Consolidated half-year report

June 30, 2020

doValue

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

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

Chairman
Chiara Molon (7)

Standing Auditors
Francesco Mariano Bonifacio (8)
Nicola Lorito (8)

Alternate Auditors
Sonia Peron
Roberta Senni

AUDIT FIRM

EY S.P.A.

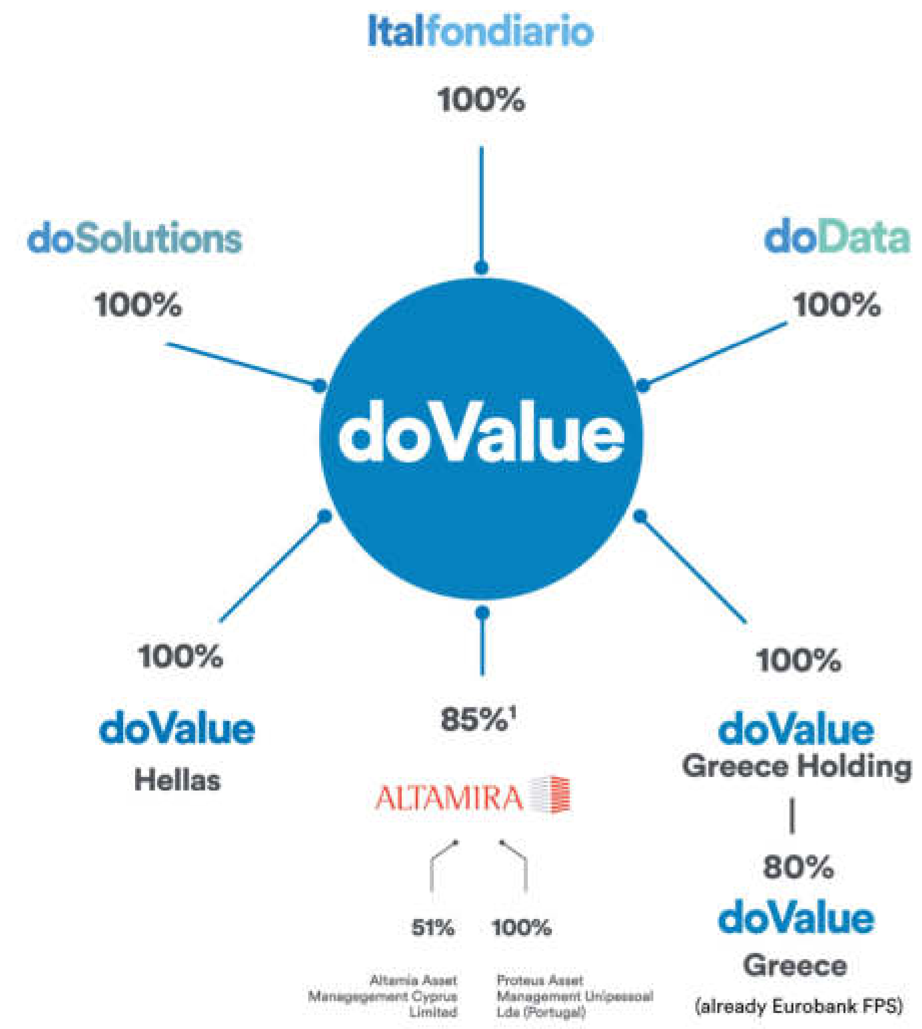
Financial Reporting Officer
Elena Gottardo

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

GROUP STRUCTURE

doValue is the main player in Southern Europe providing Services for the management of accounts receivables and property assets ("Servicing"), for banks and investors customers, with assets under management of over €160 billion as at the end of the first half of 2020 (gross book value).

The structure of the Group as at June 30, 2020, which is illustrated in the following diagram, reflects the organic and external growth and diversification of doValue over 20 years of operations.



[1] Altamira also holds 100% of the class "B" shares of Altamira Asset Management Cyprus Limited and 100% of Altamira Asset Management Hellas Single Member Company, in liquidation.

