts are classified as hedging instruments since the relationship between the derivatives and the hedged position is formally recorded and the hedging efficiency is high. More specifically, there is an economic relationship between the underlying hedges and the hedging instruments since the IRS terms correspond to the variable rate loan terms (i.e. notional amount, maturity dates, payment dates). This efficiency, along with meeting the requirements set out under IAS 39 for hedge accounting purposes, has to be checked on a periodic basis. The fair value changes of the derivatives that do not meet the terms to be classified as hedging, are recognised in the income statement.

New accounting standards

The Group has adopted for the first time a number of accounting standards and amendments in preparing these Consolidated financial statements that took effect for financial years beginning as from January 1, 2020, with a list of them set out below, showing that they did not have any substantial effect on the balance sheet and income statement figures reported:

- Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions, issued on 28 May 2020 (in force as from June 1, 2020);
- Amendment to IFRS 3 Business Combinations issued on 22 October 2018 (in force as from January 1, 2020);
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform, issued on 26 September 2019 (applicable as from January 1, 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material, issued on 31 October 2018 (applicable as from January 1, 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards, issued on 29 March 2018 (in force as from January 1, 2020).

On October 28, 2020, ESMA published the Public Statement with which it announced the priorities on which the listed issuers will have to focus in the preparation of the IFRS 2020 financial statements, with particular attention to the impacts deriving from Covid-19.
On February 16, 2021, Consob published the Warning Notice (no. 1/21): Covid-19 - measures to support the economy.

Lastly, as at December 31, 2020, the following new international accounting standards were noted, or amendments to standards already in force, the mandatory application of which will take effect from January 1, 2021 or later (if the financial statements do not coincide with the calendar year):

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2, issued on August 27, 2020 (applicable ad from January 1, 2021)
- Amendments to IFRS 4 Insurance Contracts deferral of IFRS19, issued on June 25, 2020 (in force as from January 1, 2021).

Finally, the new accounting standards, amendments and interpretations issued by the IASB, but not yet endorsed by the European Union are set out below:

- IFRS 17 Insurance Contracts, issued on May 18, 2017; including Amendments to IFRS 17, issued on June 25, 2020 (applicable as from January 1, 2023);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date, issued on January 23, 2020 and July 15, 2020 respectively (applicable as from January 1, 2023);
- *Amendments to*
  - *IFRS 3 Business Combinations;*
  - *IAS 16 Property, Plant and Equipment;*
  - *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*
  - *Annual Improvements 2018-2020*

  (applicable as from January 1, 2022)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, issued on February 12, 2021 (applicable as from January 1, 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on February 12, 2021 (applicable as from January 1, 2023).

Main items of the **financial statements**

Intangible assets

Recognition criteria
Intangible assets are non-monetary assets with multi-year utility, are identifiable, lack physical substance, are controlled by the company and will probably generate future economic benefits.
Intangible assets mainly comprise goodwill, software, brands and patents and active long-term contracts deriving from external business combinations.
Goodwill is equal to the difference between the payment incurred for a business combination and the fair value of the identifiable net assets acquired, as set out in more detail in paragraph "Business combinations".
Intangible assets other than goodwill are recognised at their purchase cost, including any direct costs incurred to prepare the asset for use, net of accumulated amortisation and any impairment loss.
Any expenses incurred subsequent to the acquisition:

- are recognised as an increase in the initial cost if they increase the future economic benefits of the underlying assets (i.e. if they increase their value or productive capacity);
- are recognised entirely through profit or loss for the year in which they are incurred in other cases (i.e. when they do not increase the original value of the assets, but merely conserve the original functionality).

Measurement criteria
Intangible assets with a definite useful life are amortised on a straight-line basis over their estimated useful life. Intangible assets with an indefinite useful life are not amortised.
The amortisation period and the method of amortisation of an intangible asset with a definite useful life are reconsidered at least at the end of each financial year. Changes in the expected useful life or in the manner in which the future economic benefits linked to the asset will be realised are recognised through a change in the amortisation period or method, as appropriate, and are considered changes in accounting estimates. The amortisation of intangible assets with a finite useful life is recognised in the income statement item "Amortisation, depreciation and impairment".
If there is objective evidence that an individual asset may have incurred an impairment loss, the book value of the asset is compared with its recoverable amount, which is equal to the higher of its fair value less costs to sell and its value in use, understood as the present value of expected future cash flows originated by the asset. Any value adjustments are recognised in the income statement item "Amortisation, depreciation and impairment".
For intangible assets with indefinite useful life, the book value is compared with the recoverable amount on an annual basis even if no evidence of impairment is found. If the book value is greater than the recoverable amount, a loss is recognised in the income statement item "Amortisation, depreciation and impairment" in an amount equal to the difference between the two values. The valuation of the indefinite useful life is reviewed annually to determine

whether this attribution continues to be sustainable, otherwise, the change from indefinite useful life to definite useful life is applied prospectively.
If the value of a previously written-down intangible asset other than goodwill is written back the new book value shall not exceed the net book value that it would have had if no impairment loss had been recognised on the asset in previous years.
After initial recognition, goodwill is not subject to amortisation, therefore it is measured at cost net of accumulated impairment losses determined by a periodic check of the adequacy of the book value.
More specifically, whenever there is evidence of impairment, and in any case at least once a year, goodwill is tested to ensure that it has incurred no impairment. To this end, the cash generating unit ("CGU") to which the goodwill is allocated is identified. The amount of any impairment is determined on the basis of the difference between the book value of the cash generating unit to which the goodwill is allocated and its recoverable value, if lower. This recoverable value is equal to the greater of the fair value of the cash generating unit, less costs to sell, and its associated value in use. The value in use is the present value of the future cash flows expected from the cash generating units to which the goodwill has been allocated. The resulting value adjustments are recognised through profit or loss. Any subsequent write-backs may not be recognised.
The Group defined, in the "Impairment Test Manual" pursuant to IAS 36, a series of indicators of loss or impairment, so-called triggering events, in the presence of which the impairment test of intangible assets with a defined useful life and the CGUs to which the goodwill was attributed, must also be carried out during the year.

Derecognition criteria
An intangible asset is derecognised from the balance sheet at the time of its disposal (i.e. on the date on which the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. Any difference between the sale value and the book value is recognised in the income statement under the item "Profit (loss) from equity investments".

Property, plant and equipment

Recognition and classification criteria
This item includes:
- land and buildings
- furniture and fixtures
- plant and machinery
- other machinery and equipment

and breaks down into the following categories:
- assets used in the business;
- investment property.

In addition, rights of use of property, plant and equipment acquired through lease agreements, as lessee, are recorded under this item, regardless of their legal status.

Assets used in the business have physical substance, are held for use in production or in the provision of goods and services or for administrative purposes and can be used for more than one financial year. Improvements to leasehold assets are improvements and incremental expenses for identifiable and separable items of property, plant and equipment. In this case, the assets are classified in specific sub-items (e.g. plant), depending on the nature of the asset in question. Normally, these investments are incurred in order to render properties leased from third parties suitable for their intended use.
Investment property refers to real estate investments pursuant to IAS 40, i.e. properties held (owned outright or held through a finance lease) in order to earn rentals and/or for capital appreciation.

Property, plant and equipment is initially recognised at cost, including all charges directly attributable to the "commissioning" of the asset (transaction costs, professional fees, direct costs to transport the asset to the assigned location, installation costs, dismantling costs).
Expenses incurred subsequently are added to the book value of the asset or recognised as separate assets if it is probable that future economic benefits will be received in excess of those initially estimated and the cost can be reliably determined.
All other expenses incurred subsequently (e.g. ordinary maintenance) are recognised through profit or loss in the period in which they are incurred, under the item:

- Administrative expenses, if pertaining to assets used in the business;

or

- Amortisation, depreciation and impairment, if pertaining to investment property.

The initial measurement of the right-of-use asset includes the present value of future payments due for the lease, the payments due for the lease made on or before the start date of the contract, the initial direct costs and any estimated costs for the dismantling, removal or restoration of the asset underlying the lease, less any benefits received from the lessee for the lease.

Measurement criteria
Subsequent to initial recognition, property, plant and equipment is recognised at cost net of accumulated depreciation and impairment losses.
Assets with defined useful lives are depreciated at constant rates over their useful life.
Assets with unlimited useful life are not depreciated.
The useful life of property, plant and equipment is reviewed at the end of each period, taking into account the conditions of use of the asset, the state of maintenance, expected obsolescence, etc. and, if these expectations differ from previous estimates, the depreciation charge for the current period and subsequent periods is adjusted.
If there is objective evidence that an individual asset may have incurred an impairment, the book value of the asset is compared with its recoverable amount, which is equal to the higher of an asset's fair value less costs to sell and its value in use, understood as the present value of expected future cash flows originated by the asset. Any value adjustments are recognised under item "Amortisation, depreciation and impairment" in the consolidated income statement.
If the value of a previously written-down asset is written back, the new book value cannot exceed the net book value that it would have had if no impairment loss had been recognised on the asset in previous years.

The rights of use recorded under assets in relation to properties acquired under lease (IFRS 16) are periodically subject to impairment testing on the basis of both forecasts of use and appropriate market indications with respect to the cost to be incurred for the rental.

Derecognition criteria
A tangible asset is derecognised from the balance sheet at the time of disposal (i.e. at the date on which the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. Any difference between the sale value and the book value is recognised in the income statement under the item "Profit (loss) from equity investments".

Expenditure for leasehold improvements

Property renovation costs for properties of which the entity is not the owner are capitalised in view of the fact that over the term of the lease the entity has control of the assets and future economic benefits will flow to the entity. These costs, which are classified under Property, plant and equipment, are amortised over a period that does not exceed the term of the lease contract.

Equity investments

The criteria for initial recognition and subsequent measurement of investments are governed by IFRS 10 - Consolidated Financial Statements, IAS 27 - Separate Financial Statements, IAS 28 - Investments in Associates and Joint Ventures, and IFRS 11 - Joint Arrangements.
These standards are explained in the Section "Scope and method of consolidation" above, where disclosure is also provided on the assessments and assumptions made to establish the existence of control or significant influence.
The remaining equity investments - other than subsidiaries, associates and joint ventures, and any reported under "Assets held for sale" and "Liabilities associated with assets held for sale" - are classified among financial assets depending on the category to which they belong.

Financial assets

Financial assets measured at fair value through profit or loss

Recognition criteria
Financial assets are initially recognised at the settlement date for debt securities and equities, and at the disbursement date for loans.
In particular, at the time of accounting by settlement date, any change in the fair value of the asset that must be received in the period between said date and the previous trading date is recognised in the same way in which the acquired asset is recognised.
Upon initial recognition, financial assets measured at fair value through profit or loss are recorded at fair value, with this represented, unless otherwise indicated, by the payment made to carry out the transaction, without considering transaction costs or income directly attributable to the instrument itself.

Classification criteria
Financial assets other than those classified under "Financial assets measured at fair value through other comprehensive income" or "Financial assets measured at amortised cost" are classified in this category. More specifically, the item includes financial assets that are mandatorily measured at fair value, which are represented by financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income. These are financial assets whose contractual terms do not exclusively provide for repayment of principal and interest payments on the amount of principal to be repaid (known as the "SPPI test" not passed) or which are not held as part of a business model whose intent is to hold assets in order to collect contractual cash flows (the "Hold to Collect" business model) or whose intent is achieved through the collection of contractual cash flows or through the sale of the financial assets (the "Hold to Collect and Sell" business model).
Accordingly, this item reports:
- debt securities and loans held as part of a "Hold to Collect" or "Hold to Collect and Sell" business model, but whose cash flows are not represented solely by payments of principal and interest (in other words, they do not pass the SPPI test);
- units of collective investment undertakings (UCIs);
- equity instruments - which do not represent holdings in a subsidiary, associate or joint arrangement - for which the Group does not apply the permitted option, at the time of initial recognition, to designate the instrument as measured at fair value through other comprehensive income.

Measurement criteria
Following initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. The effects of the application of this measurement approach are recognised through profit or loss.
For the criteria used to determine fair value, please see the Section "Fair value disclosures".

Derecognition criteria
Financial assets are only derecognised if the sale involves the transfer of substantially all the risks and rewards associated with the assets themselves. If a significant portion of the risks and rewards of holding the financial assets sold has been retained, those assets continue to be recorded in the financial statements, even if ownership of the assets themselves has been effectively transferred.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the financial assets are derecognised if no form of control over them has been retained. Otherwise, retention of even part of such control requires the entity to continue to recognise the assets in an amount equal to the residual continuing involvement, measured by the exposure to changes in the value of the transferred assets and changes in their cash flows.
Finally, the transferred financial assets are derecognised if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay the cash flows, and only those flows, without material delay to other recipients.

Financial assets measured at amortised cost

Recognition criteria
The initial recognition of the financial asset is on the settlement date for debt securities and equities, and at the disbursement date for loans.
The initial value is equal to the fair value of the financial instrument, normally equal for loans to the amount disbursed including costs/income directly attributable to the individual instrument and, for debt securities, to the subscription or purchase price on the market.

Classification criteria
A financial asset is classified under financial assets measured at amortised cost if:
- the intent of the business model is to hold assets in order collect contractual cash flows ("Hold to Collect");
- the associated cash flows represent solely payments of principal and interest.

More specifically, assets recognised under this item include:
- the various technical forms of loans and receivables with banks that meet the requirements of the previous paragraph;
- the various technical forms of loans and receivables with customers that meet the requirements of the previous paragraph;
- debt securities that meet the requirements of the previous paragraph (which case does not currently apply in the financial statements).

Measurement criteria
Following initial recognition at fair value, these assets are measured at amortised cost, which involves the recognition of interest using the effective interest rate over the term of the loan or receivable
The book value of financial assets measured at amortised cost is adjusted in order to take account of write-downs/write-backs resulting from the assessment process (impairment); please to refer to the specific Section "Impairment of financial assets".

Derecognition criteria
Financial assets are only derecognised if the sale involves the transfer of substantially all the risks and rewards associated with the assets themselves. If a significant portion of the risks and

rewards of holding the financial assets sold has been retained, those assets continue to be recorded in the financial statements, even if ownership of the assets themselves has been effectively transferred.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the financial assets are derecognised if no form of control over them has been retained. Otherwise, retention of even part of such control requires the entity to continue to recognise the assets in an amount equal to the residual continuing involvement, measured by the exposure to changes in the value of the transferred assets and changes in their cash flows.
Finally, the transferred financial assets are derecognised if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay the cash flows, and only those flows, without material delay to other recipients.

Impairment of financial assets

Pursuant to IFRS 9, at each reporting date financial assets other than those measured at fair value through profit or loss undergo an assessment to determine whether there is evidence that the book value of the assets cannot be fully recovered. An analogous analysis is conducted for commitments to disburse funds and for guarantees issued that fall within the scope of the impairment provisions of IFRS 9.
If evidence of impairment is found, the financial assets in question - consistently, where present, with all other assets pertaining to the same counterparty - are considered impaired and are classified in stage 3. Value adjustments equal to the expected losses relating to their entire residual lives have to be made for these exposures.

Financial assets for which there is no evidence of impairment (unimpaired financial instruments) shall be evaluated to determine whether there is evidence that the credit risk of the individual transaction has increased significantly since initial recognition. Following the assessment, the assets shall be classified (or, more properly, staged) as follows:
- if these indicators exist, the financial assets will converge into stage 2. Such valuation, consistent with the provisions of the international accounting standards and even in the absence of manifest impairment, requires for the recognition of value adjustments equal to the expected losses over the residual life of the financial instrument;
- if these indicators do not exist, the financial assets will converge into stage 1. Such valuation, consistent with the provisions of the international accounting standards and even in the absence of manifest impairment, requires the recognition of expected losses, for the specific financial instrument, over the following twelve months.

The Group impairment process is applied to financial assets measured at amortised cost which could include: loans, trade receivables, contract assets, debt securities.
For trade receivables, in consideration of the provisions of IFRS 9 (paragraphs 5.5.15-16) and the immateriality of the financing component of such receivables, the Group has opted for the "simplified approach" which essentially provides for the calculation of total lifetime expected losses for the financial asset. Given that the residual life of trade receivables is generally less than one year, the 12-month and lifetime expected losses are the same.

Inventories

The item reports property, plant and equipment classified under IAS 2 – Inventories regarding the property portfolio of the Group's real estate company, which is held for sale.

Measurement criteria
Properties undergoing renovation are measured at the lower of cost, increased by expenses that increase their value and the financial expense that can be capitalised, and the corresponding estimated realisable value, less the direct costs to sell.
Trading properties are measured at the lower of cost and estimated realisable value, as

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determined from similar property transactions in terms of location and type. The estimated realisable value and the market value are determined on the basis of independent appraisals or any lower value at which management is prepared to sell based on urban/land registry circumstances that do not correspond to the effective state of the property and legal issues (such as the illegal occupation of the properties).
Any write-downs based on the above appraisal are charged to the appropriate item in the income statement.
If the reasons prompting the inventories' write-down should no longer obtain, write-downs recognised in previous periods are reversed through profit or loss up to the lower of cost and estimated realisable value.

Trade receivables and other current assets

Current items essentially include receivables generated by the provision of non-financial services, items awaiting settlement and items that are not attributable to other items in the balance sheet, including tax items other than those recognised in a separate item, and accrued income other than that which must be capitalised in the related financial assets, including that deriving from contracts with customers pursuant to IFRS 15, paragraphs 116 et seq.
For trade receivables, in consideration of the provisions of IFRS 9 (paragraphs 5.5.15-16) and the lack of importance of the financial component of such receivables, the Group has opted for the "simplified approach" as described above.

Current and deferred tax

Recognition criteria
Current tax assets and tax liabilities are recognised respectively under "Tax assets" in Assets and "Tax liabilities" in Liabilities while deferred taxes are recognised under "Deferred tax assets" and "Deferred tax liabilities".
In application of the *"balance sheet method"*, items for current and deferred taxes include:

- current tax assets, i.e. excess payment of tax liabilities on the basis of current tax laws governing corporate income;
- current tax liabilities, i.e. tax liabilities to be settled on the basis of current tax laws governing corporate income;
- deferred tax assets, i.e. amounts of income taxes recoverable in future periods as a consequence of:
  - deductible temporary differences (represented mainly by costs deductible in future periods on the basis of current tax laws governing corporate income);
  - unutilised tax losses carried forward;
  - unutilised tax credits carried forward;
  - except in cases where:
    - the deferred tax asset related to the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect either the result in the financial statements or the tax result;
    - in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that they will be received in the foreseeable future and that there will be sufficient taxable income to allow the recovery of such temporary differences;
- deferred tax liabilities, i.e. income tax liabilities to be settled in future periods as a consequence of taxable temporary differences (mainly represented by the deferral of taxation of revenues or the advance deduction of charges on the basis of current tax laws governing corporate income).

- except in cases where:
  - deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction, does not affect either the result in the financial statements or the tax result;
  - the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is probable that this will not occur in the foreseeable future.

In general, deferred tax assets and liabilities arise in the cases in which the deductibility or taxability of a cost or income is deferred with respect to their recognition for accounting purposes.
Current tax items include payments on account (current assets) and liabilities to settle (current liabilities) for income tax for the period. Current tax liabilities and the associated receivables for payments on account still outstanding at the end of the year are recognised as a net amount in a single item.
Deferred tax assets and liabilities are recognised in the balance sheet in their full amount without offsetting.

Measurement criteria
Current tax assets and liabilities are recognised by applying current tax rates and are recognised as charge (income) using the same accrual criteria adopted for the costs and revenues which generated them. In particular, current IRES (corporate income tax) and IRAP were calculated using the tax rates established in current tax law, using the rate of 24% for IRES and, for Italfondiario, the surtax of 3.5 percentage points applicable to credit and financial institutions (Law 208 of December 28, 2015).
Deferred tax assets and liabilities are recognised on the basis of the tax rates which, as of the reporting date, are expected to be applicable in the period in which the asset will be realised or the liability will be eliminated, in accordance with current tax legislation. They are periodically reviewed in order to take account of any regulatory changes.
Deferred tax assets are only recognised if their recovery through expected future taxable income is probable, measured on the basis of the Group's ability to produce taxable income in future financial years. Deferred tax liabilities are always recognised. The prerequisite for the recognition of deferred tax assets is that it is considered reasonably certain in view of corporate developments that taxable income will be generated against which the deductible temporary differences will be used. In accordance with the provisions of IAS 12, the probability that future taxable income will be sufficient to utilise the deferred tax assets is subject to periodic review. If that review suggests that future taxable income will be insufficient, the deferred tax assets are reduced in a corresponding amount.
Current and deferred taxes are recognised in the income statement under item Income tax expense, with the exception, if applicable, of taxes which refer to items which are credited or debited, in the same or another financial year, directly in equity, whose changes in value are recognised directly in valuation reserves in the statement of comprehensive income.

Derecognition criteria
Deferred tax assets and liabilities are derecognised at the time they are recovered/realised.

Assets held for sale

In compliance with IFRS 5, the Group classifies non-current assets and disposal groups as held for sale if their book value will be recovered mainly through a sales transaction, rather than through their continuous use. These non-current assets and disposal groups classified as held for sale are measured at the lower of the book value and their fair value less selling costs. Selling costs are the additional costs directly attributable to the sale, excluding financial charges and taxes.
The condition for classification as held for sale is considered to be met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its current condition. The actions required to close the sale should indicate that it is unlikely that significant changes in the sale will occur or that the sale will be cancelled. Management must be committed to the sale, which should be completed within one year from the date of classification.
Depreciation of property, plant and equipment and amortisation of intangible assets ceases when they are classified as available for sale.
The individual assets (or groups of assets held for sale) are recognised respectively under "Assets held for sale" and "Liabilities associated with assets held for sale".
Assets held for sale are excluded from the result of operating activities and are presented in the income statement in a single line as income (expense) less assets held for sale.

Loans and other financing and other financial liabilities

Recognition and classification criteria
The items indicated include financial liabilities measured at amortised cost represented by amounts due to banks, payables to other lenders and debt securities issued, as well as financial instruments initially recognised at fair value with changes recognised in the income statement. Liabilities recognised by the entity as a lessee in finance lease transactions are also included.
These financial liabilities are recognised at the settlement date and initially recognised at fair value, which normally corresponds to the consideration received, net of transaction costs directly attributable to the financial liability.

Measurement criteria
After initial recognition, financial liabilities, except those recognised at fair value with changes recognised in the income statement, are measured at amortised cost using the effective interest rate method. Profits and losses are recorded in the income statement when the liability is extinguished, as well as through the amortisation process.
The amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in the financial charges in the statement of profit/(loss).
Exception is made for short-term liabilities, for which the time factor is negligible, which continue to be carried at the amount received.

Derecognition criteria
A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or fulfilled. Where an existing financial liability is replaced by another of the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, this exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with recognition in the statement of profit / (loss) for the year of any differences between the book values.

Provisions for risks and charges

Recognition criteria
Provisions for risks and charges consist of liabilities recognised when:
- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no liability is recognised.

This item includes the provisions for legal obligations or connected with an employment relationship or disputes, including tax disputes, arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits, assuming that a reliable estimate can be made of the amount.
In addition, contingent liabilities for employees, mainly variable compensation, are accounted for.
Where the time element is significant, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. The provision can be recognised in the income statement under the item "Provisions for risks and charges" and also includes the interest expense accrued on the provisions that have been discounted or, for certain specific types of provision, as an offsetting entry to other items in the Income Statement.

Measurement criteria
The amounts allocated to provisions are determined so that they represent the best estimate of the expense required to settle the obligation. In making this estimate, the risks and uncertainties pertaining to the facts and circumstances involved are taken into account.
Specifically, when the effect of deferring the charge in time is significant, the amount of the provision is determined as the present value of the best estimate of the cost assumed necessary to extinguish the obligation. In this case, the discount rate used reflects current market assessments.
Provisions are periodically reviewed and adjusted if necessary to reflect the current best estimate. When, following a review, it is found that the charge is unlikely to be incurred, the provision is reversed.

Derecognition criteria
A provision is used only against the charges for which it was initially recognised.
Provisions for the year, recognised under "Provisions for risks and charges" in the income statement, include increases in provisions due to the passage of time and are reported net of any reversals.

Employee benefits

Classification criteria
Employee benefits, in addition to short-term benefits such as wages and salaries, relate to:
- post-employment benefits;
- other long-term benefits.

Post-employment benefits for employees are in turn divided between those based on defined contribution plans and those based on defined benefit plans, depending on the expected benefits:
- defined contribution plans are post-employment benefit plans, on the basis of which fixed contributions are paid, without there being a legal or implicit obligation to pay additional contributions, if there are not sufficient assets to honor all the benefits;
- defined benefit plans are post-employment benefit plans other than defined contribution

plans.

In this context, in Italy, based on Law no. 296 of 27 December 2006 (2007 Finance Act):

- the post-employment benefits accruing from January 1, 2007 is configured as a defined contribution plan, which does not require actuarial calculation. The amounts accrued can be allocated, at the choice of the employee, (i) to supplementary pension plans or (ii) left in the company and paid by it to the INPS treasury fund.
- the post-employment benefits accrued on the date indicated in the previous point, on the other hand, remain as a defined benefit plan, even if the benefit has already fully accrued. As a result, an actuarial recalculation of the payable value is necessary at each date after December 31, 2006.

Other long-term benefits are employee benefits that are not due in full within twelve months after the end of the year in which the employees worked.

Recognition and measurement criteria

The value of a defined benefit obligation is equal to the present value of future payments, envisaged as necessary to settle the obligation deriving from the work carried out by the employee in the current and previous years.

This present value is determined using the "Projected Unit Credit Method". This method uniformly distributes the cost of the benefit over the working life of the employee.

Employee benefits included among other long-term benefits, such as those deriving from seniority bonuses that are disbursed upon reaching a predefined length of service, are recognised based on the valuation at the reporting date of the liability assumed, determined using the "Projected Unit Credit Method".

The provision for employee severance indemnity is recognised under liabilities under the corresponding item "Employee benefits", while other post-employment benefits and sundry long-term benefits are recognised under "Provisions for risks and charges".

The costs for the program service (service costs) are accounted for under personnel costs, as well as interest accrued (interest costs).

Actuarial gains and losses (remeasurements) relating to post-employment defined benefit plans are fully recognised in equity reserves in the year in which they occur. These actuarial gains and losses are shown in the Statement of Comprehensive Consolidated Income, as required by IAS 1.

Actuarial gains and losses (remeasurements) relating to other long-term benefits are recognised in full under personnel costs in the year in which they occur.

Revenue recognition

Revenues represent the transfer of goods or services to customers and are recognised in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. They are recognised using the 5-step model (identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations; recognise the revenue when the entity fulfils the performance obligation).

Revenues from contractual obligations with customers are recognised through profit or loss when it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. This consideration must be allocated to the individual obligations to act contained in the contract and must be recognised as revenue in profit or loss based on the timing of fulfilment of the performance obligation.

Revenues can be recognised in the income statement at a point in time or over time, as the entity fulfils the performance obligation. The consideration promised in the contract with the customer can include fixed amounts, variable amounts or both.

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If the entity receives consideration from the customer which provides for reimbursement to the customer, in whole or in part, of the revenue received, a liability must be recognised against the expected future repayments. The estimate of this liability is updated at each annual or interim reporting date or interim period and based on the portion of the consideration that the entity expects to not be entitled to.
If the entity receives the payment or the payment is due from the customer before control of the goods or services is transferred to it, a contractual liability is recognised. Liabilities arising from the contract are recognised as revenue when the performance obligations in the related contract are met (i.e. control of the goods or services has been transferred to the customer).

Revenues from contracts with customers and other revenues

Revenues from sales linked to servicing contracts for the recovery of receivables managed under mandate are recognised on an accrual basis in accordance with IFRS 15 (hereinafter also the "Standard").

Recognition criteria
The model used for the recognition of servicing revenues is aligned to fulfilling the performance obligation.
In many cases, this alignment is already provided for in the contract, therefore:
• if the commissions are paid on a one-off basis in order to remunerate the provision of a service that occurred "at a given time", they will be recognised as revenues when they are received;
• if the commission is paid over time in order to remunerate a service that is provided over time, it will be recognised as revenue at the time of receipt.
However, in the event that the commission is received in advance in exchange for a performance obligation that is provided over time, over different reporting periods, the total amount of the commission is deferred to the financial statements and is recognised as revenue over the reference periods in which the service is provided. In these cases, the fee will be recognised as revenue in the income statement in proportion to time (i.e. based on a pro-rata criterion).
Sales revenues associated with servicing contracts for the recovery of receivables managed under mandate are recognised on an accruals basis based on the activities carried out by the Group, using IT procedures and complex accounting processes that take account of the different contractual terms of each mandate. The servicing contracts envisage complex clauses of rights and obligations for the Group in relations with participating customers.
When preparing the annual or half-year financial statements, revenues accrued in the period that have not yet been manifestly accepted by the customer are recognised. Depending on the terms of contract and the established practice, that acceptance may take the form of the issuance of an invoice or an explicit notice.

Measurement criteria
The Standard requires that the entity must consider the terms of the contract and its usual commercial practices when determining the price of the transaction. The transaction price is the amount of consideration to which the entity believes it is entitled in exchange for the transfer to the customer of the goods or services promised. The consideration promised in the contract with the customer can include fixed amounts, variable amounts or both.
To determine the transaction price, the entity must consider the effect of all of the following:
a) variable consideration;
b) limitation of estimates of the variable consideration;
c) existence in the contract of a significant loan component;
d) non-monetary consideration; and
e) consideration to be paid to the customer.

In particular, the contract consideration is variable following the reductions, discounts, rebates, incentives price concessions, premiums, performance bonuses, penalties or other similar items and may be contingent on the occurrence or non-occurrence of a future event. In the presence of variable consideration, revenue is recognised when it is possible to reliably estimate the revenue and only if it is highly probable that this consideration will not be reversed from the income statement, in whole or in a significant part, when the uncertainty linked to the variable consideration will be subsequently resolved.

As part of the Group's main servicing contracts, the following types of commissions are considered variable:

- Base, performance and non-performance commissions: linked respectively to assets under management and the achievement of collection targets;
- Indemnity of transfer and indemnity of personnel: linked to the occurrence of the event of transfer of portfolios and at the discretion of the customer.

With regard to the limitation of the estimates of the variable consideration, the variable commissions that depend on the occurrence of a future event are not recognised in the income statement before being certain through an estimate of the same since the resolution of the uncertainty (i.e. the occurrence of the event) could result in the complete reversal of the estimated revenue if it had been previously recognised.

In the event of receipt of advance payments from customers, there is a significant financing component in consideration of the time period from the date on which the payment made by the customer and the transfer of the service are collected, as well as the rates prevailing in the market. Therefore, the transaction price for these contracts is discounted, using the implicit interest rate of the contract (e.g. the interest rate that brings the spot price of the equipment back to the value paid in advance). This rate is proportional to the rate that would have been used in a separate financial transaction between the Group and the customer at the date of signing of the contract.
The Group applies the practical expedient for short-term advances received from customers. The amount of the promised consideration is not adjusted to take into account significant financial components if the period between the transfer of the promised goods or services and the payment is less than or equal to one year.

With regard to points d) and e), the Group does not recognise any clause in its servicing contracts that leads to the identification of these cases.

Dividends

Dividends are recognised through profit or loss in the period in which their distribution is authorised.

Costs

Costs are recognised when they are incurred, on an accruals basis.
Impairment losses are recognised through profit or loss in the period in which they are ascertained.

Public grants

Public grants are recognised when there is reasonable certainty that they will be received and that all the conditions referring to them will be met. Grants related to cost components are recognised as revenues and systematically allocated between the years so as to be commensurate with the recognition of the costs they intend to offset. The grant related to an asset is recognised as revenue on a straight-line basis over the expected useful life of the asset in question.

Other information

Treasury shares
Changes in treasury shares in the portfolio are recognised directly in equity, i.e. reducing the latter by the value of purchases and increasing it by the value of sales.
This means that in the case of a subsequent transfer the difference between the sales price of the treasury shares and the associated repurchase cost, net of any tax effects, is fully recognised with a balancing entry in shareholders' equity.

Accruals and deferrals
Accruals and deferrals, which comprises charges and income pertaining to the period accrued on assets and liabilities, are recognised as an adjustment to the assets and liabilities to which they refer.

Share-based payments
Share-based payments are payments made to employees or comparable persons as payment for work or other services/assets received, based on shares representing capital, which consist in the grant of rights to receive shares upon meeting quantitative/qualitative objectives.
The cost of transactions settled with equity instruments is determined by the fair value at the date on which the assignment is made. The fair value of the payments settled with the issue of shares is based on their listed value on the Stock Exchange. This cost, together with the corresponding increase in equity under the item "Other Reserves", is recognised under "Personnel costs" over the period in which the conditions relating to the achievement of objectives and/or the provision of the service are met. The cumulative costs recognised for these transactions at the end of each year until the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually vest. The cost or revenue in the statement of profit/(loss) for the year represents the change in the cumulative cost recognised at the beginning and end of the year.
The conditions of service or performance are not taken into consideration when the fair value of the plan is defined at the grant date. However, the probability that these conditions will be met is taken into account in defining the best estimate of the number of capital instruments that will mature. Market conditions are reflected in the fair value at the grant date. Any other condition linked to the plan, which does not involve a service obligation, is not considered as a vesting condition. The non-vesting conditions are reflected in the fair value of the plan and entail the immediate recognition of the cost of the plan, unless there are also service or performance conditions.
No cost is recognised for rights that do not accrue as the performance and/or service conditions are not met. When the rights include a market condition or a condition of non-vesting, they are treated as if they had vested regardless of whether the market conditions or the other conditions of non-vesting to which they are subject are met or not, it being understood that all the other performance and/or service conditions must be met.
If the plan conditions are changed, the minimum cost to be recognised is the fair value at the grant date in the absence of the plan amendment, on the assumption that the original plan conditions are met. In addition, there is a cost for each change that results in an increase in the total fair value of the payment plan, or that is in any case favourable for employees; this cost is measured with reference to the date of amendment. When a plan is derecognised by the entity or the counterparty, any remaining element of the plan's fair value is immediately charged to the income statement.

RELEVANT IAS/IFRS DEFINITIONS

The following presents a number of concepts relevant for the purposes of the IAS/IFRS international accounting standards are outlined, in addition to those already addressed in the previous chapters.

Amortised cost

The amortised cost of a financial asset or liability is the amount at which it is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for impairment or unrecoverability.

The effective interest rate method is a method for allocating interest income or expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the life of the financial instrument to the net book value of the financial asset or liability. The calculation includes all charges and basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions that are considered an integral part of the effective interest rate include initial commissions received for the disbursement or acquisition of a financial asset not classified as measured at fair value, such as, for example, those received as compensation for the assessment of the debtor's financial condition, the evaluation and registration of guarantees and, more generally, the completion of the transaction.

Transaction costs, in turn, include fees and commissions paid to agents (including employees filling the role of commercial agents), consultants, mediators and other operators, contributions levied by regulatory bodies and stock exchanges, and taxes and charges on the transfer. Transaction costs do not include lending costs or internal administrative or management costs.

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Fair value **disclosures**

Paragraph 9, IFRS 13 defines fair value as "the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market participants at the measurement date".
The fair value measurement assumes that the sale of an asset or the transfer of a liability takes place in a so-called main market, which can be defined as the market with the highest volumes and levels of trading for the asset/liability subject to valuation. In the absence of a main market, the most advantageous market must be taken as a reference, i.e. the market that maximises the amount that would be collected in the sale of an asset or minimises the amount that would be paid in the transfer of a liability, after considering transaction costs.

With the aim of maximising the consistency and comparability of fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy that divides the parameters used to measure fair value into three levels:

- Level 1: the fair value of the instrument is determined on the basis of listed prices observed on active markets;
- Level 2: the fair value of the instrument is determined on the basis of valuation models that use observable inputs onto active markets, such as:
    - prices listed on active markets for similar instruments;
    - observable parameters such as interest rates or yield curves, implied volatility, early payment risk, default rates and illiquidity factors;
    - parameters that are not observable but supported and confirmed by market data.
- Level 3: the fair value of the instrument is determined on the basis of valuation models that mainly use inputs that cannot be inferred from the market, which therefore involve the adoption of estimates and internal assumptions.

This classification aims to establish a hierarchy in terms of objectivity of the fair value according to the degree of discretion adopted, giving priority to the use of parameters observable on the market. The fair value hierarchy is also defined on the basis of the input data used in the fair value calculation models and not on the basis of the valuation models themselves.

Fair value levels 2 and 3: valuation techniques and inputs used

The information required by IFRS 13 with regard to accounting portfolios measured at fair value on a recurring basis is shown below. For financial assets not measured at fair value, the Group believes that the book value is a reasonable approximation of the fair value.

At the date of preparation of the consolidated financial statements as at December 31, 2020, there are no assets or liabilities measured at fair value on a non-recurring basis.

Assets and liabilities measured at fair value on a recurring basis

Asset Backed Securities
The ABS are valued using the discounted cash flow valuation model which is based on the estimate of the cash flows paid by the security and on the estimate of a spread for discounting.

Equity securities
Equity securities are assigned to Level 1 when a price is available on an active market considered to be liquid and to Level 3 when there are no prices or the prices have been

suspended indefinitely. These instruments are classified as Level 2 only if the volume of activity on the stock exchange is significantly reduced.
For equity instruments measured at cost, impairment is expected if the cost significantly exceeds the recoverable value and/or is prolonged over time.

Investment Funds
The funds are classified as Level 1 if they are listed on an active market; if this does not occur, they are classified as Level 3 and are measured through a credit adjustment of the NAV based on the specific characteristics of the individual fund.

Interest Rate Swaps (IRS)
The net discounted cash flow analysis technique is used to determine the fair value of the IRS.

Description of valuation techniques
In order to measure positions for which the market sources do not provide a directly observable market price, specific valuation techniques widespread on the market and described below are used.

Discounted cash flow
Valuation techniques based on discounted cash flow generally consist in determining an estimate of expected future cash flows over the life of the instrument. The model requires the estimate of cash flows and the adoption of market parameters for the discount: the discount rate or margin reflects the credit and/or loan spread required by the market for instruments with similar risk and liquidity profiles in order to define a "discounted value". The fair value of the contract is the sum of the discounted future cash flows.

Market Approach
Valuation technique that uses the prices generated by market transactions involving identical or comparable assets, liabilities or groups of assets and liabilities.

NAV
The NAV (Net asset value) is the difference between the total value of the fund's assets and its liabilities. An increase in the NAV coincides with an increase in fair value. Usually, for funds classified as Level 3, the NAV represents a risk-free valuation, therefore in this case the NAV is adjusted to consider the risk of default of the issuer.

Fair value hierarchy

Financial instruments are assigned to a certain fair value level based on whether the inputs used for valuation are observable.

When the fair value is measured directly by using an observable price that is listed on an active market, the process will categorise it at Level 1. When the fair value must be measured using a comparable approach or a pricing model, the instrument will be categorised in either Level 2 or Level 3, depending on whether all significant inputs used in the valuation are observable.

In the choice between the different valuation techniques, the one that maximises the use of the observable inputs is used.

All transfers between the levels of the fair value hierarchy are made with reference to the end of the reporting period.

The main factors that would prompt a transfer between fair value levels (both between Level 1 and Level 2 and to Level 3) include changes in market conditions and improvements in valuation models and the relative weights of unobservable inputs used in fair value measurement.

Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

The following table reports the breakdown of assets and liabilities measured at fair value by fair value hierarchy input level.

Level 3 of the category "Financial assets recognised at fair value under income statement components" mainly includes (i) the residual value of the notes issued by the securitisation vehicle companies Romeo SPV and Mercuzio Securitisation, equal to 5% of the total securities, (ii) the value of the notes attributable to the Relais securitisation, whose mezzanine and junior notes were purchased in the last days of 2020 and were already resold by the first half of February 2021; (iii) the value of the notes attributable to the Cairo securitisations, whose mezzanine notes were purchased on June 5, 2020 at the same time as the acquisition of the subsidiary doValue Greece and (iv) in the UCI units, the equivalent value of the amount paid for the subscription of the remaining 28 units of the Italian Recovery Fund alternative reserved investment fund (formerly Atlante II) net of redemptions.

Financial liabilities include, at Level 3, (i) the Earn-out represented by the fair value of the liability relating to a portion of the acquisition price of Altamira, (ii) the Earn-out represented by the fair value of the liability linked to a portion of the acquisition price of Eurobank FPS (now doValue Greece), which is linked to the achievement of certain EBITDA targets over a ten-year period and (ii) the fair value of the liability linked to the option to purchase residual minority interests with maturity in future years.
The fair value of these financial liabilities was determined on the basis of the contracts for the acquisition of equity interests and the economic-financial parameters that can be inferred from the long-term plans of the acquired companies. Since these parameters are not observable on the market (either directly or indirectly), these liabilities are classified under Level 3.
Level 2 of "Other financial liabilities" includes the fair value of the derivative contracts hedging the Facility Loan stipulated to finance the purchase of the equity investment in Altamira and for the refinancing of the pre-existing debt of the same investee.