The Parent Company doValue S.p.A., a servicing company governed by Article 115 of the TULPS[1], performs servicing activities for NPL, UTP and real estate assets, provides ancillary services such as business information services through doData and master services through Italfondiario (ITF), and coordinates the subsidiaries' activities, which operate in a business area or a geographical market.

doValue (formerly doBank) was formed in 2016 from the combination of Italy's two largest independent servicers: UCCMB, originally part of the UniCredit Group, and Italfondiario, active since 2000 in partnership with leading specialist investors.

In July 2017, the doValue stock was 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. doValue shares are traded under ISIN IT0001044996 and ticker symbol DOV [Bloomberg: DOV IM].

Between 2018 and 2019 doValue went through a strong expansion and deep diversification phase, with the entry first in the Greek market with a contract from 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. doValue's development in the Italian market continued with the acquisition of new management contracts from banks and investors, in particular with the leadership in the provision of services for securitisations backed by the "GACS" government guarantees.

At the end of 2019, doValue announced the acquisition of 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 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.

[1] Consolidated Public Security Act

doValue: a story of growth and diversification

€ 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	2014	Italfondiario acquires a 45% stake in BCC Gestione Crediti
€ 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
€ 82 bn	2018	doBank enter the Greek servicing market and announces the acquisition of Altamira Asset Management, active in Spain, Portugal and Cyprus
€ 131,5 bn	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
€ 162 bn	2020	**June**: doValue completes the acquisition of FPS (doValue Greece) and becomes market leader in Greece.

INTERIM DIRECTORS' REPORT ON **GROUP** OPERATIONS

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 southern Europe's leading servicer, with over €160 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: the 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 mainly carried out by the subsidiaries Italfondiario, which is governed under the provisions of Article 106 of the Consolidated Banking Act (financial intermediary) and doValue Greece, which is governed under the provisions of the Greek law 4354/2015 (NPL servicer with licence and supervision of 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: including the collection and organisation of information in data room environments as well as 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, including the analysis of documentation, the preparation of legal opinions and assistance in the preparation of litigation;
- "Co-investment": co-investment in loan portfolios in partnership with major financial investors, where such activities are instrumental to obtaining servicing contracts. This business involves taking minority positions in securities issued by securitisation vehicles.

Both 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. The Servicer Ratings assigned to doValue and Italfondiario are the highest of those assigned to Italian operators in the sector and were assigned to doValue and Italfondiario in 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.

Group highlights

(€/000)

Key data of the consolidated income statement	06/30/2020	06/30/2019	Change €	Change %
Gross Revenues	164,776	112,155	52,621	47%
Net Revenues	142,611	102,591	40,020	39%
Operating expenses	(115,698)	(73,740)	(41,958)	57%
EBITDA	26,913	28,851	(1,938)	(7)%
EBITDA Margin	16%	26%	(9)%	(37)%
Non-recurring items included in EBITDA[1]	(8,200)	(10,208)	2,008	(20)%
EBITDA excluding non-recurring items	35,113	39,059	(3,946)	(10)%
EBITDA Margin excluding non-recurring items	21%	35%	(14)%	(39)%
EBT	(16,182)	22,281	(38,463)	n.s.
EBT Margin	(10)%	20%	(30)%	(149)%
Profit (loss) for the period attributable to the Shareholders of the Parent Company	(16,409)	4,027	(20,436)	n.s.
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	(6,096)	26,611	(32,707)	(123)%

[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	06/30/2020	12/31/2019 RESTATED	Change €	Change %
Cash and liquid securities	193,027	128,162	64,865	51%
Intangible assets	267,907	289,585	(21,678)	(7)%
Consolidation differences to be allocated	225,774	-	225,774	n.s.
Financial assets	56,211	48,609	7,602	16%
Trade receivables	150,423	176,991	(26,568)	(15)%
Tax assets	111,834	98,554	13,280	13%
Total assets	**1,061,752**	**780,193**	**281,559**	**36%**
Financial liabilities	677,467	434,269	243,198	56%
Trade payables	48,274	46,969	1,305	3%
Tax Liabilities	41,816	32,806	9,010	27%
Other liabilities	68,789	25,196	43,593	n.s.
Provisions for risks and charges	18,504	25,669	(7,165)	(28)%
Total liabilities	**866,964**	**573,453**	**293,511**	**51%**
Group Shareholders' equity	**193,381**	**206,740**	**(13,359)**	**(6)%**

The RESTATED equity amounts 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. They are summarised in the following table.

(€/000)

KPIs	06/30/2020	06/30/2019	12/31/2019 RESTATED	CHANGE ON FIRST HALF €	%
Gross Book Value (EoP) - Group[1]	161,814,647	161,188,436	157,600,134	626,211	0%
Gross Book Value (EoP) - Italy	77,511,909	80,621,821	78,796,103	(3,109,912)	(4%)
Collections of the period - Italy	613,754	885,608	1,893,198	(271,854)	(31%)
LTM Collections - Italy	1,623,313	1,963,013	1,893,198	(339,700)	(17%)
LTM Collections - Italy - Stock	1,593,407	1,922,753	1,794,339	(329,346)	(17%)
LTM Collections / GBV EoP - Italy - Overall	2.1%	2.4%	2.4%	(0.3%)	(14%)
LTM Collections / GBV EoP - Italy - Stock	2.1%	2.5%	2.5%	(0.4%)	(14%)
Staff FTE / Totale FTE Group	38%	36%	38%	1.7%	5%
LTM Collections / Servicing FTE - Italy	2.3	2.7	2.6	(35.9%)	(14%)
EBITDA	26,913	28,851	127,766	(1,938)	(7%)
Non-recurring items (NRIs) included in EBITDA	(8,200)	(10,208)	(12,676)	2,008	(20%)
EBITDA excluding non-recurring items	35,113	39,059	140,442	(3,946)	(10%)
EBITDA Margin	16%	26%	35%	(9.4%)	(37%)
EBITDA Margin excluding non-recurring items	21%	35%	39%	(13.5%)	(39%)
Profit (loss) for the period attributable to the shareholders of the Parent Company	(16,409)	4,027	38,318	(20,436)	n.s.
Non-recurring items included in Profit (loss) for the period attributable to the Shareholders of the Parent Company	(10,313)	(22,584)	(31,135)	12,271	(54%)
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	(6,096)	26,611	69,062	(32,707)	(123%)
Earnings per share (Euro)	(0.21)	0.05	0.48	0.0%	0%
Earnings per share excluding non-recurring items (Euro)	(0.08)	0.33	0.86	(40.9%)	(123%)
Capex	9,340	1,271	8,086	8,069	0%
EBITDA - Capex	17,573	27,580	119,680	(10,007)	(36%)
Net Working Capital	102,149	158,512	130,022	(56,363)	0%
Net Financial Position	(396,683.0)x	(319,742)	(236,465.0)x	(76,941)	24%
Leverage (Net Debt / EBITDA LTM PF)	2.0x	1,8x	1.3x	n.a.	n.a.

[1] In order to enhance the comparability of Gross Book Value (GBV) as of:
- 06/30/2019 the values for Altamira Asset Management and doValue Greece have been included at the reference date;
- 12/31/2019 the values for doValue Greece have been included at the reference date.

<u>**Key**</u>

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 Profit (loss) for the period attributable to the Shareholders of the Parent Company: 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 as at June 30, 2020

PERFORMANCE

The following table presents the reclassified income statement as at June 30, 2020 with comparative figures as at June 30, 2019. It is noted that the amounts as at June 30, 2020 include the Altamira Asset Management and the contribution related to the only month of June 2020 related to doValue Greece (former Eurobank Financial Planning Services), the closing of which was completed on June 5, 2020. The figures as at June 30, 2019 do not include the contribution of Altamira Asset Management, which was acquired on June 27, 2019.