(€/000)

	12/31/2020			12/31/2019 RESTATED		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss	**-**	**-**	**63,644**	**-**	**-**	**33,588**
Units in collective investment undertakings	-	-	26,857	-	-	28,923
Debt securities	-	-	36,741	-	-	4,619
Equity securities	-	-	46	-	-	46
TOTAL	**-**	**-**	**63,644**	**-**	**-**	**33,588**
Other financial liabilities	**-**	**454**	**53,905**	**-**	**367**	**50,611**
Earn-out	-	-	29,894	-	-	17,417
Hedging derivatives	-	454	-	-	367	-
Put option on non-controlling interests	-	-	24,011	-	-	33,194
TOTAL	**-**	**454**	**53,905**	**-**	**367**	**50,611**

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CONSOLIDATED **BALANCE SHEET**

Assets

NOTE 1 – INTANGIBLE ASSETS

Changes in the period are reported in the following table.

(€/000)

	Software	Brands	Assets under development and payments on	Goodwill	Other intangible assets	Total 12/31/2020	Total 12/31/2019 RESTATED
Gross opening balances	**113,677**	**44,125**	**2,291**	**137,969**	**201,552**	**499,614**	**18,107**
Initial reduction in value	(95,133)	(5,766)	-	-	(57,835)	(158,734)	**(11,260)**
Net opening balances	**18,544**	**38,359**	**2,291**	**137,969**	**143,717**	**340,880**	**6,847**
Initial adjustments	-	2,742	-	(13,470)	(17,546)	(28,274)	-
Increases	**15,653**	**3**	**526**	**68,493**	**256,001**	**340,676**	**315,388**
Purchases	9,912	3	2,695	-	261	12,871	6,928
Business combination (gross value)	3,632	-	1	68,493	255,740	327,866	308,468
Writebacks	-	-	-	-	-	-	-
Others changes	2,109	-	(2,170)	-	-	(61)	(8)
Decreases	**(13,938)**	**(3,602)**	**(10)**	**-**	**(58,272)**	**(75,822)**	**(32,650)**
Disposals	(172)	-	(10)	-	-	(182)	-
Business combination (reduction)	(3,437)	-	-	-	-	(3,437)	-
Amortisation	(10,408)	(3,583)	-	-	(35,274)	(49,265)	(32,650)
Impairment	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-
Other changes	79	(19)	-	-	(22,998)	(22,938)	-
GROSS CLOSING BALANCES	**129,158**	**46,870**	**2,807**	**192,992**	**440,007**	**811,834**	**333,495**
Final reduction in value	(108,899)	(9,368)	-	-	(116,107)	(234,374)	(43,910)
NET CLOSING BALANCES	**20,259**	**37,502**	**2,807**	**192,992**	**323,900**	**577,460**	**289,585**

The opening balance of the intangible assets, which mainly include the value of multi-annual servicing contracts and goodwill connected to the acquisition of Altamira, were restated with respect to the closing balance resulting from the 2019 financial statements, following changes incurred in the PPA measurement, pursuant to IFRS 3, rendered final as at June 30, 2020, after 12 months from its entry into the scope of consolidation. These changes are included in the lines "Adjustments to opening balances" and "Other changes" of the table above; for further details, please refer to the Section "Retrospective adjustments" in the chapter "Business combinations relating to company enterprises or branches".

The acquisition of Eurobank-FPS (now doValue Greece), completed on June 5, 2020, is reflected in the item "Business combination". In particular, with the provisional Purchase Price Allocation (PPA) exercise, intangible assets relating to Special and Master Servicing contracts were identified, for the management of portfolios of impaired exposures, whose provisional fair value amounted to €255.7 million. In addition, €68.5 million was allocated to goodwill.
With regard to the item "Software", reference is made to the software licenses for computers that derive from the contribution of the Company since, during the provisional PPA, a fair value was not attributed as they were purchased and not generated internally.
For further information, please refer to the Section "Business combinations completed during

the period" in the chapter "Business combinations relating to company enterprises or branches".
The amortisation charge, referring to the other intangible assets arising from the provisional PPA, pertaining to the date of acquisition until December 31, 2020, amounted to €11.2 million.

The item also includes the balances as at December 31, 2020 relating to the assets referring to the acquisition of Altamira Asset Management and its subsidiaries at the end of June 2019, allocated on the basis of the final Purchase Price Allocation (PPA) and net of amortisation for the period:
- €8.5 million for software;
- €37.4 million for the Altamira brand;
- €79.4 million relating to other intangible assets, which include the valuation of active long-term servicing contracts with major banks and companies for approximately €75 million and the backlog & database component for €4.4 million;
- €124.1 million relating to goodwill.

Further increases in the year refer to new software developments, mainly related to the application for managing non-performing positions. The technological developments entering service during the year were classified under software (€2.2 million) and again regard implementations designed to improve applications dedicated to debt recovery and the business.

The decreases during the year are attributable to the amortisation charges for the period. "Other intangible assets" include the values of long-term servicing contracts deriving from the evaluation of the Altamira and doValue Greece acquisition transactions, which are systematically amortised based on the direct margin curve for each contract over the course of its entire useful life, consistent with the best estimate of the cash flows from each individual contract. The amortisation charge for the period of each contract was calculated to an extent corresponding to the direct margin posted in the period.

Albeit taking into account the difficulty inherent in the formulation of even short or medium-term forecasts in this ongoing climate of great uncertainty and considering that both Altamira and doValue Greece hold medium/long-term management contracts for existing loans (stock) and future positions (new flows) with leading banks and major investment funds, the Group carried out an impairment test on the values of the intangible assets and on the goodwill as at December 31, 2020, as indicated by the international accounting standard IAS 36 "Impairment of assets" in accordance with the instructions issued by ESMA on October 28, 2020 in the Public Statement "European common enforcement priorities for 2020 IFRS annual financial reports".
To this end, the Cash Generating Units (CGUs) were first identified in the two geographical segmentation areas pertaining to Altamira Asset Management and its subsidiaries and doValue Greece, namely Iberia (Spain and Portugal) and Cyprus and Greece, were preliminarily identified and the allocation of intangible assets and goodwill to the two separate CGUs was determined.
For the purposes of impairment testing, the forward-looking information determined in accordance with the most recent scenario assumptions collected by the subsidiaries was considered, that takes account of the pandemic trend and the estimated effects it has had and will have on the NPL servicing market in general and on Altamira Asset Management in particular and on doValue Greece in addition to the budget data for 2021.
As part of the analysis, the current value in use attributable to the individual active servicing contracts were therefore consistently estimated, considering the respective expected cash flows over the entire useful life. This calculation found evidence of that the difference between the value in use and the related book value, net of amortisation for the period, was always positive.
For the purposes of impairment testing, the forward-looking information determined in accordance with the most recent scenario assumptions collected by the subsidiaries was

considered, that takes account of the pandemic trend and the estimated effects it has had and will have on the NPL servicing market in general and on Altamira Asset Management in particular and on doValue Greece in addition to the budget data for 2021.
As part of the analysis, the current value in use attributable to the individual active servicing contracts were therefore consistently estimated, considering the respective expected cash flows over the entire useful life. This calculation found evidence of that the difference between the value in use and the related book value, net of amortisation for the period, was always positive.

The following table summarises the outcome of the impairment test on the intangible assets of Altamira:

(€/000)

	Net present value	Net book value	Impairment
SLAs	97,474	53,270	
Brand	42,131	37,433	-
Database	4,377	4,377	-
Software	8,012	8,012	-
Other Intangible - Spain & Portugal	**151,994**	**103,092**	**-**
SLAs	26,815	21,501	-
Software	485	485	-
Other Intangible - Greece & Ciprus	**27,300**	**21,986**	**-**
Total Other Intangibles	**179,294**	**125,079**	**-**

Similarly, the table summarising the impairment test performed on the provisional value attributed to the intangible assets of doValue Greece is shown below.

(€/000)

	Net present value	Net book value	Impairment
SLAs - Greece	**286,866**	**244,503**	**-**
Total Other Intangibles	**286,866**	**244,503**	**-**

As regards the comparison between the recoverable value and the aggregate net book value of the two CGUs, as at December 31, 2020, in both cases the model highlighted a large amount of recoverable value to support goodwill, confirming the absence of impairment losses.

With regard to the methods used to carry out the test, please refer to the Section “Accounting Policies - Risks and uncertainties associated with the use of estimates” in the paragraph dedicated to **Estimation of impairment losses on intangible assets.**

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT

(€/000)

	Buildings	Furniture	Electronic Systems	Other	Total 12/31/2020	Total 12/31/2019
Gross opening balances	**25,004**	**2,289**	**12,126**	**5,055**	**44,474**	**11,358**
Initial reduction in value	(7,172)	(1,649)	(9,642)	(2,244)	(20,707)	(7,632)
Net opening balances	**17,832**	**640**	**2,484**	**2,811**	**23,767**	**3,726**
Initial adjustments	*1*	-	-	-	1	11,749
Increases	**20,893**	**620**	**(1,619)**	**13,603**	**33,497**	**15,599**
Purchases	9,284	14	1,958	6,354	17,610	5,698
di cui: Diritto d'uso	9,251	-	-	5,318	14,569	(4,604)
Business combination	12,104	606	1,499	2,195	16,404	7,636
Capitalised expenditure on	-	-	-	61	61	-
Others changes	(495)	-	(5,076)	4,993	(578)	2,265
Decreases	**(21,971)**	**(750)**	**1,312**	**(10,620)**	**(32,029)**	**(7,307)**
Disposals	-	-	(7)	(1,483)	(1,490)	(12)
Business combination	(3,919)	(595)	(1,431)	(1,379)	(7,324)	-
Amortisation	(9,296)	(155)	(953)	(2,969)	(13,373)	(7,329)
di cui: Diritto d'uso	(8,853)	-	-	(2,032)	(10,885)	5,741
Others changes	97	-	3,703	(2,757)	1,043	34
GROSS CLOSING	**45,898**	**2,909**	**10,500**	**17,175**	**76,482**	**38,694**
Final reduction in value	(20,290)	(2,399)	(8,323)	(9,349)	(40,361)	(14,927)
NET CLOSING BALANCES	**25,608**	**510**	**2,177**	**7,826**	**36,121**	**23,767**

In 2020, the Group recognised increases in assets of €17.6 million, mainly in respect of new rights of use connected with Group property and the hardware infrastructure. The increase associated with external business combinations regards the property, plant and equipment of doValue Greece in the amount of €9.1 million.

These increases are offset by the amortisation charge for the year.

Please see Note 19 for more details on changes in rights of use.

NOTE 3 – FINANCIAL ASSETS

The following table reports financial assets other than cash and cash equivalents held by the Group.

(€/000)

	12/31/2020	12/31/2019
Non-current financial assets	**64,961**	**48,609**
Financial assets measured at fair value through profit or loss	**63,644**	**33,588**
Units in collective investment undertakings	26,857	28,923
Debt securities	36,741	4,619
Equity securities	46	46
Financial assets measured at amortised cost	**1,317**	**15,021**
Loans to customers	1,242	14,935
Loans to banks	75	86
Current financial assets	**5,898**	**-**
Financial assets measured at amortised cost	**5,898**	**-**
Loans to customers	5,898	-
TOTAL	**70,859**	**48,609**

Non-current financial assets include the units in collective investment undertakings that regard the amount paid in previous years for the subscription of the remaining 28 units of the restricted closed-end alternative securities investment fund denominated Italian Recovery Fund (formerly Atlante II). Following the two payments made, at December 31, 2020, a minimal amount of €1.2 million remained recognised under commitments. The fair value of these units is determined through a credit adjustment of the NAV based on the specific characteristics communicated by the Fund.

Debt securities recorded an increase of €32.1 million, justified mainly for €12.8 million by the subscription of ABS securities related to the Cairo securitisations whose mezzanine notes were acquired as part of the acquisition of Eurobank-FPS (now doValue Greece) and for €20.6 million by the subscription of ABS securities attributable to the Relais securitisation, whose mezzanine and junior notes were acquired in the last few days of 2020 and were already resold in the first half of February 2021, recording a profit to be realized.

The residual amount of €3.3 million is represented by the residual value of the ABSs from the Romeo SPV and Mercuzio Securitisation securitisations. The amount subscribed by doValue corresponds to 5% of the total notes issued by the two vehicles. The decrease in the amount compared with December 31, 2019 is mainly due to the reduction in the nominal outstanding amount recorded in the period due to the collection of the notes.

The valuation of the Relais notes reflects the acquisition value sustained at the end of the year, while the Cairo, Romeo SPV and Mercuzio Securitisation securities mentioned above were valued using the Discounted Cash Flow method, as described in the section of Accounting Policies - Fair value disclosures.

Equity instruments consist of non-controlling interests for which the Group has not exercised the option available under IFRS 9 to measure these instruments at fair value through other comprehensive income not recyclable to profit or loss.

The decrease during the period in loans to customers mainly refers to (about €7.3 million) collections on a non-performing loan portfolio, with the remaining amount (€5.9 million) classified under current assets, as it is believed that the complete disinvestment will take place in the first part of 2021, and to the assignment of a UTP position (€520 thousand), both acquired in 2019 as part of opportunistic and non-recurring transactions.

NOTE 4 – **DEFERRED TAX ASSETS AND LIABILITIES**

The items report deferred tax assets by deductible temporary difference.

Deferred tax assets include amounts in respect of loan write-downs and deferred tax assets determined specifically on the basis of the stocks of the components to which they refer (litigation, provisions for employees).

In this regard, the Parent Company exercised the option to retain the possibility of converting deferred tax assets into tax credits pursuant to Art. 11 of Legislative Decree 59 of May 3, 2016, ratified with Law 119 of June 30, 2016. This measure introduced the optional regime in order to eliminate issues that emerged at the Community level regarding the incompatibility of the DTA transformation legislation with the rules governing state aid, ensuring that the convertibility of qualifying DTAs into tax credits is only allowed following payment of a specific fee based on the amount of those DTAs.

With regard to the deferred tax assets referred to in Law 214/2011, as a result of the express provision of Art. 56 of Decree Law 225 of 12/29/2010, the negative components corresponding to the deferred tax assets transformed into tax credits are not deductible, first offsetting on a priority basis decreases at the nearest maturity in an amount corresponding to a tax equal to the transformed DTAs.

The 2019 Budget Act (Law 145/2018) modified the temporary mechanism provided for in Article 16, paragraphs 3-4 and 8-9 of Decree Law 83/2015 concerning the deductibility for both IRES and IRAP purposes of the loan losses of banks, financial companies and insurance undertakings. The law essentially deferred to the current tax period as at December 31, 2026, for both IRES and IRAP purposes, the deductibility of 10% of write-downs and loan losses to customers recognised for that purpose that were originally intended to be deducted for the current tax period as at December 31, 2018.

Article 1, paragraphs 712-715 of the 2020 Budget Act (Law 160/2019) then provided for the deferral of the deduction of the negative IRES (corporate income tax) components. More specifically, the deductibility, for IRES and IRAP purposes, of the stock of write-downs and loan losses credit and financial institutions, of 12%, originally established for the tax period under way as at December 31, 2019 was postponed to tax periods under way as at December 31, 2022 and the three subsequent tax periods. The deferral is made on a straight-line basis.

As a result of this legislation, the amount of the deferred tax assets recognised in the financial statements will begin to change starting from 2023 instead of 2022, as provided for by the previous extension enacted with the 2019 Budget Act.

With regard to the provisions of IAS 12, deferred tax assets are subject to probability testing, taking account of forecast profits in future years and verifying that future taxable income will be available against which the deferred tax assets can be used.
The test, performed on figures as at December 31, 2020, took account of the 2021-2023 Business Plan pushed downward due to the Covid-19 pandemic, which showed a large tax base that confirms its ability to absorb the deferred tax assets recorded.
In the year ended December 31, 2020, a total of additional DTAs of €3.4 million were recognised in relation to the tax loss recorded by doValue and the subsidiary Italfondiario as well as provisions and write-downs, while €2.2 million derives from the entry into the scope of consolidation of doValue Greece. This increase was partially offset by the recovery of the deferred tax assets of €2.6 million.

The criteria used for the recognition of deferred tax assets can be summarised as follows:

- deferred tax assets correspond to the amounts of income tax that can be recovered in future years regarding temporary differences;
- the prerequisite for the recognition of deferred tax assets is that it is considered reasonably certain in view of corporate developments that taxable income will be generated against which the deductible temporary differences will be used.

IRES and IRAP were calculated by applying the tax rates established under current law, using the new 24% tax rate for IRES purposes and, for Italfondiario only, applying the 3.5 percentage-point surtax envisaged for credit and financial institutions (Law 208 of December 28, 2015).

With regard to the calculation of the IRAP (regional business tax) rate, doValue meets the requirements for classification as a non-financial holding company, as at December 31, 2020. In accordance with that classification, doValue determines its tax base on the same basis as ordinary companies, and takes account of the difference between the interest income and similar income and the interest expense and similar charges to the extent provided for under tax law, also applying the increased rate (of 5.57% unless otherwise provided by the individual regions) levied on credit and financial institutions.

Deferred tax assets
Breakdown

(€/000)

	12/31/2020	12/31/2019
Writedowns of loans (P&L)	49,344	49,329
Tax losses carried forward (P&L)	16,821	13,082
Provisions recognised through Equity	625	502
Provisions for risks and charges (P&L)	4,573	4,929
Property, plant and equipment / intangible assets (P&L)	21,369	22,637
Administrative expenses (P&L)	1,926	149
Other assets / liabilities (P&L)	44	112
TOTAL	**94,702**	**90,740**

Change

(€/000)

	Income Statement	Recognised in equity	Total 12/31/2020	Total 12/31/2019
Opening balance	**90,238**	**502**	**90,740**	**81,406**
Initial adjustments	**157**	**-**	**157**	**-**
Increases	**6,241**	**123**	**6,364**	**35,749**
Deferred tax assets recognised during the year	3,316	35	3,351	2,920
- In respect of previous years	35	-	35	-
- Due to changes in accounting policies	-	-	-	-
- Writebacks	-	-	-	-
- Other	3,281	35	3,316	2,920
New taxes or increases in tax rates	264	-	264	-
Other changes	551	-	551	88
Business combination	2,110	88	2,198	32,741
Decreases	**(2,559)**	**-**	**(2,559)**	**(26,415)**
Deferred tax assets derecognised during the year	(2,561)	-	(2,561)	(26,415)
- Reversals of temporary differences	(2,548)	-	(2,548)	(13,753)
- Writedowns of non-recoverable items	-	-	-	-
- Due to changes in accounting policies	-	-	-	-
- Other	(13)	-	(13)	(12,662)
Reduction in tax rates	-	-	-	-
Other changes	2	-	2	-
TOTAL	**94,077**	**625**	**94,702**	**90,740**

Deferred tax liabilities
Breakdown

(€/000)

	12/31/2020	12/31/2019 RESTATED
Provisions recognised through P&L	77,446	15,325
Provisions recognised through Equity	20	20
TOTAL	**77,466**	**15,345**

Change

(€/000)

	Income Statement	Recognised in equity	Total 12/31/2020	Total 12/31/2019 RESTATED
Net opening balances	**24,866**	**20**	**24,886**	**21**
Initial adjustments	(9,541)	-	(9,541)	-
Increases	**66,918**	**-**	**66,918**	**16,109**
Deferred tax liabilities recognised during the year	5,540	-	5,540	1
- In respect of previous years	-	-	-	-
- Due to changes in accounting policies	-	-	-	-
- Other	5,540	-	5,540	1
New taxes or increases in tax rates	-	-	-	-
Other changes	-	-	-	19
Business combination	61,378	-	61,378	16,089
Decreases	**(4,797)**	**-**	**(4,797)**	**(785)**
Deferred tax liabilities derecognised during the year	(4,797)	-	(4,797)	(765)
- Reversals of temporary differences	-	-	-	(765)
- Due to changes in accounting policies	-	-	-	-
- Other	(4,797)	-	(4,797)	-
Reduction in tax rates	-	-	-	-
Other changes	-	-	-	(20)
TOTAL	**77,446**	**20**	**77,466**	**15,345**

The amount of deferred tax liabilities referring to business combinations, now recognised in the Restated amount as at December 31, 2019, derives from the effects of the definition of the *Purchase Price Allocation* of Altamira and, in particular, the overall tax effect of the fair value adjustments made to the values relating to the entry into the scope of consolidation of the acquired company.
The "Adjustments to opening balances" item highlights the adjustment made in relation to opening balances as at January 1, 2020. For further information, reference is made to Section 7.3 "Retrospective adjustments" in the chapter "Business combinations relating to company enterprises or branches".

The item "Business combinations" as at December 31, 2020 includes the amount deriving from the doValue Greece business combination and, in particular, it results from the exercise of *provisional Purchase Price Allocation* as a tax effect of the adjustments made to the values relating to entry into the scope of consolidation of the acquired company.

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NOTE 5 – OTHER ASSETS

The following table provides a breakdown of other current and non-current assets.

(€/000)

	12/31/2020	12/31/2019 RESTATED
Other non current assets	**1,646**	**106**
Other current assets	**16,172**	**20,945**
Accrued income / prepaid expenses	2,126	2,779
Items for employees	2,171	2,253
Receivables for advances	9,154	6,115
Tax receivables	1,335	6,673
Other items	1,386	3,125
TOTAL	**17,818**	**21,051**

The item recorded a decrease in the period mainly linked to tax receivables as well as the collection of other items.
The component of receivables for advances was particularly affected by the entry of doValue Greece for €3.8 million.
Other non-current assets mainly consist of security deposits, including those relating to doValue Greece for €0.6 million.

NOTE 6 – INVENTORIES

As at December 31, 2020, the item amounted to €55 thousand (€137 thousand at December 31, 2019) and refers to the Group's real estate portfolio, consisting of the value of two properties. During the year, 3 properties were sold with a reduction in inventories of €82 thousand from their value as at December 31, 2019.

NOTE 7 – TRADE RECEIVABLES

(€/000)

	12/31/2020	12/31/2019 [1)]
Receivables	**176,857**	**179,387**
Receivables accruing (Invoices to be issued)	96,712	106,003
Receivables for invoices issued but not collected	80,145	73,384
Provisions	**(1,702)**	**(2,396)**
Provisions for expected losses on receivables	(1,702)	(2,396)
TOTAL	**175,155**	**176,991**

[1)] The data relating to the previous year have been restated to ensure a homogeneous comparison

Trade receivables arise in respect of invoices issued and accruing revenues mainly connected with servicing activities and real estate services under mandate and therefore mainly relating to the revenue item "revenues from contracts with customers".
The reduction in receivables during the year, taking into account that the entry into the scope of consolidation of doValue Greece contributed €41.7 million in 2020, is the result of the Group's commitment to improve the invoicing and collection processes of its revenues. The performance is particularly positive as results have been achieved despite the negative impact due to the Coronavirus pandemic, confirming the resilience of the business model of the doValue Group.
Provisions for loan losses decreased due to the definition of some specific provisions that emerged in 2019 for some customers.

NOTE 8 – **TAX ASSETS AND TX LIABILITIES**

The following table provides a breakdown of tax liabilities as at December 31, 2020 and December 31, 2019.

Tax assets

(€/000)

	12/31/2020	12/31/2019
Current tax assets	6,977	1,141
VAT asset	14,897	
TOTAL	**21,874**	**1,141**

The increase in this item, totalling €21.9 million compared to €1.1 million as at December 31, 2019, is attributable to the entry into the Group of doValue Greece for €10.1 million (VAT credit), the receivable for current taxes of the Parent Company doValue of approximately €6 million and the VAT credit of €3.2 million recorded by Altamira Spain.

Tax liabilities

(€/000)

	12/31/2020	12/31/2019 RESTATED
Current tax liabilities	6,538	3,217
VAT liability	17,574	5,249
Withholding taxes and others	3,971	4,359
TOTAL	**28,083**	**12,825**

The increase in tax liabilities with respect to December 31, 2019, also mainly reflects the entry of doValue Greece into the scope of consolidation, which accounted for €15.7 million of the total.

NOTE 9 – **CASH AND CASH EQUIVALENTS**

The balance of €132.5 million, representing an increase of €4.3 million compared with the balance of €128.2 million reported as at December 31, 2019, represents the liquidity available at the end of the year. For information on the next evolution, please refer to the paragraph on the Net Financial Position in the Director's Report on the Group.
For an analysis of changes in cash and cash equivalents, please see the Consolidated cash flow statement.

NOTE 10 – ASSETS HELD FOR SALE AND RELATED LIABILITIES

The table shows the values relating to the total equity investment in the shares of three special purpose vehicles (SPV) which will be shortly sold to third parties.

(€/000)

	12/31/2020	12/31/2019
NON-CURRENT ASSETS:		
Intangible assets	-	-
Property, plant and equipment	-	-
Investments in associates and joint ventures	-	-
Non-current financial assets	30	10
Deferred tax assets	-	-
Other non-current assets	-	-
Total non-current assets	**30**	**10**
CURRENT ASSETS:		
Inventories	-	-
Current financial assets	-	-
Trade receivables	-	-
Tax assets	-	-
Other current assets	-	-
Cash and cash equivalents	-	-
Total current assets	**-**	**-**
TOTAL ASSETS HELD FOR SALE	**30**	**10**
NON-CURRENT LIABILITIES:		
Loans and other financing	-	-
Other non-current financial liabilities	-	-
Employee benefits	-	-
Provisions for risks and charges	-	-
Deferred tax liabilities	-	-
Total non-current liabilities	**-**	**-**
CURRENT LIABILITIES:		
Loans and other financing	-	-
Other current financial liabilities	-	-
Trade payables	-	-
Tax payables	-	-
Other current liabilities	-	-
Total current liabilities	**-**	**-**
TOTAL LIABILITIES ASSOCIATES WITH ASSETS HELD FOR SALE	**-**	**-**

Liabilities and **equity**

NOTE 11 – SHAREHOLDERS' EQUITY

	12/31/2020	12/31/2019
Share Capital (euro thousand)	41,280	41,280
Number of ordinary shares	80,000,000	80,000,000
Nominal value of ordinary shares	0.52	0.52
Treasury Shares (euro thousand)	103	184
Number of treasury shares	651,542	1,164,174

Other reserves break down as follows:

(€/000)

	12/31/2020	12/31/2019 RESTATED
Reserves from allocation of profits or tax-suspended reserves	**61,080**	**18,607**
Legal reserve	8,256	8,256
Reserve art. 7 Law 218/90	2,304	2,304
Tax-suspended reserve from business combinations	2	2
Reserve from FTA IAS art. 7 par. 7 Lgs. Decree 38/2005	8,780	8,780
Reserve from FTA IAS IFRS 9	1,140	1,140
Reserve from retained earnings	29,647	(9,145)
Reserve established in by laws for purchase of treasury shares	103	184
Reserve from retained earnings - Share Based Payments	10,848	7,086
Other reserves	**84,297**	**125,625**
Extraordinary reserve	102,970	102,970
Reserve, Lgs. Decree no. 153/99	6,103	6,103
Legal reserve for distributed earnings	44	44
Reserve art. 7 Law 218/90	4,179	4,179
Reserve from business combinations	1,746	579
Share Based Payments Reserve	6,185	6,849
Consolidation reserve	(21,412)	19,688
Negative reserve for put option on non-controlling interests	(15,518)	(14,787)
TOTAL	**145,377**	**144,232**

Overall, the item shows an increase of around €1.1 million due to the combination of the following main elements:
- €38.5 million increase in the **retained earnings reserve** as a result of the retention of the earnings achieved in 2019 as resolved by the Shareholders' Meeting of May 26, 2020. It should be noted that this item includes €9.1 million attributable to the unavailable reserve established in application of Article 6, paragraph 2 of Italian Legislative Decree 38/2005;

- €41.1 million decrease in **the consolidation reserve** due to €18.8 million following the recognition in the consolidation reserve of the adjustment of the 2019 result based on the final results relating to the PPA of Altamira Asset Management and for €22.7 million as a result of the business combination of doValue Greece. In particular, this change refers to the price adjustment paid by the Parent Company doValue following the reverse merger of doValue Greece Holding, a vehicle company wholly-owned by doValue through which the acquisition in doValue Greece was completed. This price adjustment was defined in the Share Purchase Agreement and is aimed at restoring, following the reverse merger, the percentage held in doValue Greece, equal to 80% by doValue and 20% by Eurobank;

- a €731 million increase in respect of the negative reserve associated with the recognition of the financial liability **for the option to purchase non-controlling interests** pursuant to IAS 32 for the portion that exceeds the amount of assets pertaining to third parties with respect to the Altamira acquisition. See the specific Section "Business combinations relating to company enterprises and branches" for more information;

- €3.1 million net increase of the **Share Based Payments** reserves accounted for pursuant to IFRS 2 in implementation of the post-IPO remuneration policy, which provides for the grant of shares as remuneration to certain categories of managers; the remuneration policy mentioned led to a reduction of the treasury shares that were used to pay remuneration in final balance shares. The reduction for the period amounts to €81.1 thousand;

The **Valuation reserves** as at December 31, 2020 stood at -€215 thousand (- €13 thousand as at December 31, 2019) and include the measurement of the post-employment benefits in accordance with IAS 19 and the fair value measurement of the derivative contracts (interest rate swap) obtained to hedge the cash flows on the facility loan linked to the acquisition of Altamira. The item was affected by the entry of doValue Greece for -€279 thousand.

NOTE 12 – LOANS AND OTHER FINANCING

(€/000)

	Interest Rate %	Due Date	12/31/2020	12/31/2019
Non-current loans and other financing			**456,676**	**285,581**
Bank loans	1,75%	2024	203,198	284,944
Due to other lenders			6	637
Bonds	5,0%	2025	253,472	-
Current loans and other financing			**86,376**	**79,683**
Bank loans	2,5%	2021	80,998	79,683
Due to other lenders			4	-
Bonds	5,0%	2021	5,374	-
TOTAL			**543,052**	**365,264**

The balance of loans and other financing as at December 31, 2020 includes the residual debt values at the amortised cost of the following loans:

- €284.2 million for the 5-year Facility Loan subscribed in 2019 for an initial nominal amount of €415.0 million for the acquisition of Altamira and for the refinancing of its pre-existing debt. The loan provides for repayment on a six-month basis and the variable rate is 2.5% as at December 31, 2020; this is based on the 6-month Euribor plus a spread linked to a number of financial covenants monitored on a quarterly basis;
- €258.8 million for the guaranteed senior bond loan issued on August 4, 2020 at the annual rate of 5% for a principal of €265.0 million and used to repay the bridge loan in the context of the acquisition of doValue Greece. The bonds will expire on August 4, 2025 and were reserved for qualified investors and are listed on the Euro MTF multilateral trading system of the Luxembourg Stock Exchange.

In order to cover the interest rate risk, the exposure had been hedged with a cash flow hedge instruments that were activated during the third quarter of 2019.

Pursuant to IFRS 9, the debt is measured on the basis of the amortised cost criteria and therefore takes account of the costs connected with obtaining the loan.

NOTE 13 – OTHER FINANCIAL ASSETS

(€/000)

	12/31/2020	12/31/2019 RESTATED
Other non-current financial liabilities	**31,380**	**43,922**
Lease liabilities	18,761	10,671
Earn-out	12,405	-
Put option on non-controlling interests	-	33,194
Hedging derivatives	214	57
Other current financial liabilities	**51,772**	**25,083**
Lease liabilities	10,032	7,356
Earn-out	17,489	17,417
Put option on non-controlling interests	24,011	-
Hedging derivatives	240	310
TOTAL	**83,152**	**69,005**

Lease liabilities, divided into current and non-current components, represent the recognition of the current value of the remaining lease payments following the introduction of IFRS 16. Please see Note 19 for information on changes in lease liabilities during the period.
The liability for the **Earn-out** recorded among other current financial liabilities is partly related to the portion of the acquisition price of Altamira (€17.5 million) while the one registered among non-current liabilities, for €12.4 million, refers to the acquisition of doValue Greece and is linked to the achievement of certain EBITDA targets over a ten-year horizon and whose possible payments will not be due before 2024.
The **put option on non-controlling interests** represents the liability connected with the option to purchase the residual non-controlling interests of Altamira, which expires at the end of June 2021. The valuation of the option is updated with respect to Altamira's accounting position at the end of 2020 and includes discounting.
Hedging derivatives comprise an interest rate swap ("IRS") that the company agreed with leading banks with starting date on June 28, 2019 and expiry date of March 22, 2024.
These contracts cover the risk of interest rate fluctuations on loan contracts as described in Note 12 "Loans and other financing". The IRS in question are amortising, with a notional initial total value of €311 million and residue of €217.9 million as at December 31, 2020.
The fair value of the derivatives is negative and totals €0.5 million. Since the hedging conditions of the derivatives were met for the underlying loans, they qualified for *hedge accounting*, with recognition of changes in fair value in the cash flow hedge reserve in equity. This value is entirely allocated to the equity reserve as the position always met the conditions for the adoption of hedge accounting.

Net financial indebtedness

In accordance with the requirements of Consob Communication of July 28, 2006 and in compliance with the CESR Recommendation of February 10, 2005 "Recommendations for the consistent implementation of the EU Regulation on prospectuses", the Group's net financial indebtedness as at December 31, 2020 breaks down as follows.

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(€/000)

Note			12/31/2020	12/31/2019 RESTATED
9	A	Cash on hand	5	8
9	B	Cash at banks and short-term deposits	132,481	128,154
-	C	Trading securities	-	-
	D	**Liquidity (A)+(B)**	**132,486**	**128,162**
3	E	Current financial assets	5,898	**-**
12	F	Current bank debt	-	-
12	G	Current portion of non-current debt	(80,998)	(79,683)
12, 13	H	Other current financial debt	(51,776)	(25,083)
	I	**Current financial indebtness (F)+(G)+(H)**	**(132,774)**	**(104,766)**
	J	**Net current financial indebtness (I)+(E)+(D)**	**5,610**	**23,396**
12	K	Bank loan, non-current	(203,198)	(284,944)
-	L	Bond Issued	(258,846)	-
12, 13	M	Other non-current loans	(31,386)	(44,559)
	N	**Non-current financial indebtness (K)+(L)+(M)**	**(493,430)**	**(329,503)**
	O	**Net financial indebtness (J)+(N)**	**(487,820)**	**(306,107)**

Compared with the net financial position, equal to €410.6 million reported in the Directors' Report on the Group, to which reference should also be made for further information, this table includes the items reported under letters E, H and M, for a total of €77.3 million.
The following table reconciles the two different representations:

(€/000)

		12/31/2020	12/31/2019 RESTATED
A	**Net financial indebtness**	**(487,820)**	**(306,107)**
	Other current financial debt	51,776	25,083
	Other non-current loans	31,386	44,559
	Current financial assets	(5,898)	-
B	**Items excluded from the Net financial position**	**77,264**	**69,642**
C	**Net financial position (A)+(B)**	**(410,556)**	**(236,465)**

NOTE 14 – **EMPLOYEE BENEFITS**

Within the Group, there are defined benefit plans, or plans for which the benefit is linked to the salary and seniority of the employee.
The defined benefit plans of the Italian companies mainly include "Post-employment benefits" in accordance with applicable regulations, as well as other provisions of a contractual nature and plans called "Seniority bonuses". For Greece, there is a defined benefit plan on a mandatory basis.
In accordance with IAS 19, the obligations of defined benefit plans are determined using the "Projected Unit Credit" method. This method envisages that the present value of the benefits accrued by each participant in the plan during the year is recognised as an operating cost, considering both future salary increases and the benefit allocation formula. The total benefit that the participant expects to acquire at the retirement date is divided into units, associated on the one hand with the seniority accrued at the valuation date and on the other with the expected future seniority until retirement.

The following demographic assumptions were used in the valuation of the liabilities and benefits envisaged by the plans of the Italian scope:

Actuarial rate	0.50%
Salary increase rata	2.60%
Inflation rate	0.90%
Mortality	IPS55
Inability	Social Security Rates
Advanced termination benefit	1.5% per annum in addition to the turnover rates used
Retirement age	Fulfilment of the minimum requisites provided by the General Mandatory Insurance
Advances on Employee severance indemnities	Fulfilment of the minimum requisites provided by the General Mandatory Insurance

For companies based in Greece, the main demographic assumptions applied are as follows:

Actuarial rate	1.07%
Salary increase rata	from 0,5% to 2,26%
Inflation rate	1.26%

Employee benefits restated for the application of IAS 19 changed as follows during the year.

(€/000)

	12/31/2020	12/31/2019
Opening balance	**8,544**	**9,577**
Increases	**10,832**	**3,900**
Provisions for the year	777	150
Others changes	10,055	3,750
Decreases	**(3,035)**	**(4,933)**
Benefits paid	(1,758)	(1,604)
Others changes	(1,277)	(3,329)
CLOSING BALANCE	**16,341**	**8,544**

Other increases refer mainly to amounts related to the acquisition of Eurobank-FPS, now doValue Greece.

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NOTE 15 – **PROVISIONS FOR RISKS AND CHARGES**

(€/000)

	Total Funds in exchange for "Provisions for risk and charges"				Funds in exchange for other items			
	Legal and tax disputes	Out-of-court disputes and other provisions	Provisions for other commitments and guarantees issued	Total Funds in exchange for "Provisions for risk and charges"	Potential liabilities for employee	Tax claims	Total 12/31/2020	Total 12/31/2019 RESTATED
Opening	**14,035**	**4,272**	**3**	**18,310**	**7,359**	**-**	**25,669**	**20,754**
Initial adjustments	-	-	-	-	-	*4,636*	***4,636***	151
Increases	**2,267**	**3,176**	**-**	**5,443**	**6,937**	**29,348**	**41,728**	**24,252**
Provisions for the year	1,753	3,124	-	4,877	3,229	29,348	**37,454**	11,460
Changes due to the passage of time and changes in the	(41)	(12)	-	(53)	5	-	**(48)**	(6)
Business combination	555	-	-	555	3,528	-	**4,083**	10,061
Other changes	-	64	-	64	175	-	**239**	2,737
Decreases	**(7,450)**	**(1,289)**	**-**	**(8,739)**	**(8,184)**	**-**	**(16,923)**	**(14,852)**
Reallocations of the year	(1,325)	(1,171)	-	(2,496)	(888)	-	**(3,384)**	(2,630)
Utilisation for payment	(5,950)	(79)	-	(6,029)	(7,226)	-	**(13,255)**	(8,914)
Other changes	(175)	(39)	-	(214)	(70)	-	**(284)**	(3,308)
CLOSING	**8,852**	**6,159**	**3**	**15,014**	**6,112**	**33,984**	**55,110**	**30,305**

The item **Legal and tax disputes** with provision set off with contra-entry provisions for risks and chargaes primarily reports provisions in respect of the risks of litigation brought against the Group concerning its core activities. It decreased by €5.2 million owing to the greater impact of the settlement of a number of disputes compared with provisions for new disputes. In particular, this decrease was affected by the use of €4.6 million of a fund allocated by Altamira in 2019 against a dispute with one of its customers, which was settled in 2020.

The item **Out-of-court disputes and other provisions** increased from €4.3 million to €6.2 million and mainly includes provisions for risks for which no litigation has currently been undertaken.

The item **Contingent liabilities for employees** includes provisions to finance any bonuses not governed by already existing agreements or determinable quantification mechanisms and MBO bonuses. The amount of this item also reflects remuneration policies, which for certain categories of manager envisage changes in the structure of variable remuneration, which provides for deferred amounts and the grant of equity instruments. The decrease of €1.2 million in the period reflects mainly cost containment measures taken by management in response to the contingent circumstances connected with the Covid-19 pandemic.
Among the **provisions for Tax claims**, as part of the provisions with a counterpart to other items, an original amount of €4.6 million is still recorded (updated in 2020 to €4.8 million due to the capitalisation of the related interest) referring to a tax dispute opened in 2019 for the subsidiary Altamira on tax returns referring to years prior to the acquisition by doValue. Most of this amount (€4.1 million) will be reimbursed by Altamira's seller on the basis of the clauses set forth in the Share Purchase Agreement by way of adjustment of the acquisition price. In addition, in relation to the general inspection underway at the subsidiary, on income tax for the years 2014 and 2015, taking into account the information collected by the Company at the date of preparation of these financial statements through tax consultants, after meetings held with the Spanish Tax Authority in March 2021, an additional provision was made for an amount of €29.2 million. For further details, please refer to the information provided below on tax disputes.

Risks connected with outstanding litigation

The Group operates in a legal and legislative context that exposes it to a vast range of possible litigation connected with the core business of servicing loan recovery under mandate, potential administrative irregularities and labour litigation.
The associated risks are assessed periodically in order to quantify a specific allocation to the "Provision for risks and charges" whenever an outlay is considered probable or possible on the basis of the information that becomes available, as provided for in the specific internal policies.

Risks connected with outstanding tax disputes

The Spanish Tax Authorities are carrying out a tax inspection on the subsidiary Altamira and on the previous parent company Asset Management Holding ("AAMH") for the years 2014 and 2015. On March 24, 2021, Altamira was informed by the Spanish Officials about a different approach by the Tax Authorities in the calculation of the tax base, compared to the one followed at the time by the Company on the basis of current legislation, mainly with regard to the tax deductibility of the financial expenses and charges incurred by Altamira and AAMH following the acquisition of Altamira by AAMH from Banco Santander.
These circumstances led to an increase in the provision already recognised for the aforementioned tax audit with an impact on the 2020 income statement of €29.2 million (€25.2 million for higher tax charges and €4 million for additional financial charges on the tax arrears).
It should be noted that, although the tax audit was not yet completed at the time of approval of the draft financial statements, these amounts are deemed adequate to fully cover any liability deriving from the tax audit, as well as the consequent recalculations of the taxable base for the 2016-2019 period.
All the above-mentioned tax charges derive from the structure originally put in place in 2013 and 2014 for the acquisition of Altamira by the previous shareholders (Apollo, CCPIB and Adia). At the time of the acquisition of Altamira from AAMH, doValue protected the risk from contingent liabilities, including tax liabilities, obtaining declarations and guarantees and supplementing them with specific insurance coverage. The insurance policy taken out at the time of acquisition and the additional contractual safeguards will therefore be activated against the entire amount relating to the above-mentioned tax audit. The request for compensation will follow the payment of the amount to the Spanish Tax Authority and, on the basis of the analyses carried out, also through specific legal consultancy, the full recoverability of these financial outlays could be noted.
For further details, please refer to the Directors' Report on the Group in the section on Significant events after the end of the period.