(€/000)

	06/30/2020	06/30/2019	Change €	Change %
Servicing Revenues:	147,102	98,149	48,953	50%
o/w: NPL revenues	119,918	98,149	21,769	22%
o/w: REO revenues	27,184	-	27,184	n.s.
Co-investment revenues	263	327	(64)	(20)%
Ancillary and other revenues	17,411	13,679	3,732	27%
Gross revenues	**164,776**	**112,155**	**52,621**	**47%**
NPL Outsourcing fees	(9,705)	(7,091)	(2,614)	37%
REO Outsourcing fees	(6,565)	-	(6,565)	n.s.
Ancillary Outsourcing fees	(5,895)	(2,473)	(3,422)	138%
Net revenues	**142,611**	**102,591**	**40,020**	**39%**
Staff expenses	(78,225)	(48,727)	(29,498)	61%
Administrative expenses	(37,473)	(25,013)	(12,460)	50%
Total "o.w. IT"	*(11,461)*	*(6,597)*	(4,864)	74%
Total "o.w. Real Estate"	*(2,397)*	*(2,341)*	(56)	2%
Total "o.w. SG&A"	*(23,615)*	*(16,075)*	(7,540)	47%
Operating expenses	**(115,698)**	**(73,740)**	**(41,958)**	**57%**
EBITDA	**26,913**	**28,851**	**(1,938)**	**(7)%**
EBITDA margin	**16%**	**26%**	**(9)%**	**(37)%**
Non-recurring items included in EBITDA[1]	(8,200)	(10,208)	2,008	(20)%
EBITDA excluding non-recurring items	35,113	39,059	(3,946)	(10)%
EBITDA margin excluding non-recurring items	21%	35%	(14)%	(39)%
Net write-downs on property, plant, equipment and intangibles	(32,210)	(3,331)	(28,879)	n.s.
Net provisions for risks and charges	(3,929)	(3,002)	(927)	31%
Net write-downs of loans	53	405	(352)	(87)%
EBIT	**(9,173)**	**22,923**	**(32,096)**	**(140)%**
Net income (loss) on financial assets and liabilities measured at fair value	(418)	669	(1,087)	n.s.
Financial interest and commissions	(6,591)	(1,311)	(5,280)	n.s.
EBT	**(16,182)**	**22,281**	**(38,463)**	**n.s.**
Non-recurring items included in EBT[2]	(12,365)	(12,640)	275	(2)%
EBT excluding non-recurring items	(3,817)	34,921	(38,738)	(111)%
Income tax for the period	(2,622)	(18,254)	15,632	(86)%
PROFIT (LOSS) FOR THE PERIOD	**(18,804)**	**4,027**	**(22,831)**	**n.s.**
Profit (loss) for the period attributable to Non-controlling interests	2,395	-	2,395	n.s.
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**(16,409)**	**4,027**	**(20,436)**	**n.s.**
Non-recurring items included in Profit (loss) for the period	(10,600)	(22,584)	11,984	(53)%
O.w. Non-recurring items included in Profit (loss) for the period attributable to Non-controlling interest	(287)	-	(287)	n.s.
Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items	(6,096)	26,611	(32,707)	(123)%
Profit (loss) for the period attributable to Non-controlling interests excluding non-recurring items	(2,108)	-	(2,108)	n.s.
Earnings per share (in Euro)	**(0.21)**	**0.05**	**(0.3)**	**n.s.**
Earnings per share excluding non-recurring items (Euro)	*(0.08)*	*0.33*	*(0.41)*	(123)%