NOTE 16 – TRADE PAYABLES

(€/000)

	12/31/2020	12/31/2019
Payables to suppliers for invoices to be received	30,262	31,392
Payables to suppliers for invoices to be paid	21,562	15,577
TOTAL	**51,824**	**46,969**

The 2020 figure shows an increase of €4.9 million in trade payables despite the addition during the year of the values of doValue Greece of €16.9 million as at December 31, 2020, demonstrating a progressive increase in the efficiency of working capital management, with a reduction in the average payment times in line with the shortening of the collection times of trade receivables, which also show a downward trend despite the expansion of the scope of consolidation.

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NOTE 17 – **OTHER CURRENT LIABILITIES**

As at December 31, 2020, an increase of €40.7 million was recorded, mainly due to:
- €31 million attributable, also in this case, to the entry of doValue Greece in the scope of consolidation. This amount, recognised under "accrued expenses/deferred income" in application of IFRS 15, refers to the advance payment the fixed servicing fees for the year 2021;
- €5.4 million for payables referred to collections from an investment made by doValue at the end of 2019 on a portfolio of non-performing loans;
- €6.0 million relating to a financial advance from a customer of the subsidiary Altamira.

These increases are partially offset by reductions recognised in payables to employees of €3.5 million.

(€/000)

	12/31/2020	12/31/2019
Amounts to be paid to third parties	3,488	2,841
Amounts due to personnel	7,959	11,472
o.w. employees	*7,900*	*11,380*
o.w. members of Board of Directors and Auditors	*59*	*92*
Amounts due to pension and social security institutions	4,266	4,902
Items being processed	14,804	3,288
Other items	2,037	2,245
Accrued expenses / deferred income	33,318	448
TOTAL	**65,872**	**25,196**

NOTE 18 – **SHARE-BASED PAYMENTS**

The Report on remuneration and incentive policies 2020 (hereinafter "the Policy") and remuneration paid in 2019 related to doValue S.p.A., applicable to Directors, Strategic Managers and Members of Supervisory Bodies was approved by the Shareholders' Meeting of doValue on May 26, 2020.

The Policy envisages remuneration systems in some cases based on the use of its own financial instruments.

They include the following types of remuneration:

- a portion of the fixed remuneration and the entire variable component resulting from the annual Management By Objectives (MBO) bonus System of the Chief Executive Officer is paid in shares;
- a portion of the variable remuneration under the Key Personnel MBO system for Strategic managers (hereinafter "DIRS"), with opportunities for a maximum variable of 200% of the fixed remuneration is paid in shares. This assumes that they have achieved an over-performance within the MBO system, with the resulting payment of variable remuneration of up to 200% of fixed remuneration.

The variable component of remuneration indicated above is paid in part up front and in part on a deferred basis. The up-front portion is paid after the approval, by the Shareholders' Meeting, of the financial statements for the *accrual period* and no later than the month of July.

The deferred variable portion is paid after a period that varies from 2.5 years for DIRS to 5 years depending on the CEO.

The disbursement of the deferred portion of the variable component of the Chief Executive Officer is subject to assessment by an Access Gate and certain malus conditions, measured as at December 31 of the year prior to vesting.

Shares awarded up-front are subject to a retention period of 1.5 year for DIRS and 2 years for the CEO, while the deferred shares are subject to a one-year retention period, starting from the time they vest.

The Group uses treasury shares for these remuneration plans.

The reference price used to calculate the number of shares to be awarded as the equivalent value of the variable remuneration due is the average stock market price in the 3 months prior to

the award date. For the fixed remuneration paid in shares for the Chief Executive Officer, the reference price is the average stock market price in the 30 days prior to the award date.
In order to reflect the levels of performance and risk actually taken on, and to take account of the individual contribution of the beneficiaries, the Group applies ex-post correction mechanisms (malus and claw-back clauses) defined in accordance with the provisions of the applicable national collective bargaining agreements, where applicable, or any individual agreements/mandates.
For more details on the mechanisms and terms of attribution of the shares, please refer to the information documentation published on the internet website of the Group www.dovalue.it ("Governance/Remuneration" section).

The amount recognised in profit or loss for the part pertaining to 2020 net of releases (€0.7 million) amounts to €3.1 million, with a corresponding amount reflected in a specific equity reserve.

NOTE 19 – **LEASES**

The Group leases properties and vehicles that are used in operations or assigned to employees. The property leases generally have an original term of 6 years, while the vehicle leases generally have an original term of 4 years. The liabilities in respect of these leases contracts are secured by the lessors' ownership of the leased assets. In general, the Group may not sublet its leased assets to third parties. Most of the leases include renewal or cancellation options typical of property leases, while none envisage variable payments.
The following table reports the carrying amounts of right-of-use assets and changes in the period:

(€/000)

	Buildings	Furniture	Electronic system	Other tangible assets	Total 12/31/2020	Total 12/31/2019
Opening balance	**16,686**	**-**	**-**	**1,154**	**17,840**	**16,685**
Initial adjustments	-	-	-	-	-	-
Increases	**16,804**	**-**	**-**	**5,999**	**22,803**	**6,980**
Purchases	9,251	-	-	5,318	14,569	4,604
Other changes	7,553	-	-	681	8,234	2,376
Decreases	**(9,252)**	**-**	**-**	**(2,061)**	**(11,313)**	**(5,825)**
Amortisation	(8,853)	-	-	(2,032)	(10,885)	(5,741)
Other changes	(399)	-	-	(29)	(428)	(84)
CLOSING BALANCE	**24,238**	**-**	**-**	**5,092**	**29,330**	**17,840**

The increase relating to buildings mainly refers to the signing of a new lease contract for the Altamira office in Madrid for the duration of 6 years, while the purchases of other tangible assets mainly refer to rights of use of IT servers for a duration of 3 years.
Other changes instead include the rights of use of doValue Greece at the date of entry into the scope of consolidation.

The following table reports the carrying amounts of lease liabilities (recognised under "other financial liabilities") and changes in the period:

(€/000)

	12/31/2020	12/31/2019
Opening balance	**18,028**	**16,560**
Increases	**20,113**	**7,034**
New liabilities	11,142	3,967
Financial expenses	580	716
Others changes	8,391	2,351
Decreases	**(9,348)**	**(5,566)**
Payments	(7,819)	(5,477)
Others changes	(1,529)	(89)
CLOSING BALANCE	**28,793**	**18,028**
o.w.: Non-current lease liabilities	18,761	10,673
o.w.: Current lease liabilities	10,032	7,355

The new liabilities are linked to the increases in the rights of use mentioned above for the renewal of contracts on some offices and for the technological infrastructure, while the **changes indicated in the other changes** refer to the data relating to the acquisition of Eurobank-FPS (now doValue Greece).
The amounts recognised in profit or loss are given in the following table:

(€/000)

	12/31/2020	12/31/2019
Amortisation of right-of-use assets	(10,885)	(5,741)
Financial expenses from lease liabilities	(580)	(716)
TOTAL	**(11,465)**	**(6,457)**

The Group also has holds lease contracts for certain electronic systems (hardware), properties and vehicles with a term equal to or less than 12 months or whose value is low. For these contracts, the Group has elected to apply the exceptions provided for under IFRS 16 regarding short-term or low value leases for which a summary table is provided below showing the costs incurred during the year:

(€/000)

	12/31/2020
Costs for short-term leases (within 12 months)	(89)
Leasing costs for low-value assets	(249)
Total	**(338)**

As indicated in the section dedicated to Accounting Policies, the new accounting standards that entered into force in 2020 include the amendment to IFRS 16 Covid-19 Related Rent Concessions in order to facilitate the application of the IFRS guide for lessees with reference to contractual changes directly resulting from the Covid-19 pandemic, such as rent reductions in the form of rental suspension or reduction for a period of time, potentially followed by an increase in instalments in future periods.
In these cases, according to the practical expedient envisaged by the aforementioned amendment, the lessee has the possibility of choosing not to assess whether a reduction in fees deriving from Covid-19 is a contractual modification of the lease. In this case, the lessee who makes this choice recognises the change in payments in the same way as it would have accounted for this change on the basis of IFRS 16, if this change were not a change in the lease.
In this regard, the Group applied the practical expedient for some properties relating to minor offices with an impact on the income statement in 2020 of approximately €38 thousand.

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NOTE 20 – REVENUE FROM CONTRACTS WITH CUSTOMERS

(€/000)

	12/31/2020	12/31/2019
Servicing services	207,197	178,533
Servicing for securitisations	113,498	95,009
REO services	56,605	57,254
TOTAL	**377,300**	**330,796**

The item, as a whole, recorded an increase of 14% compared to 2019, thanks to the contribution of Altamira Asset Management, which, compared to the previous year, had contributed only in the second half of the year and thanks to the contribution of the subsidiary doValue Greece acquired last month June.
In particular, the contribution of doValue Greece in 2020 with respect to the item **Servicing services under mandate**, amounted to €52.5 million and recorded an overall increase of 16% compared to 2019, while with reference to the item **Servicing services for securitisation transactions,** its contribution is €18.2 million.
Real estate services under mandate derive almost exclusively from the companies of the Altamira group and show a reduction in turnover if we consider that 2019 benefited from only one half-year of consolidation of the companies.

<u>Performance obligations</u>

Servicing services under mandate and for securitisation transactions
The servicing services include the administration, management and recovery of loans utilising in-court and out-of-court recovery processes on behalf and under the mandate of third parties for portfolios mainly consisting non-performing loans.
These services normally include a performance obligation that is fulfilled over time: in fact, the customer simultaneously receives and uses the benefits of the recovery service and the service provided improves the credit that the customer controls.
For the recognition of revenues, the Group applies a valuation method based on the outputs represented by both the assets managed and the collections on each position under mandate, so as to recognise revenues for an amount equal to that for which it has the right to invoice the customer.

Real estate services under mandate
This involves the management of real estate assets on behalf of and under the mandate of third parties, including the management of real estate guarantees, the development and management of the properties subject to mandate.
As with the servicing services mentioned above, there is an obligation to perform over time because the customer receives and simultaneously uses the benefits of the property management and/or sale service.
For revenue recognition, the Group applies a valuation method based on the outputs of property management activities and sales on each managed position, so as to recognise revenues for an amount equal to that for which it has the right to invoice the customer.

The breakdown of revenue from contracts with Group customers is shown below:

(€/000)

2020	Italy	Greece & Cyprus	Spain & Portugal	Infrasector	Group
Servicing services	40,711	79,972	103,756	(17,242)	**207,197**
Servicing for securitisations	92,249	21,249	-	-	**113,498**
REO services	-	10,076	56,281	(9,752)	**56,605**
Total revenue	**132,960**	**111,297**	**160,037**	**(26,994)**	**377,300**

2019	Italy	Greece & Cyprus	Spain & Portugal	Infrasector	Group
Servicing services	106,087	16,851	64,655	(9,060)	**178,533**
Servicing for securitisations	95,009	-	-	-	**95,009**
REO services	-	6,101	62,041	(10,888)	**57,254**
Total revenue	**201,096**	**22,952**	**126,696**	**(19,948)**	**330,796**

NOTE 21 – **OTHER REVENUES**

(€/000)

	12/31/2020	12/31/2019
Administrative Servicing / Corporate Services Provider	5,254	10,336
Information services	4,733	5,416
Recovery of expenses	1,133	7,032
Due diligence & Advisory	8,810	8,063
Ancillary REO services	18,375	1,673
Other revenues	3,713	2,551
TOTAL	**42,018**	**35,071**

Other revenues increased by 20% compared to the previous year.
The increase is mainly due to the full contribution of Altamira Asset Management in 2020 compared to the comparison period, in which it was limited to the second half of the year only; the main item affected was that relating to ancillary real estate services.
Administrative/CSP services are mainly provided by doValue, while information services are provided by doData.
The item relating to the recovery of expenses during the year derives mainly from the contribution of doValue and its downsizing compared to 2019 is mainly due to the different impact, starting from the current year, of this type of revenue within a servicing contract.

NOTE 22 – **COSTS FOR SERVICES RENDERED**

(€/000)

	12/31/2020	12/31/2019
Costs for management of agency contracts	(28,739)	(22,900)
Brokerage fees	(15,875)	(12,673)
Costs for services	(968)	(464)
TOTAL	**(45,582)**	**(36,037)**

The item, which includes the fees of the network dedicated to recovery, shows an increase of 26% compared to the previous year due to the enlargement of the scope of consolidation to Altamira, which contributed for the entire year 2020, and to doValue Greece, starting from June 2020.
Excluding the contribution of the latter, the cost for services rendered within the Italian scope decreased by 43% compared to 2019, in line with the decline in servicing revenues due to lower

performance fees linked in particular to the effects of the pandemic still in progress and in line with the objective of reducing the use of outsourcing services.

NOTE 23 – PERSONNEL EXPENSES

(€/000)

	12/31/2020	12/31/2019
Payroll employees	(177,565)	(136,895)
Members of Board of Directors and Board of Auditors	(4,479)	(7,148)
Other personnel	(1,386)	(511)
TOTAL	**(183,430)**	**(144,554)**

Average number of employees by category

	12/31/2020	12/31/2019
Payroll employees	**2,863**	**1,816**
a) Executives	133	83
b) Managers	995	709
c) Other employees	1,735	1,024
Other staff	**56**	**12**
TOTAL	**2,919**	**1,828**

The item decreased by 22% on a like-for-like basis, i.e. excluding Altamira and doValue Greece. This decrease is the result of both a reduction in the variable component of remuneration for the period due to the negative impact, albeit temporary, of the Coronavirus on the performance of employees with respect to the expected objectives, and of actions aimed at optimising the number of resources within the scope. Among these actions, reference is mainly made to the sale of the branch of doSolutions to Dock Joined in Tech (controlled by IBM) for the management of the Group's IT systems, effective as of July 1, 2020, which saw the exit from the scope of approximately 140 people.

Personnel expenses include charges related to early retirement incentives that will be disbursed to employees (€6.2 million paid to employees in Italy, within the scope of Altamira and doValue Greece) that adhered to the plan launched by the company, in line with the objectives of the 2020-2022 Business Plan.

With regard to the breakdown of the cost for employee benefits included in this item, please refer to Note 14 - Employee benefits.

NOTE 24 – **ADMINISTRATIVE EXPENSES**

(€/000)

	12/31/2020	12/31/2019
External consultants	(30,455)	(19,137)
Information Technology	(29,918)	(23,882)
Administrative and logistical services	(6,279)	(3,543)
Rentals, building maintenance and security	(3,622)	(5,453)
Insurance	(2,067)	(1,439)
Indirect taxes and duties	(2,564)	(2,074)
Postal services, office supplies	(1,776)	(1,839)
Indirect personnel expenses	(1,734)	(2,391)
Debt collection	(604)	(1,306)
Utilities	(1,760)	(1,065)
Advertising and marketing	(3,595)	(2,092)
Other expenses	(1,801)	(1,854)
TOTAL	**(86,175)**	**(66,075)**

This item increased by 30% compared to the previous period, while, excluding Altamira and doValue Greece, a decrease of 3% was recorded, due to an overall cost containment mainly related to the achievement of greater efficiency in the management of operational processes (in particular IT and Business Process Outsourcing) and the streamlining of the number of local premises/offices directly managed, with the activation of co-working contracts.

NOTE 25 – OTHER OPERATING (EXPENSE)/INCOME

(€/000)

	12/31/2020	12/31/2019
Reductions in assets	205	(308)
Other expenses	(141)	(309)
TOTAL	**64**	**(617)**

NOTE 26 – DEPRECIATION, AMORTISATION AND IMPAIRMENT

(€/000)

	12/31/2020	12/31/2019 RESTATED
Intangible assets	**(49,265)**	**(55,646)**
Amortisation	(49,265)	(55,646)
Property, plant and equipment	**(13,373)**	**(7,344)**
Amortisation	(13,373)	(7,344)
Financial assets measured at amortised cost	**13**	**(63)**
Writedowns	(13)	(78)
Writebacks	26	15
Inventories	**-**	**(20)**
Impairment	-	(20)
Trade receivables	**(1,038)**	**(730)**
Writedowns	(1,038)	(730)
TOTAL	**(63,663)**	**(63,803)**

The item recorded a balance substantially in line with the "restated" figure for 2019, which includes the economic effects of the values of intangible assets determined at the time of the final Purchase Price Allocation (PPA) of Altamira.
The 2020 figures include the amortisation charge of each servicing contract, recognised under "Other intangible assets", and deriving from both the valuation of the acquisition of Altamira and the provisional valuation of the acquisition of doValue Greece. For the latter transaction, completed on June 5, 2020, the Purchase Price Allocation (PPA) definition process has not yet been completed.
From 2019, the item is also affected by the introduction of the IFRS 16 standard, for amortisation of rights of use, which for 2020 amounted to €10.9 million.

NOTE 27 – PROVISIONS FOR RISKS AND CHARGES

(€/000)

	12/31/2020			12/31/2019		
	Provisions	Reallocations	Total	Provisions	Reallocations	Total
Legal and tax disputes	(1,712)	1,325	**(387)**	(2,358)	266	**(2,092)**
o.w. Employee disputes	*(340)*	*31*	***(309)***	*(407)*	*38*	***(369)***
Out-of-court disputes	(3,113)	1,171	**(1,942)**	(2,239)	1,909	**(330)**
Provisions on other commitments and other guarantees issued	-	-	**-**	(17)	-	**(17)**
TOTAL	**(4,825)**	**2,496**	**(2,329)**	**(4,614)**	**2,175**	**(2,439)**

The item consists of operational changes in provisions, with the exception of those for employee benefits (classified under personnel expenses), and of those for tax claims (classified under income tax expense) allocated to meet legal and contractual obligations that are presumed will require an outflow of economic resources in subsequent years.

As at December 31, 2020, the item shows a negative balance of €2.3 million, substantially in line with the figure for 2019 (€2.4 million), due to the combined effect of the releases for provisions of previous years that are no longer considered existing and prudential provisions relating to both legal disputes and operational risks and other charges.

In particular, the 2020 provisions for out-of-court disputes and other risk provisions substantially cover:

- consultancy costs of €1.5 million;
- risks resulting from the indemnity obligations deriving from a specific commercial settlement agreement signed in 2019 for €1.1 million;
- other operational risks relating to servicing contracts for €0.5 million.

The releases (€2.5 million) mainly arise as a result of the release of previous provisions that faced possible risks that no longer exist in the absence of legal action.

NOTE 28 – **FINANCIAL (EXPENSE)/INCOME**

(€/000)

	12/31/2020	12/31/2019 RESTATED
Financial income	**599**	**720**
Income from financial assets measured at fair value through P&L	429	567
Income from financial assets measured at amortised cost	35	44
Other financial income	135	109
Financial expense	**(25,073)**	**(8,147)**
Expense from financial liabilities measured at amortised cost	(17,878)	(6,948)
Expense from hedging derivates	(323)	(193)
Other financial expenses	(6,872)	(1,006)
Net change of other financial assets and liabilities measured at fair value through P&L	**(1,997)**	**1,737**
Debt securities	(1,425)	688
Units in collective investment undertakings	(572)	1,049
TOTAL	**(26,471)**	**(5,690)**

Financial income mainly includes revenues from the Romeo and Mercuzio asset-backed securities, which decreased compared to the "restated" year 2019 as a result of the progressive redemption of outstanding securities.

Financial expense (€18.2 million) includes charges related to the loan taken out at the end of June 2019 for the acquisition of Altamira, to which are also referred the charges from hedging derivatives, relating to an Interest Rate Swap (IRS) on the same loan; the cost also increased during the year due to charges deriving from the bond loan issued to cover the acquisition of doValue Greece.

Other financial expenses include the portion of interest calculated in accordance with IFRS 16, which took effect as from January 1, 2019 and the time value effects linked to registration of the put option on Altamira. The increase in this item is mainly attributable for €4 million to the additional financial charges related to the tax dispute pending at the subsidiary Altamira. For further details, please refer to Note 15 - Provisions for risks and charges of the Consolidated Balance Sheet.

The **net change in the value of financial assets and liabilities measured at fair value through profit or loss** is attributable to the write-down of the notes of the Cairo securitisations as well as the units of the Italian Recovery Fund (formerly Atlante II).

NOTE 29 – INCOME TAX EXPENSE

(€/000)

	12/31/2020	12/31/2019 RESTATED
Current tax	(10,633)	(10,431)
Changes in prior year taxes	(24,906)	5,254
Reduction of current taxes for the year	394	1
Changes in deferred taxes assets	1,010	(23,593)
Changes in deferred taxes liabilities	(742)	6,603
TOTAL	**(34,877)**	**(22,166)**

Income tax for the period is estimated at €34.9 million, on an accrual basis, recording an increase of €12.7 million compared to the "restated" previous year, despite the fact that 2019 was affected by the one-off adjustment of €10.8 million of the DTA consistency of the doValue Parent Company to the new tax rates for commercial companies used to calculate current taxes. The change in taxes from previous years as at December 31, 2020 was affected by €25.2 million for higher tax charges related to the dispute pending with the subsidiary Altamira (for more details, please refer to Note 15 - Provisions for risks and charges of the Consolidated Balance Sheet).

The reconciliation between the tax charge recognised in the consolidated financial statements and the theoretical tax charge, determined on the basis of the theoretical rates in force in Italy, is shown below:

(€/000)

	12/31/2020	12/31/2019 RESTATED
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**11,733**	**46,652**
Theoretical tax rate	**24%**	**24%**
Theoretical computed taxes on income	**(2,816)**	**(11,196)**
- Different tax rates from the theoretical	1,216	(1,253)
- Non-taxable income - permanent differences	(1,869)	(387)
- Non-deductible expenses - permanent differences	(3,428)	(2,841)
- IRAP (regional business tax)	(680)	(4,390)
- Prior years and changes in tax rates	(25,420)	(2,377)
- Valuation adjustments and non-recognition of deferred tax assets/liabilities	(2,594)	383
- Measurement of associates	-	(8)
- Other differences	714	(97)
Income tax recognised in income statement	**(34,877)**	**(22,166)**

NOTE 30 – EARNINGS PER SHARE

(€/000)

	12/31/2020	12/31/2019 RESTATED
Profit (loss) for the period attributable to the Shareholders of the Parent Company [A]	**(21,943)**	**21,425**
Weighted average number of shares outstanding for the purposes of calculation of profit (loss) per share		
basic [B]	79,049,423	78,673,251
diluted [C]	79,049,423	78,673,251
Earnings (loss) per share (in euro)		
basic [A/B]	(0.28)	0.27
diluted [A/C]	(0.28)	0.27

The basic earnings per share are calculated by comparing the economic result attributable to holders of ordinary equity instruments of the Parent Company doValue to the weighted average number of shares outstanding, net of treasury shares.

Diluted earnings per share are equal to the basic earnings as there are no other categories of shares other than ordinary shares and there are no instruments convertible into shares.

INFORMATION ON **RISKS** AND **RISK MANAGEMENT POLICIES**

INTRODUCTION

The doValue Group, in line with the regulations that apply to it and applicable best practices, has an Internal Control System that is composed of instruments, organisational structures, company rules and regulations targeted at allowing, through an adequate process of company risk identification, measurement, management and monitoring, sound, correct company management consistent with the pre-established performance targets and protection of company assets as a whole.
The Group Internal Control System is based on control bodies and departments, information flows and mechanisms to involve the applicable parties and Group governance mechanisms. More specifically, the Group has structured its internal control organisational model by aiming to ensure integration and coordination between the actors within the internal control system, in compliance with the principles of integration, proportionality and cost-effectiveness.

The Internal Control System of the doValue Group envisages the centralisation at the Parent Company of the second-level Corporate Control Functions (i.e. Financial Reporting Officer, Anti-money laundering) and the third-level Corporate Control Function (i.e. Internal Audit). The Internal Control System of the doValue Group also envisages the presence of Corporate Functions with control tasks, which consist of all the Structures/Functions involved in the management of the internal control system, overseeing specific regulatory/risk areas, such as Operational Risk Management and Compliance & DPO of the Parent Company. This choice is due to the need to implement, together with a strong strategic coordination, an equally incisive coordination in the Group Internal Control System. The Group Control Functions (Internal Audit, Anti-Money Laundering and Financial Reporting Officer) are independent from an organisational point of view and clearly separated from the other organisational units, have the authority, the economic and physical resources, as well as the skills necessary to perform their duties. They report hierarchically to the Bodies with strategic supervision and management functions of the Parent Company doValue S.p.A. - specifically, the second-level Corporate Control Functions report to the Chief Executive Officer, while the third-level Corporate Control Function reports to the Board of Directors - and functionally to the Bodies with strategic supervision functions of the Group Companies, as well as coordinate their activities with the Control Bodies of the same.

It is envisaged that the Corporate Control Functions include in their respective activity plans, each for its own mission, audits and/or consultancy activities at consolidated level aimed at ascertaining the compliance of the behaviour of the Subsidiaries in relation to the guidelines given by the Parent Company within the scope of management and coordination as well as the specific regulations applicable to them.

Primary responsibility for the completeness, adequacy, functionality and reliability of the system is attributed to the governing bodies, and, in particular, to the Board of Directors, which is responsible for the strategic planning, management, evaluation and monitoring of the overall Internal Control System. To that end, the Chief Executive Officer in particular also performs the functions of Director in charge of supervising the operation of the internal control and risk management system in accordance with the Corporate Governance Code. The Board of Statutory Auditors is responsible for overseeing the completeness, adequacy and effectiveness of the internal control system, ensuring the adequacy of the company units involved, the correct performance of duties and the adequate coordination of duties, promoting any necessary corrective actions.

The structure of the Group's Internal Control System is divided into three levels:

- third-level controls, entrusted to the Internal Audit Function, within the Internal Control Department, are aimed at assessing periodically the completeness, functionality, adequacy and reliability in terms of efficiency and effectiveness of the Internal Controls System as to the nature and intensity of the risks of company requirements, identifying, in addition, any violations of the organisational measures adopted by the Group;

- second-level controls headed by the Anti-money-laundering Department (within the Internal Control Department) and the Financial Reporting Officer, seek to ensure the correct implementation of the risk management process, to verify compliance with the limits assigned to the various operating functions, to control the consistency of the operations of the individual operational areas with the risk-return objectives assigned as well as guarantee the compliance of company operations with applicable provisions of the law (including self-regulation) and Internal Regulations. In addition to the adequacy of the internal control system on financial reporting within the Group and the administrative and accounting procedures for the preparation of the financial statements and the consolidated financial statements, as well as any other financial communication;

- first-level controls are aimed at ensuring the proper performance of operations and are carried out by the company functions responsible for business/operating activities, which, within the scope of their daily operations, are called upon to identify, measure, monitor and mitigate risks deriving from day-to-day company business, in compliance with the risk management process and the applicable internal procedures.

The adoption of an internal control and risk management system is also consistent with the provisions of the Borsa Italiana Corporate Governance Code, which the Parent Company doValue decided to adopt to after its listing on the Italian regulated stock market (MTA), in the awareness that one of the crucial elements of the governance of a listed company is precisely its internal control system.

Board of Directors and Supervisory Body

The Board of Directors ensures the effective implementation of the Internal Control System model, by assessing and approving the actions necessary to implement or modify it. For the identification of these actions, the Board of Directors avails itself of the support of the Supervisory Body.
The Board of Directors, having heard the opinion of the Supervisory Body, amends the model of the Internal Control System if significant violations of the provisions contained therein have been identified that highlight the inadequacy, even partial, to guarantee effective prevention. of the offences pursuant to Legislative Decree 231/2001 and updates, in whole or in part, the contents of the model if changes occur in the organisation, in the business or in the reference regulatory context.
The effective and concrete implementation of the Internal Control System is also guaranteed by the Supervisory Body, in exercising the powers of initiative and control conferred on it over the activities carried out by the individual Corporate Functions, as well as by the corporate bodies and by the heads of the various Corporate Functions, which propose changes to the procedures under their responsibility to the competent Functions, when these changes appear necessary for the effective implementation of the system. The relevant procedures and amendments must be
promptly communicated to the Supervisory Body.
However, the Supervisory Body has the right to make any changes deemed necessary to the protocols by providing information to the Board of Directors and proposing changes to the information flows from/to the Supervisory Body.

Board of Statutory Auditors

The Board of Statutory Auditors monitors the comprehensiveness, appropriateness and functionality of the Internal Control System and the risk management and control processes, ensuring the adequacy of the corporate functions involved, the correct performance of their duties and the appropriate coordination of activities, promoting corrective actions for any shortcomings or irregularities found.
In accordance with the governance model adopted by the Group, the Parent Company's Board of Statutory Auditors also performs the functions of the Supervisory Board pursuant to Legislative Decree 231/2001.

Internal Control Department

The Internal Control Department ensures the uniform coordination of risk governance - in accordance with the lines of strategic development being pursued - and conducts – on an ongoing basis – an overall and forward-looking assessment of the adequacy of the controls implemented in corporate processes and systems.
In order to ensure the centralised oversight and coordination of the control activities, and the planning and performance of audits, and to develop risk governance guidelines, Internal Audit and Anti-Money Laundering report directly to the head of the Internal Control Department in order to monitor, respectively:

- the adequacy, functionality, reliability and compliance of the business and support corporate processes and the adequacy of the organisational, administrative and accounting structure;
- the risk of money laundering and terrorist financing.

Internal Audit

The Group Internal Audit Function reports directly to the Board of Directors of the Parent Company, has the mission to ensure the uniform coordination of risk governance - in accordance with the lines of strategic development being pursued by the Parent Company - and conducts – on an ongoing basis – an overall assessment of the adequacy of the controls implemented in corporate processes and systems. The Group Internal Audit Function is responsible for:

- ensuring constant and independent supervisory action on the due performance of the operations and the processes of the Parent Company and the Subsidiaries, with the objective of preventing or detecting the arising of anomalous and risky conduct or situations;
- assessing the Internal Control System, its functionality and its suitability to ensure the effectiveness and efficiency of business processes, safeguarding the value of assets and protecting against losses, reliability and integrity of the accounting and management information, compliance of transactions with both the policies established by the corporate governance bodies and with internal and external regulations;
- supporting corporate governance and ensuring prompt and systematic disclosure on the state of the system of controls and the results of the activities carried out;
- directly supporting the Supervisory Body in carrying out its supervisory tasks on the functioning and observance of the Internal Control System.

Anti-Money Laundering

The Anti-Money Laundering Function (AML) oversees the activities of prevention and management of the risk of money laundering and terrorist financing, continuously verifying the suitability of the internal procedures in this regard, also for the purposes set forth in Legislative Decree 231/2001. The Anti-Money Laundering Function directly supports the control activities of the Supervisory Body, monitoring the effectiveness of the rules and principles of conduct indicated in the Internal Control System over time and collaborating, together with the other functions as far as they are concerned, with the updating of the Internal Control System, particularly as regards the management of anti-money laundering and terrorist financing risks. It also brings to the attention of the Supervisory Body any critical issues found in the course of its second-level audit activities, with particular reference to those potentially related to risk profiles of the commission of significant offenses, as well as monitoring that the competent functions complete the mitigation actions identified in relation to these critical issues.

Financial Reporting Officer

The Financial Reporting Officer is responsible, as provided for in external legislation, for defining and implementing an appropriate internal control system for the financial reporting of the Group and for establishing adequate administrative and accounting procedures for the preparation of the annual financial statements and the consolidated financial statements, as well as any other communication of a financial nature.
The Financial Reporting Officer periodically communicates to the competent Corporate Bodies of the Group companies the activities carried out, highlighting any points of attention and the actions taken to overcome them.
As part of his annual report, the Financial Reporting Officer communicates the scope of the companies and sensitive processes subject to testing, specifying any quantitative and qualitative assessments that have led to a change in the same with respect to the precise application of the methodological rules.
It also communicates the results of the assessments of reliability and adequacy of the internal control system on accounting and financial reporting, functional to the certifications required by the regulations.
The Financial Reporting Officer also certifies, together with the Chief Executive Officer, the

adequacy and effective application of these administrative and accounting procedures for the financial statements of the Parent Company, the consolidated financial statements and the interim consolidated financial statements for the period to which they refer, as well as the reliability of the data they contain and their compliance with applicable accounting standards.
Finally, this Function verifies and certifies, with a specific declaration, that the information in the Company's communications to the market concerning the financial statements, including interim reports, is consistent with the Company's accounting documents, books and registers.

Other corporate functions with control duties

The Operational Risk Management and the Compliance & DPO functions of the Parent Company are among the Corporate Functions of the Parent Company involved in the management of the internal control system, monitoring specific regulatory/risk areas.

Compliance & DPO

Compliance & DPO is obliged to see to the recognition, monitoring and control of the risk of non-compliance with the rules under its remit (for example, protection of personal data, anti-corruption), providing advice and support to the operating and business structures as well as preparing the necessary periodic disclosure for the Corporate Bodies.

Operational Risk Management

The Function is responsible for overseeing the management of significant risks to which the Parent Company's activities are exposed, with specific regard to operational risks. It defines the associated guidelines and identifies and monitors those risks, using suitable methodological approaches, procedures and tools and providing appropriate reporting to the Corporate Bodies.

Financial risks

CREDIT RISK

Credit risk is the risk that a counterparty will not fulfil its obligations linked to a financial instrument or a commercial contract, therefore leading to a financial loss. This risk mainly derives from economic and financial factors, or from the possibility of a default situation of a counterparty.
The Group is exposed to credit risk deriving mainly from its operating activities, i.e. from trade receivables and, to a lesser extent, from its financing activities, deposits with leading banks and financial institutions and other financial instruments, as well as reduced non-performing positions owned.
Trade receivables, which are at very short term and are settled with payment of the related invoice, are essentially attributable to servicing contracts under which the Group companies accrue receivables in respect of their counterparties, who may default due to insolvency, economic events, liquidity shortages, operational deficiencies or other reasons.
In order to limit this risk, the Group monitors the positions of individual customers, analyses expected and actual cash flows in order to promptly undertake any recovery actions.
Pursuant to IFRS 9, at each reporting date, these receivables are subject to a valuation aimed at verifying whether there is evidence that the carrying amount of the assets themselves is not fully recoverable; for more details, please refer to the paragraph "Impairment of financial assets" in the Section "Main items of the financial statements".
As at December 31, 2020, the main trade counterparties were represented by banks and important investment funds with high credit standing and Vehicle Companies established pursuant to the provisions of Law 130/1999.

For a quantitative analysis, please see the note on trade receivables.

With regard to individual non-performing positions, which concern a marginal number of positions acquired over time, the procedures and tools supporting the activity of the workout units always enable position managers to prepare accurate forecasts of the amounts and timing of expected recoveries on the individual relationships in accordance with the state of progress in the recovery management process. These analytical evaluations take account of all the elements objectively connected with the counterparty and are in any case conducted by the position managers in compliance with the principle of sound and prudent management.

As regards the credit risk relating to relations with banks and financial institutions, the Group only uses interlocutors with a high credit standing.

LIQUIDITY RISK

The liquidity risk is manifested as the inability to raise, an economically sustainable manner, the financial resources necessary for the Group's operations.

The two main factors that determine the Group's liquidity situation are, on the one hand, the resources generated or absorbed by operating and investment activities and, on the other, the expiry and renewal characteristics of the debt or liquidity of financial investments and market conditions.

The Group has adopted a series of policies and processes to optimise the management of financial resources, thereby reducing liquidity risk.

The Parent Company doValue identifies and monitors liquidity risk on a current and forward-looking basis. In particular, the prospective assessment takes account of probable developments in the cash flows connected with the Group's business.

One of the main instruments for mitigating liquidity risk is the holding of reserves of liquid assets and revolving credit lines. The liquidity buffer represents the amount of liquid assets held by the Group and readily usable under stress conditions and deemed appropriate in relation to the risk tolerance threshold specified.

Management believes that the funds and credit lines currently available, in addition to the liquidity that will be generated by operations and financing activities, will enable the Group to meet its requirements for investment, working capital management and repayment of debt as it falls due.

The table below summarises the maturity profile of the Group's financial liabilities on the basis of the payments envisaged in the contract and not discounted.

(€/000)

As at December 31, 2020

	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Loans and other financing	**-**	**5,374**	**81,002**	**456,676**	**-**	**543,052**
Bank loans	-	-	80,998	203,198	-	284,196
Due to other lenders	-	-	4	6	-	10
Bonds	-	5,374	-	253,472	-	258,846
Other financial liabilities	**35**	**706**	**48,905**	**28,743**	**4,763**	**83,152**
Lease liabilities	35	706	7,165	20,716	171	28,793
Earn-out	-	-	17,489	7,813	4,592	29,894
Put option on non-controlling interests	-	-	24,011	-	-	24,011
Hedging derivatives	-	-	240	214	-	454
Trade payables	**4,237**	**27,470**	**20,111**	**6**	**-**	**51,824**
Other current liabilities	**5,806**	**21,795**	**34,368**	**3,903**	**-**	**65,872**
TOTAL	**10,078**	**55,345**	**184,386**	**489,328**	**4,763**	**743,900**

As at December 31, 2019

	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Loans and other financing	**-**	**-**	**79,683**	**285,581**	**-**	**365,264**
Bank loans	-	-	79,683	284,944	-	364,627
Due to other lenders	-	-	-	637	-	637
Other financial liabilities	**15**	**75**	**24,478**	**43,828**	**609**	**69,005**
Lease liabilities	15	75	6,751	10,577	609	18,027
Earn-out	-	-	17,417	-	-	17,417
Put option on non-controlling interests	-	-	-	33,194	-	33,194
Hedging derivatives	-	-	310	57	-	367
Trade payables	**4,212**	**21,146**	**21,611**	**-**	**-**	**46,969**
Other current liabilities	**4,917**	**14,944**	**5,335**	**-**	**-**	**25,196**
CLOSING BALANCES	**9,144**	**36,165**	**131,107**	**329,409**	**609**	**506,434**

MARKET RISK - INTEREST RATE RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will change due to changes in the market price. The market price includes three types of risk: interest rate risk, currency risk and other price risks, such as, for example, the price risk on equity securities. The financial instruments affected by market risk include loans and financing, deposits, debt and equity instruments and financial derivative instruments.
The Group, which uses external financial resources in the form of debt and uses available liquidity in bank deposits, is exposed to interest rate risk, which represents the risk that the fair value or future cash flows of a financial instrument will change due to due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is related to long-term indebtedness with variable interest rates.
In order to neutralise the exposure to the risk of changes in interest rates, the Group made use of the subscription of Interest Rate Swaps (IRSs), where the Group agrees to exchange, at defined intervals, the difference in the amount between the fixed rate and the floating rate calculated by reference to an agreed amount of notional principal. These swaps are designated to hedge the underlying debt.
The fair value delta of the derivative instruments at December 31, 2020, amounting to -€66 thousand, was directly recognised under the other components of the statement of comprehensive income. The interest rate subject to hedging is 6M Euribor and the details of the financial instruments being hedged are set out under Note 12 "Loans and other financing" while the details of the hedging instruments are set out under Note 13 "Other financial liabilities".

With reference to the sensitivity of the interest rate, if a reasonably possible change of 50 basis points on the cost of payables and loans were considered, there would be no effect on the result for the year.

SECURITISATIONS

On September 30, 2016, the assignment of the non-performing portfolio of the Parent Company doValue to the securitisation vehicle Romeo SPV S.r.l. ("Romeo") was finalised. Romeo was established pursuant to Law 130/1999. Subsequently, in the second quarter of 2017, the portion of the *unsecured* portfolio was transferred to the vehicle Mercuzio Securitisation S.r.l. ("Mercuzio") and at the same time the issue of the ABS securities by both SPVs was completed with a single tranching of securities.

As originator, doValue has subscribed a nominal amount of notes equal to 5% of the total securities issued in order to comply with the provisions of the retention rule referred to in Regulation (EU) 575/2013 (the CRR).

In both transactions, doValue plays the role of Servicer and Administrative Services Provider.

At the same time as the acquisition of Eurobank FPS (now doValue Greece), in June 2020 mezzanine notes of the 3 Cairo securitisations (Cairo I, Cairo II and Cairo III) were subscribed, the securities of which are backed by state guarantees ("Asset Protection Scheme"). The originator of this transaction is Eurobank, which sold €7.4 billion of performing and non-performing loans.

In December 2020, mezzanine and junior ABS securities were also subscribed for the Relais securitisation, which concerns lease receivables sold by UniCredit. However, these notes were sold in February 2021, while the Group maintained the roles of Master Servicer (performed by Italfondiario) and Special Servicer (performed by doValue).

Operational risks

Operational risk is the risk of incurring losses due to the inadequacy or the failure of procedures, human resources and internal systems, or to external events.