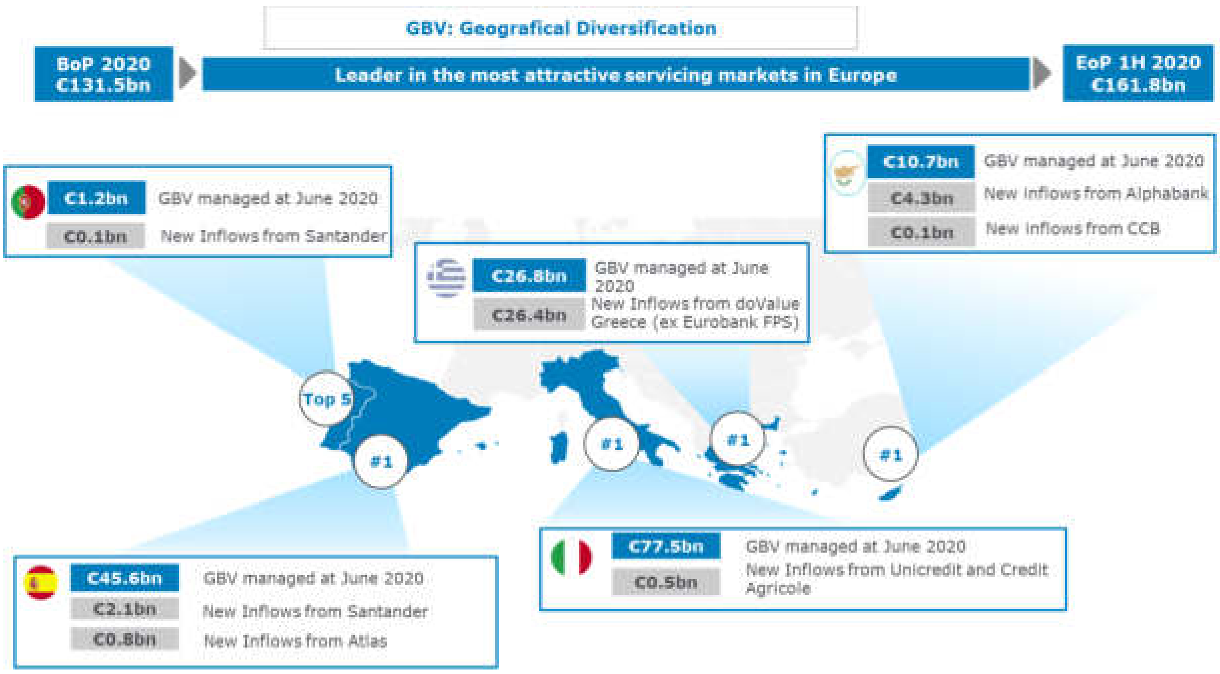
(1) Non-recurring items in Operating expenses include the costs connected with the acquisition of Altamira Asset Management S.A., of doValue Greece (ex Eurobank Financial Planning Services), those incurred for the Group reorganisation project and costs referred to Covid-19;

(2) Non-recurring items included below EBITDA refer to (i) termination incentive plans that have therefore been reclassified from personnel expenses, (ii) income taxes and (iii) fair value delta of the Put-Option and Earn-out.

Portfolio under management

At the end of June 2020, the Group's Managed Assets (GBV) in the 5 markets of Italy, Spain, Portugal, Greece and Cyprus amounted to €161.8 billion, up 23.0% compared to the end of 2019 (€131.5 billion). This is mainly due to the inclusion of doValue Greece's managed assets, following the acquisition finalised on June 5.