This includes, among other things, losses from fraud, human error, the interruption of operations, system unavailability, contractual breaches and natural disasters. Operational risks (including the IT component) includes legal risk, while strategic and reputational risks are not included.

doValue adopts a set of controls, principles and rules to manage operational risk.

On an organisational basis, the Operations Department of the Parent Company contains the Operational Risk Management O.U. with the aim of contributing to the realisation of the overall mission of that department, guaranteeing constant monitoring and proactive management of risks relating to the business processes and support and their possible impact in terms of provisions and operational losses.

The Function is therefore responsible for overseeing the management of significant risks to which the Parent Company's activities are exposed, with specific regard to operational risks. It defines the associated guidelines and identifies and monitors those risks, using suitable methodological approaches, procedures and tools and providing appropriate reporting to the Corporate Bodies, consistent with the approach set out in the broader doValue Control System.

The governance structure for operational risks envisages not only the direct involvement of senior management but also an Operational Risks Committee, which is responsible for doValue, proposing measures to address the risks detected, examining operational risk reports, recommending control procedures and limits on operational risks and monitoring risk mitigation actions.

In order to manage operational risks, doValue has implemented a structured set of processes, functions and resources dedicated to:

- the collection, registration and monitoring of operational risk reports from workout units and other company structures;
- the collection of internal loss data;
- the definition and implementation of operational risk indicators in the most important areas for company business activities.

With regard to the latter process, the indicators are a forward-looking component that promptly reflects improvements or deteriorations in the risk profile as a result of changes in operating segments, in human resources, technological and organisational resources as well as in the internal control system. In this regard, specific indicators have been created which are monitored on a monthly basis and compared with the previous month to justify any positive or negative changes in order to highlight any risks in corporate processes, as well as an action plan for indicators that do not fall within the specified range.

Finally, the Parent Company has set up a reporting system with different reporting dates and levels of detail that ensures timely reporting on operational risks to the Corporate Bodies and the heads of the organisational functions involved.

Similarly, a risk management framework compliant with Circular no. 288 of April 3, 2015 of the Bank of Italy that provides for the management of operational risk identification processes, not unlike those of the Parent Company, has also been implemented at the Italfondiario subsidiary, which is entered the register of financial intermediaries pursuant to Article 106 of the Consolidated Banking Act, and the register of payment institutions pursuant to Article 114 - septies of the Consolidated Banking Act.

Capital management

For the purposes of the management of the Group's capital, it was defined that this includes the issued share capital and all other reserves attributable to the shareholders of the Parent Company. The main objective of capital management is to maximise value for shareholders, safeguard business continuity, as well as support the development of the Group.

The Group therefore intends to maintain an adequate level of capitalisation, which at the same time makes it possible to achieve a satisfactory economic return for shareholders and to guarantee efficient access to external sources of financing.

The Group constantly monitors the evolution of the level of indebtedness to be compared to shareholders 'equity and taking into account the generation of cash from the businesses in which it operates.

There are currently no financial covenants linked to a gearing ratio, i.e. the ratio between the net debt and the total capital plus the net debt, illustrated below.

(€/000)

	12/31/2020	12/31/2019 RESTATED
Loans and other financing (Note 12)	543,052	365,264
Other financial liabilities (Note 13)	83,152	69,005
Trade payables (Note 16)	51,824	46,969
Other liabilities (Note 17)	65,872	25,196
Less: cash and cash equivalents	(132,486)	(128,162)
Net debt (A)	**611,414**	**378,272**
Equity	164,396	206,740
Equity and net debt (B)	**775,810**	**585,012**
Gearing ratio (A/B)	**79%**	**65%**

The gearing ratio of 2020 is up compared to that of 2019 due to the indebtedness following the acquisition of Eurobank-FPS, now doValue Greece.

The table below reconciles the **Net debt** figure shown in the previous table with the **Net financial indebtedness** presented in Note 13 of the "Information on the consolidated balance sheet".

(€/000)

	12/31/2020	12/31/2019 RESTATED
Net financial indebtness (Note 13)	487,820	306,107
Trade payables (Note 16)	51,824	46,969
Other liabilities (Note 17)	65,872	25,196
Current financial assets (Note 3)	5,898	-
Net debt (A)	**611,414**	**378,272**

SEGMENT **REPORTING**

INTRODUCTION

In accordance with IFRS 8, segment reporting was prepared as a breakdown of revenues by region, intended as the location in which services are provided.
Following the last acquisitions of companies within Europe (Altamira at end of June 2019 and doValue Greece - previously Eurobank FPS – June 5, 20202ì), the southern European business area was broken down by geographical areas.

(€/000)

2020	Italy	Greece & Cyprus	Spain & Portugal	Infrasector	Group
Revenue from contracts with customers	132,960	111,297	160,037	(26,994)	377,300
Other revenues	15,884	908	28,067	(2,841)	42,018
Total revenue	**148,844**	**112,205**	**188,104**	**(29,835)**	**419,318**
Costs for services rendered	(8,220)	(4,541)	(32,821)	-	(45,582)
Personnel expenses	(79,859)	(44,649)	(59,927)	1,005	(183,430)
Administrative expenses	(36,805)	(19,666)	(25,976)	(3,728)	(86,175)
Other operating (expense)/income	64	-	(20)	20	64
Depreciation, amortisation and impairment	(11,299)	(12,187)	(75,667)	35,490	(63,663)
Provisions for risks and charges	(2,608)	(100)	379	-	(2,329)
Total costs	**(138,727)**	**(81,143)**	**(194,032)**	**32,787**	**(381,115)**
Operating income	**10,117**	**31,062**	**(5,928)**	**2,952**	**38,203**
Financial (expense)/income	(14,801)	(1,453)	(13,752)	3,535	(26,471)
Profit (loss) of equity	27	-	(26)	-	1
Dividends and ordinary similar income	10,625	-	8,320	(18,945)	-
Profit (loss) before tax	**5,968**	**29,609**	**(11,386)**	**(12,458)**	**11,733**
Income tax expense	4	(6,880)	(25,026)	(2,975)	(34,877)
Net Profit (loss) from continuing operations	**5,972**	**22,729**	**(36,412)**	**(15,433)**	**(23,144)**
Net income (expense) of assets held for sale	-	-	-	-	-
Net profit (loss) for the period	**5,972**	**22,729**	**(36,412)**	**(15,433)**	**(23,144)**
TOTAL ASSETS	**(886,040)**	**(437,793)**	**(327,554)**	**524,827**	**(1,126,560)**
TOTAL LIABILITIES	**641,896**	**277,355**	**306,227**	**(304,578)**	**920,900**

BUSINESS COMBINATIONS

Business combinations completed **in the period**

This section provides detailed information on business combinations involving company enterprises or branches undertaken with counterparties outside the Group, which are accounted for using the purchase method as provided for under IFRS 3 "Business combinations".

Business combinations involving companies or branches already controlled directly or indirectly by doValue as part of the Group's internal reorganisations are also reported here. These transactions, which do not have economic substance, are accounted for in the financial statements of the seller and the buyer on a predecessor value basis.

EXTERNAL BUSINESS COMBINATIONS

Eurobank-FPS

On June 5, 2020, the doValue Group purchased 80% of the share capital of Eurobank Financial Planning Services (FPS), now doValue Greece.

This acquisition occurred through a company - doValue Greece Holding - wholly owned by doValue S.p.A., which was then merged by incorporation in the investee in December 2020 through a reverse merger transaction. See the paragraph below "Internal business combinations" for more details.

The provisional fair value of FPS's net assets at the acquisition date[3] is shown below:

(€/000)

	Fair value recognised in acquisition*
NON-CURRENT ASSETS	
Intangible assets	255,937
of which Other Intangible Assets	255,937
> servicing contracts (SLAs)	255,937
Property, plant and equipment	9,080
Non-current financial assets	210
Deferred tax assets	2,199
Other non-current assets	315
	267,741
CURRENT ASSETS	
Trade receivables	14,520
Tax assets	5,039
Other current assets	537
Cash and cash equivalents	3,518
	23,614
TOTAL ASSETS	**291,355**
NON-CURRENT LIABILITIES	
Other non-current financial liabilities	8,391
Employee benefits	9,927
Provisions for risks and charges	555
Deferred tax liabilities	61,378
	80,251
CURRENT LIABILITIES	
Trade payables	5,561
Tax payables	4,053
Other current liabilities	8,445
	18,059
TOTAL LIABILITIES	**98,310**
TOTAL NET IDENTIFIABLE ASSETS AT FAIR VALUE	**193,045**
Non-controlling interests measured at fair value	**(38,609)**
Goodwill arising from acquisition (provisional)*	**68,486**
ACQUISITION PRICE	**222,922**
Earn-out	(12,006)
ACQUISITION PRICE PAID	**210,916**

(*) The valuation of the fair value of the net assets is to be still considered provisional and could be corrected subsequently with an adjustment corresponding to goodwill within a year from the transaction in accordance with IFRS 3R.

[3] The difference between the purchase price and the net book value of assets and liabilities was allocated by recognising these assets and liabilities at their fair value as at May 31, 2020, in consideration of the proximity of the transaction closing time and to the fact that in this short period of time no significant events occurred that would have changed the fair value of the assets and liabilities of the investee company.

With the provisional Purchase Price Allocation (PPA) exercise the following were identified:

- intangible assets relating to Special and Master Servicing contracts, for the management of portfolios of impaired exposures; and
- workforce, considered part of goodwill pursuant to IFRS 3R. This value was calculated in order to identify the contribution relative to the Special and Master Servicing contracts.

The other intangible assets, recognised in the Company's financial statements at the reporting date, refer to computer software licenses, to which a fair value was not attributed as they were acquired and not generated internally.
The provisional fair value of the intangible assets linked to the servicing contracts amounts to €255.7 million and is attributable to 7 contracts.
The determination of the provisional fair value and the value of the contracts is the result of the valuation performed using the "Multi-Period Excess Earnings Method" (MEEM), which discounts the value of the net cash flows specifically attributable to these active contracts. The discount rate, corresponding to the Weighted Average Cost of Capital "WACC", which expresses the expected return on the financial resources used in the Company (by way of risk capital and debt) on the basis of the financial structure adopted as a reference, it is 10.6% where the cost of debt is 2.55% and the cost of equity is 8.04%.

(€/000)

Breakdown of acquisition cash flows	
Net liquidity acquired with the subsidiary	3,518
Price paid	(210,916)
Net acquisition cash flows	**(207,398)**
Total acquisition cash flows	**(207,398)**

The payment of a deferred price (Earn-out) is also envisaged, linked to the achievement of certain EBITDA targets over a time horizon of ten years. Any Earn-out payments will not be due before 2024 and will be related to the achievement of a performance higher than the current business plan expectations.
The Earn-out portion, which amounted to €12 million (net of the financial expenses) as at December 31, 2020, is recognised at fair value under other financial liabilities, as described in Note 13.

The table below summarises the results of the Purchase Price Allocation (PPA) exercise according to the partial goodwill approach:

(€/000)

Partial Goodwill - Purchase Price Allocation	
Purchase Price (80%)	222,922
(-) Equity (80%)	(505)
Excess of Purchase Price	**222,417**
Fair value of identified intangible assets	255,741
(-) DTL	(61,378)
(-) Fair value adjustments on liabilities	(1,949)
Net fair value of identified intangible assets	**192,414**
Goodwill after PPA	**68,486**
Non-controlling interests	**38,483**

In consideration of the fact that the acquisition date of doValue Greece was at the beginning of June 2020, it contributed to the Group's net profit for seven months.
Transaction costs of €5.2 million were charged to the consolidated income statement under "Administrative expenses".

Acquisition of 49% of Altamira Cyprus

In September 2020, Altamira Asset Management acquired 49% of Altamira Asset Management Cyprus for €4.5 million, thus bringing its controlling interest to 100%.

INTERNAL BUSINESS COMBINATIOS

Merger by incorporation of doSolutions

Following the July 2020 agreement for the sale of the doSolutions branch, a Group company dedicated to IT services and Back Office, to Dock Joined in Tech (IBM), the remaining part of the doSolutions personnel was subsequently merged by incorporation in doValue. The registration of the deed of merger with the competent Registers of Companies took place on November 19, 2020 and the accounting and tax effects, instead, took effect from 1 January, 2020.

Merger by incorporation of doValue Greece Holding

On December 11, 2020, following the authorisation of the Bank of Greece issued on November 9, 2020, the deed of merger by incorporation of doValue Greece Holding into doValue Greece was signed. The merger is effective for accounting and tax purposes as of September 1, 2020. doValue Greece Holding was the vehicle company wholly-owned by doValue, through which doValue acquired 80% of the shares with voting rights of Eurobank Financial Planning Services (FPS), now doValue Greece.

The reverse merger was included in the agreements set forth in the contractual documentation signed with the seller Eurobank SA in the context of the acquisition of doValue Greece.

Following the above-mentioned merger and the execution of the agreements between the parties, connected in particular to the share-exchange ratio, doValue became a direct shareholder (with an 80% interest) of doValue Greece while Eurobank SA holds the remaining 20%.

Business combinations **completed after the end of the period**

After December 31, 2020, the doValue Group did not carry out any business combinations.

Retrospective adjustments

In 2020, retrospective adjustments were made to business combinations carried out in previous years.

These retrospective adjustments are reflected in the "restatement" adjustments to the balance sheet and income statement as at December 31, 2019, whose reconciliation with that published in the 2019 Consolidated Financial Statements is set out below.

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(€/000)

	12/31/2019	RESTATEMENT ADJs	12/31/2019 RESTATED
NON-CURRENT ASSETS:			
Intangible assets	340,879	(51,294)	289,585
Property, plant and equipment	23,767	-	23,767
Non-current financial assets	48,609	-	48,609
Deferred tax assets	90,740	-	90,740
Other non-current assets	106	-	106
Total non-current assets	**504,101**	**(51,294)**	**452,807**
CURRENT ASSETS:			
Inventories	137	-	137
Trade receivables	176,991	-	176,991
Tax assets	1,141	-	1,141
Other current assets	20,145	800	20,945
Cash and cash equivalents	128,162	-	128,162
Total current assets	**326,576**	**800**	**327,376**
Assets held for sale	**10**	**-**	**10**
TOTAL ASSETS	**830,687**	**(50,494)**	**780,193**
SHAREHOLDERS' EQUITY:			
Share capital	41,280	-	41,280
Valuation reserve	(13)	-	(13)
Other reserves	145,898	(1,667)	144,231
Treasury shares	(184)	-	(184)
Profit (loss) for the period attributable to the Shareholders of the Parent Company	38,318	(16,892)	21,426
Net Equity attributable to the Shareholders of the Parent Company	**225,299**	**(18,559)**	**206,740**
TOTAL NET EQUITY	**225,299**	**(18,559)**	**206,740**
NON-CURRENT LIABILITIES:			
Loans and other financing	285,581	-	285,581
Other non-current financial liabilities	43,922	-	43,922
Employee benefits	8,544	-	8,544
Provisions for risks and charges	25,669	4,636	30,305
Deferred tax liabilities	24,886	(9,541)	15,345
Total non-current liabilities	**388,602**	**(4,905)**	**383,697**
CURRENT LIABILITIES:			
Loans and other financing	79,683	-	79,683
Other current financial liabilities	47,477	(22,394)	25,083
Trade payables	46,969	-	46,969
Tax payables	17,461	(4,636)	12,825
Other current liabilities	25,196	-	25,196
Total current liabilities	**216,786**	**(27,030)**	**189,756**
TOTAL LIABILITIES	**605,388**	**(31,935)**	**573,453**
TOTAL NET EQUITY AND LIABILITIES	**830,687**	**(50,494)**	**780,193**

(€/000)

	12/31/2019	RESTATEMENT ADJs	12/31/2019 RESTATED
Revenue from contracts with customers	330,796	-	330,796
Other revenue	35,071	-	35,071
Total revenue	**365,867**	**-**	**365,867**
Costs for services rendered	(36,037)	-	(36,037)
Personnel expenses	(144,554)	-	(144,554)
Administrative expenses	(66,075)	-	(66,075)
Other operating (expense)/income	(617)	-	(617)
Depreciation, amortisation and impairment	(40,786)	(23,017)	(63,803)
Provisions for risks and charges	(2,439)	-	(2,439)
Total costs	**(290,508)**	**(23,017)**	**(313,525)**
OPERATING INCOME	**75,359**	**(23,017)**	**52,342**
Financial (Expense)/Income	(5,975)	285	(5,690)
PROFIT (LOSS) BEFORE TAX	**69,384**	**(22,732)**	**46,652**
Income tax expense	(28,005)	5,839	(22,166)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	**41,379**	**(16,893)**	**24,486**
PROFIT (LOSS) FOR THE PERIOD	**41,379**	**(16,893)**	**24,486**
o.w. Profit (loss) for the period attributable to the Shareholders of the Parent Company	38,318	(16,893)	21,425
o.w. Profit (loss) for the period attributable to Non-controlling interests	3,061	-	3,061

Altamira

On June 27, 2019, the Group acquired 85% of the shares with voting rights of Altamira Asset Management S.A. (Altamira), one of the leading servicers of non-performing loans and real estate assets, with a presence in Spain, Portugal, Cyprus and Greece.

After one year from the acquisition date, the final fair value of net assets of Altamira, determined on June 30, 2020, is set out as below.

(€/000)

	Fair value recognised in acquisition*
NON-CURRENT ASSETS	
Intangible assets	206,986
of which Other Intangible Assets	149,720
> servicing contracts (SLAs)	140,330
> backlog & database	9,390
of which Software	14,457
of which Brands	42,809
Property, plant and equipment	7,638
Deferred tax assets	47,991
	262,615
CURRENT ASSETS	
Trade receivables	89,530
Tax assets	2,121
Other current assets	1,595
Cash and cash equivalents	45,315
	138,561
TOTAL ASSETS	**401,176**
NON-CURRENT LIABILITIES	
Loans and other financing	144,708
Other non-current financial liabilities	1,885
Provisions for risks and charges	4,979
Deferred tax liabilities	37,180
	188,752
CURRENT LIABILITIES	
Loans and other financing	40,155
Other current financial liabilities	3,075
Trade payables	14,088
Tax payables	16,578
Other current liabilities	10,024
	83,920
TOTAL LIABILITIES	**272,672**
TOTAL NET IDENTIFIABLE ASSETS AT FAIR VALUE	**128,504**
Non-controlling interests measured at fair value	**(19,275)**
Goodwill arising from acquisition	**124,064**
ACQUISITION PRICE	**233,293**
Earn-out	(17,199)
ACQUISITION PRICE PAID	**216,094**

The process of gathering and analysing information useful for valuation purposes was completed at the end of June 2020, one year after the transaction and within the deadlines envisaged by international accounting standards.
This process led to the identification of the appropriate allocation of goodwill as well as the appropriate CGUs generating cash flows.
In determining these amounts, the fair value of the Earn-out was also reviewed, which was recorded under other financial liabilities, as described in Note 13.
The table below compares the provisional values presented as at December 31, 2019 and the final values updated as at June 30, 2020 and reported in the previous table.

(€/000)

	Fair value of acquisition exposed at December 31, 2019	New valuation	Fair value of acquisition exposed at June 30, 2020
NON-CURRENT ASSETS			
Intangible assets	221,793	(14,807)	206,986
of which Other Intangible Assets	167,268	(17,548)	149,720
> servicing contracts (SLAs)	157,933	(17,603)	140,330
> backlog & database	9,335	55	9,390
of which Software	14,457	-	14,457
of which Brands	40,068	2,741	42,809
Property, plant and equipment	7,638	-	7,638
Deferred tax assets	32,739	15,252	47,991
	262,170	**445**	**262,615**
CURRENT ASSETS			
Trade receivables	89,530	-	89,530
Tax assets	2,121	-	2,121
Other current assets	1,595	-	1,595
Cash and cash equivalents	45,315	-	45,315
	138,561	**-**	**138,561**
TOTAL ASSETS	**400,731**	**445**	**401,176**
NON-CURRENT LIABILITIES			
Loans and other financing	144,708	-	144,708
Other non-current financial liabilities	1,885	-	1,885
Provisions for risks and charges	4,979	-	4,979
Deferred tax liabilities	25,631	11,549	37,180
	177,203	**11,549**	**188,752**
CURRENT LIABILITIES			
Loans and other financing	40,155	-	40,155
Other current financial liabilities	3,075	-	3,075
Trade payables	14,088	-	14,088
Tax payables	16,578	-	16,578
Other current liabilities	10,024	-	10,024
	83,920	**-**	**83,920**
TOTAL LIABILITIES	**261,123**	**11,549**	**272,672**
TOTAL NET IDENTIFIABLE ASSETS AT FAIR VALUE	**139,608**	**(11,104)**	**128,504**
Non-controlling interests measured at fair value	**(20,941)**	**1,666**	**(19,275)**
Goodwill arising from acquisition	**137,534**	**(13,470)**	**124,064**
ACQUISITION PRICE	**256,201**	**(22,908)**	**233,293**
Earn-out	(39,307)	22,108	(17,199)
ACQUISITION PRICE PAID	**216,894**	**(800)**	**216,094**

At the acquisition date, the fair value of the intangible assets linked to the Altamira servicing contracts and backlog and database amounted to €140.3 million and €9.4 million, respectively. The difference between the carrying amount of these two elements is the result of the measurement performed using the "Multi-Period Excess Earnings method" (MEEM), which discounts the value of the net cash flows specifically attributable to these active contracts.

The Altamira brand is recognised in the financial statements of the company at a carrying amount of €38.8 million, and using the measurement carried out by applying the Income approach - Relief from royalty method, the fair value attributed to it amounts to €42.8 million.

Transaction costs of €9.1 million were charged to the consolidated income statement as at December 31, 2019 under "Administrative expenses".

The following table shows final cash flows for the acquisition.

(€/000)

Breakdown of acquisition cash flows	
Net liquidity acquired with the subsidiary	45,315
Price paid	(221,015)
Price adjustment	4,921
Net acquisition cash flows	**(170,779)**
Refinancing of subsidiary's debt	(184,863)
Total acquisition cash flows	**(355,642)**

RELATED-PARTY TRANSACTIONS

INTRODUCTION

The provisions of IAS 24 apply for the purposes of disclosures on related parties. That standard defines the concept of related party and identifies the relationship between the related part and the entity preparing the financial statements.

Pursuant to IAS 24, significant related parties for the doValue Group include:

- the Parent Company;
- associates, joint ventures and their subsidiaries;
- key management personnel;
- close family members of key management personnel and companies controlled, including jointly, by key management personnel or their close family.

In compliance with Consob Resolution no. 17221 of March 12, 2010, doValue has adopted the "Policy for the management of related party transactions and of transactions in conflict of interest of the doValue Group", published on the corporate website of doValue (www.doValue.it), which defines the principles and rules for managing the risk associated with situations of possible conflict of interest engendered by the proximity of certain parties to decision-making centres.

To manage transactions with related parties, doValue has established a Risks and Operations Committee with related parties - composed of a minimum of 3 (three) and a maximum of 5 (five) members chosen from the non-executive members of the Board of Directors, and with the majority meeting independence requirements - charged with the task of issuing reasoned opinions to the Board of Directors regarding transactions with related parties in the cases governed by the procedure.

INFORMATION ON REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information on the compensation of key management personnel for the year 2020 is provided below.

The definition of key management personnel, according to IAS 24, includes those who have the power and responsibility, directly or indirectly, for planning, managing and controlling the Company's activities. This category includes the members of the Board of Directors, including the Chief Executive Officer, the Statutory Auditors of the Parent Company and of all the subsidiaries, as well as the other executives with strategic responsibilities identified in the "Relevant Personnel" area.

(€/000)

	12/31/2020
Short term benefits	3,882
Post-employment benefits	119
Share-based payments	2,562
Total	**6,563**

RELATED-PARTY TRANSACTIONS

During the period, low-value transactions with related parties of an ordinary nature and lesser importance were carried out, mainly attributable to contracts for the provision of services.
All transactions with related parties carried out in 2020 were concluded in the interest of the Group and on market or standard conditions.

The following table shows the assets, liabilities and guarantees and commitments outstanding as at December 31, 2020, and the items of the income statement, with separate indication for the various types of related parties pursuant to IAS 24.

(€/000)

Financial Transactions	Parent Company	Unconsolidated subsidiaries	Associates	Joint ventures	Key management personnel	Other related parties	Total
Trade receivables	-	-	-	-	-	5,165	5,165
Property, plant and equipment	-	-	-	-	-	1,172	1,172
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**6,337**	**6,337**
Trade payables	-	-	-	-	-	48	48
Other current financial liabilities	-	-	-	-	-	109	109
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**157**	**157**

(€/000)

Costs/Revenues	Parent Company	Unconsolidated Subsidiaries	Associates	Joint Ventures	Key management personnel	Other related parties	Total
Revenue from contracts with customers	-	-	-	-	-	8,736	8,736
Other revenues	-	-	-	-	-	2,996	2,996
Administrative expenses	-	-	-	-	-	(456)	(456)
Personnel expenses	-	-	-	-	-	(3)	(3)
Financial (Expense)/Income	-	-	-	-	-	408	408
Depreciation, amortisation and impairment	-	-	-	-	-	(1,326)	(1,326)
Provisions for risks and charges	-	-	-	-	-	(2)	(2)
TOTAL	**-**	**-**	**-**	**-**	**-**	**10,353**	**10,353**

With 25.05% of the shares, the ultimate **parent company** is Avio S.à r.l., a company incorporated under Luxembourg law that is affiliated with the Fortress Group, which in turn was acquired by Softbank Group Corporation in December 2017.
Avio S.à r.l. does not exercise any management or coordination powers over doValue pursuant to Art. 2497 et seq. of the Civil Code.

The main relations with **other related parties** relate to:
- Securitisation SPVs: the Group carries out Master Servicing and Structuring activities: i.e. administrative, accounting, cash management and reporting services in support of the securitisation of loans; structuring services for securitisation transactions under Law 130/1999 as well as performing the role of authorised entity in securitisation transactions. Some of these vehicles, in particular those linked to Softbank, fall within the scope of related parties and for 2020 the amount of revenues from contracts with customers for this category of customers amounts to €8.6 million, while sundry revenues are equal to €1.4 million with corresponding trade receivables of €3.7 million as at December 31, 2020; for the vehicles Romeo SPV and Mercuzio Securitisation, for which the Group holds ABS notes, €3.4 million of financial assets and €427 thousand of financial income are also recorded;
- Torre SGR S.p.A.: the company rents the Group certain properties for one of the main offices in Rome. This contract is accounted for in accordance with IFRS 16, with amortisation/depreciation of €1.3 million and financial charges of €32 thousand; during the year, administrative expenses connected with those buildings amounted to €456 thousand. Equity balances are recognised under property, plant and equipment (€1.2 million), under other financial liabilities (€1.3 million) and under trade payables (€44 thousand);
- FIG LLC: doValue carries out due diligence services for the company and during 2020 accrued revenues of €675 thousand and trade receivables of €709 thousand at the end of the year;
- Reoco: doValue manages property assets for certain Reoco (real estate owned companies), with revenue from contracts with customers and other revenue during the year of €952 thousand and trade receivables of €529 thousand.

ANNEXES

FEES PAID TO THE INDEPENDENT AUDITORS: INFORMATION PURSUANT TO ART. 149-DUODECIES OF THE CONSOB ISSUER REGULATION

(€)

Type of services	doValue S.p.A.		Subsidiaries	
	Service Provider	Fee for the year in Euros (excluding VAT and expenses)	Service Provider	Fee for the year in Euros (excluding VAT and
Auditing	EY S.p.A.	**238,250**	BDO, Network EY (*)	**287,648**
Audit related services:		**36,000**		**14,500**
Attestation of tax forms	EY S.p.A.	6,000	BDO, Network EY (**)	14,500
Non-Financial Statement	EY S.p.A.	30,000		-
Other services	EY S.p.A.	**145,000**		**-**
Total		**419,250**		**302,148**

(*) BDO for € 25,500.00

(**) BDO for € 4,000.00

PUBLIC GRANTS PURSUANT TO LAW 124/2017

Law 124 of August 4, 2017 introduces in article 1, paragraphs 125 to 129, some measures aimed at ensuring transparency in the system of public disbursements that are part of a European and national regulatory context.

Also of note is the circular Assonime 5 Business activities and competition, published on February 22, 2019, which contains some guidelines and highlights the points of greatest uncertainty, hoping for regulatory intervention by the competent authorities that guarantees a correct and uniform fulfilment of obligations by companies, in addition to the non-application of the sanctions contained in the regulation itself.

Given the above, the main criteria adopted by doValue S.p.A. and its subsidiaries based in Italy are reported below, in line with the circular of Assonime mentioned above.
Grants, contributions and economic benefits of any kind received from January 1 to December 31, 2020 were considered.
The Group's information is presented below in table form.

(€)

Type of grant	Amount
Employment Fund	77,500
Training contributions to the Banking Fund	281,378
Contribution relief for work-life balance	105,050
Total	**463,928**

CERTIFICATIONS AND REPORTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

E-MARKET SDIR CERTIFIED

Consolidated Financial Statements Certification pursuant to art.81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned

- Mr. Andrea Mangoni, in his capacity as Chief Executive Officer (CEO);
- Mrs. Elena Gottardo, in her capacity as the Financial Reporting Officer with preparing the financial reports of doValue S.pA., of also in compliance with Art.154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, do hereby certify:
  - adequacy in relation to the characteristics of the company and
  - the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements, during the period 2020.

2. We also certify that:
   2.1. the 2020 Consolidated Financial Statements:
   a) have been prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   b) corresponds to the results of the books and accounting records;
   c) is suitable for providing a true and correct representation of the equity, economic and financial situation of the issuer and of all the companies included in the consolidation;
   2.2. the management report includes a reliable analysis of the management trend and result, as well as the situation of the issuer and the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

Rome, March 30, 2021

Andrea Mangoni	**Elena Gottardo**
Chief Executive Officer	Financial Reporting Officer

doValue S.p.A.

Bilancio consolidato al 31 dicembre 2020

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 10 del Regolamento (UE) n. 537/2014

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Relazione della società di revisione indipendente ai sensi dell'art. 14 del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 10 del Regolamento (UE) n. 537/2014

Agli Azionisti di doValue S.p.A.

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo doValue ("il Gruppo"), costituito dallo stato patrimoniale al 31 dicembre 2020, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo doValue al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli *International Financial Reporting Standards* adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. 28 febbraio 2005, n. 38 e dell'art. 43 del D. Lgs. 18 agosto 2015, n. 136.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto a doValue S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

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Abbiamo identificato i seguenti aspetti chiave della revisione contabile:

Aspetto chiave	Risposte di revisione
Stima della quota in maturazione dei ricavi relativi ai contratti di *servicing* e dei connessi obblighi contrattuali	
Il Gruppo opera nella gestione e recupero di crediti, prevalentemente *non performing*, a favore di banche e istituzioni finanziarie ed i relativi ricavi vengono rilevati per competenza, tramite l'utilizzo di procedure informatiche gestionali e di complessi processi di consuntivazione dell'attività svolta, tenendo conto delle differenti specificità contrattuali di ciascun mandato. Tali ricavi, iscritti nel conto economico consolidato alla voce Ricavi da contratti con i clienti, sono riconducibili per circa il 55% del totale a servizi di gestione e recupero crediti su mandati, per circa il 30% all'attività di *servicing* per operazioni di cartolarizzazione e per la porzione residua ai servizi immobiliari su mandato. I suddetti contratti prevedono altresì articolate clausole di diritti e doveri in capo al Gruppo nei rapporti con le controparti, che possono generare anche passività potenziali derivanti da eventuali mancati assolvimenti di obblighi contrattuali. A fine esercizio, parte di tali ricavi è determinata dagli amministratori con un complesso procedimento di stima delle competenze maturate nel periodo, considerando le articolate pattuizioni contrattuali, la dinamica dei recuperi effettivamente operati, nonché le eventuali indennità contrattuali da riconoscere in relazione a particolari eventi o specifiche circostanze. Alla data di chiusura dell'esercizio, la quota di ricavi di *servicing* privi di una manifesta accettazione della controparte ammonta al 43% del totale fatture da emettere e al 10% rispetto all'aggregato Totale Ricavi del conto economico consolidato. Per tali ragioni, la stima dei ricavi relativi ai contratti di *servicing* e dei connessi obblighi contrattuali è stata da noi ritenuta un aspetto chiave ai fini dell'attività di revisione.	Le nostre procedure di revisione in risposta all'aspetto chiave hanno incluso, tra l'altro: • la comprensione del processo di determinazione dei ricavi da contratti di servicing con i clienti e degli oneri previsti contrattualmente e dei relativi controlli chiave; • l'effettuazione di sondaggi di conformità sul processo di determinazione dei ricavi e conseguente fatturazione; • la verifica dell'appropriatezza della metodologia e della ragionevolezza delle assunzioni valutative utilizzate, nonché lo svolgimento di procedure di conformità sui controlli chiave della relativa stima contabile delle competenze maturate; • lo svolgimento di procedure di validità aventi per oggetto la corretta applicazione della metodologia di stima e delle relative assunzioni nel determinare i ricavi, sia per la componente fissa che variabile; • il confronto delle stime dell'esercizio precedente con i dati successivamente consuntivati e l'analisi degli scostamenti al fine di supportare l'attendibilità del processo di stima. Infine, abbiamo esaminato l'adeguatezza dell'informativa fornita nella nota integrativa.

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L'informativa di bilancio relativa alle commissioni di gestione e recupero di crediti e alle modalità adottate per la loro stima è riportata nelle parti "Politiche contabili", "Informazioni sullo stato patrimoniale consolidato" e "Informazioni sul conto economico consolidato" della nota integrativa consolidata.

Contabilizzazione dell'operazione di aggregazione aziendale di Eurobank Financial Planning Services (FPS) ora doValue Greece

In data 5 giugno 2020, la Capogruppo doValue S.p.A. ha perfezionato l'acquisto dell'80% del capitale della Eurobank Financial Planning Services (FPS) ora doValue Greece ("l'Operazione").
L'Operazione è stata contabilizzata nel bilancio consolidato in ossequio alle previsioni del principio contabile internazionale IFRS 3 "Aggregazioni aziendali" , ancorché non ancora in via definitiva. Al 31 dicembre 2020 la determinazione e l'allocazione del costo dell'acquisizione (*purchase price allocation*), attività per la quale la direzione aziendale si è avvalsa del supporto di un consulente esterno indipendente, ha portato all'iscrizione in via provvisoria, tra le altre componenti, di immobilizzazioni immateriali a vita utile definita per un valore lordo di Euro 256 milioni.

Abbiamo considerato la contabilizzazione dell'Operazione, un aspetto chiave della revisione, in ragione della significatività della medesima per il bilancio consolidato nel suo complesso nonché della soggettività delle assunzioni nella determinazione della *purchase price allocation*, con riferimento in particolare:

- alla stima del *fair value* delle attività e passività acquisite;
- alla rilevazione e valutazione delle attività immateriali a vita definita delle entità acquisite;
- alla rilevazione e valutazione del valore di avviamento;
- alla determinazione del valore attuale dell'*earn out* previsto contrattualmente;

Le nostre procedure di revisione in risposta all'aspetto chiave hanno incluso, fra l'altro:

- le procedure di validità sul costo di acquisto anche attraverso l'analisi degli accordi stipulati relativi, al fine di comprenderne i termini e le condizioni rilevanti;
- l'esame dei verbali delle riunioni degli organi sociali della Capogruppo durante le quali l'Operazione è stata discussa e deliberata;
- l'analisi, con l'ausilio di nostri esperti in valutazioni d'azienda, della relazione predisposta dal consulente esterno indipendente incaricato dalla direzione aziendale, della valutazione dell'appropriatezza della metodologia utilizzata e della ragionevolezza delle assunzioni formulate dagli amministratori in relazione al processo di *purchase price allocation*, nonché la verifica dell'accuratezza matematica dei relativi calcoli.

Infine, abbiamo esaminato l'adeguatezza dell'informativa fornita nella nota integrativa.

- alla iscrizione della correlata fiscalità differita sulle differenze temporanee tra i valori contabili determinati in sede di *purchase price allocation* ed i relativi valori fiscali.

L'informativa sull'Operazione è fornita nelle parti "Politiche contabili" e "Operazioni di aggregazione riguardanti imprese o rami d'aziende" della nota integrativa.

Impairment test dell'avviamento e delle altre attività immateriali relative ai contratti di servicing

Le attività immateriali iscritte stato patrimoniale del bilancio consolidato al 31 dicembre 2020 includono il valore riferibile ad avviamenti per Euro 193 milioni e altre attività immateriali per Euro 323,9 milioni, relativi al valore dei contratti di *servicing* pluriennali, che sono state contabilizzate a seguito delle acquisizioni di Altamira Asset Management effettuata nel 2019 e di Eurobank-FPS (ora doValue Greece) nel giugno 2020, che operano entrambe nel settore del *servicing* di crediti deteriorati con contratti di *Special* e *Master Servicing* con primarie controparti.
L'avviamento, non assoggettato ad ammortamento sistematico, ed anche le altre attività immateriali, che sono sistematicamente ammortizzate, come previsto dal principio contabile internazionale IAS 36 "Riduzione di valore delle attività", sono sottoposte almeno annualmente alla verifica di recuperabilità (*impairment test*) mediante confronto tra i valori contabili delle CGU, inclusivi dell'avviamento e delle altre attività immateriali relativi ai contratti di *servicing*, e il relativo valore recuperabile rappresentato dai flussi futuri stimati dei contratti di *servicing*.

La direzione della Capogruppo ha individuato nel c.d. "valore d'uso" la configurazione di valore recuperabile delle CGU da utilizzare ai fini dell'*impairment test*, determinato mediante un procedimento che prevede l'attualizzazione dei flussi di cassa attesi (*discounted cash flows*) e assunzioni che per loro natura implicano il

Le nostre procedure di revisione in risposta all'aspetto chiave hanno incluso, tra l'altro:

- la comprensione delle modalità di determinazione del valore recuperabile adottate dalla Capogruppo nell'ambito del processo di *impairment test* approvato dal Consiglio di Amministrazione, e dei relativi controlli chiave;
- il confronto tra i dati utilizzati per la conduzione dell'*impairment test* e quelli presentati nel Budget 2021 e delle altre previsioni dei flussi relativi ai contratti di *servicing*, al fine di verificarne il sostanziale allineamento;
- l'analisi della ragionevolezza delle previsioni economiche incluse nel Budget 2021 e previsioni dei flussi relativi ai contratti di *servicing* e utilizzate nell'ambito dell'*impairment test* dell'avviamento;
- con l'ausilio di nostri esperti in valutazioni d'azienda, la valutazione dell'appropriatezza della metodologia e della ragionevolezza delle assunzioni utilizzate dagli amministratori per la determinazione del valore recuperabile, nonché la verifica dell'accuratezza matematica dei calcoli e l'analisi di sensitività sulle assunzioni chiave.

Infine, abbiamo esaminato l'adeguatezza dell'informativa fornita nella nota integrativa.

ricorso al giudizio degli amministratori.

In tale ambito, ai fini della stima dei flussi finanziari futuri, la direzione aziendale ha utilizzato i dati di Budget relativi al 2021 e considerato i rispettivi flussi reddituali attesi per i singoli contratti di *servicing*, come approvati dagli amministratori nello scorso febbraio, nell'attuale contesto di incertezza derivante dalla diffusione della pandemia Covid-19.

In considerazione della significatività dell'ammontare dell'avviamento e delle altre attività immateriali per il bilancio consolidato nel suo complesso, nonché della soggettività delle assunzioni adottate dagli amministratori nel processo di stima del valore recuperabile della CGU, abbiamo ritenuto l'*impairment test* dell'avviamento e degli altri intangibili un aspetto chiave della revisione.

L'informativa sull'*impairment test* è fornita nella sezione "Politiche contabili" e nella Nota 1 della sezione "Informazioni sullo stato patrimoniale consolidato" della nota integrativa.

Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli *International Financial Reporting Standards* adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. 28 febbraio 2005, n. 38 e dell'art. 43 del D. Lgs. 18 agosto 2015, n. 136, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Capogruppo doValue S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un

giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di *governance* anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di *governance*, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) n. 537/2014

L'assemblea degli azionisti di doValue S.p.A. ci ha conferito in data 17 giugno 2016 l'incarico di revisione legale del bilancio d'esercizio e consolidato per gli esercizi dal 31 dicembre 2016 al 31 dicembre 2024.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) n. 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al collegio sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58

Gli amministratori di doValue S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del Gruppo al 31 dicembre 2020, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58, con il bilancio consolidato del Gruppo al 31 dicembre 2020 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del Gruppo al 31 dicembre 2020 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c. 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Dichiarazione ai sensi dell'art. 4 del Regolamento Consob di attuazione del D. Lgs. 30 dicembre 2016, n. 254

Gli amministratori di doValue S.p.A. sono responsabili per la predisposizione della dichiarazione non finanziaria ai sensi del D. Lgs. 30 dicembre 2016, n. 254. Abbiamo verificato l'avvenuta approvazione da parte degli amministratori della dichiarazione non finanziaria.

Ai sensi dell'art. 3, comma 10, del D. Lgs. 30 dicembre 2016, n. 254, tale dichiarazione è oggetto di separata attestazione di conformità da parte nostra.

Verona, 7 aprile 2021

EY S.p.A.

Marco Bozzola
(Revisore Legale)

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