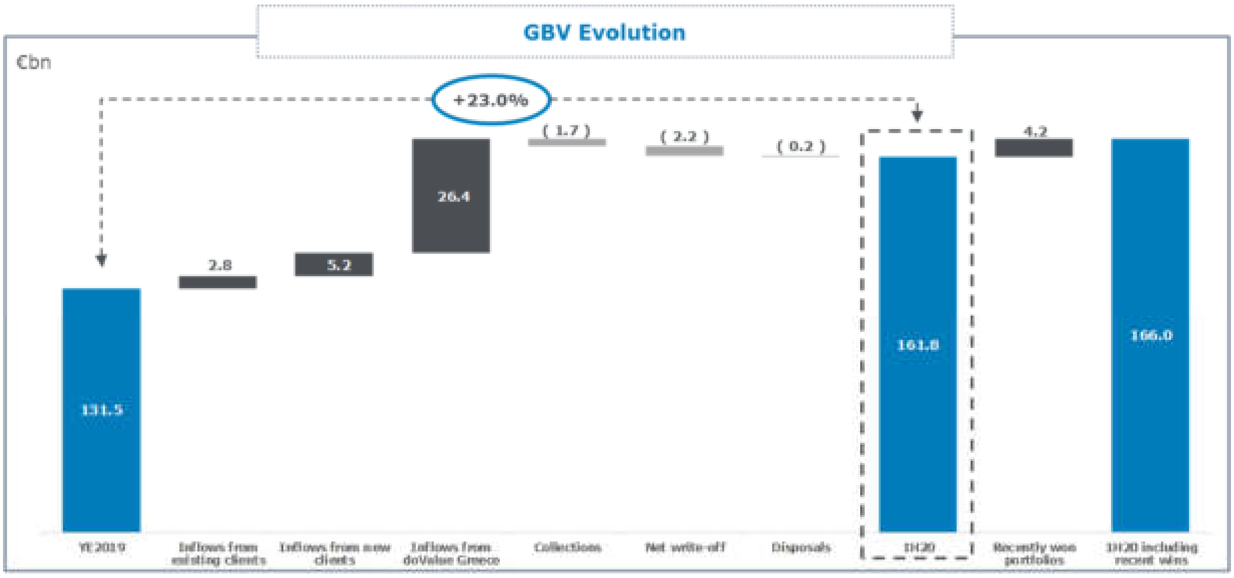
The following chart shows the geographical distribution of the GBV, giving the amount under management at June 30, 2020 and the main increases registered in the first half of 2020.



The following figure shows developments in the portfolio under management broken down by the individual components of the overall change. The increase in the portfolio main reflects the onboarding of:

- new contracts of Altamira Asset Management, for a total amount of €5.2 billion, especially:
  - a contract with Alpha Bank in Cyprus in the amount of €4.3 billion, announced on October 14, 2019, the onboarding of which was completed by the end of March 2020;
  - a portfolio totalling €1.1 billion from a securitisation of loans by an investor who, in addition to positions already under management (€0.3 billion), assigned the company a further €0.8 billion, which will be on-boarded in the second half of the year;
  - a contract with Banco Santander in Portugal for real estate brokerage services for the management of the customer's assets (REO services), for a total amount of €0.1 billion.
- new contracts, totalling €2.8 billion, from forward flow agreements with Banco Santander (Spain), UniCredit (Italy), and Cooperative Central Bank (CCB, Cyprus), more than around four times the flows registered in the first half of 2019 (€0.7 billion) - the amount achieved as at June 30 is higher than doValue management's expectations for the new cash flow contracts for the entire 2020;
- onboarding of 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.

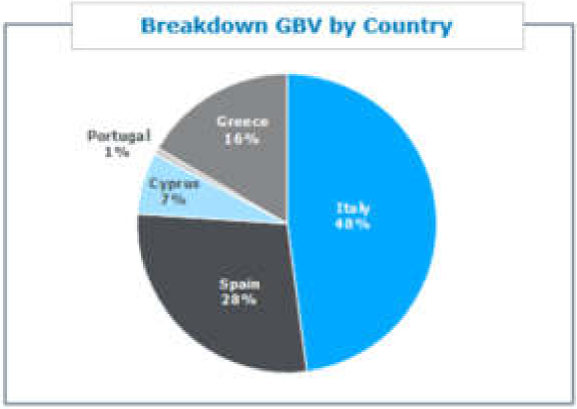
A reduction of GBV was recorded, over the half year, due to transfers by a customer amounting to €0.2 billion.

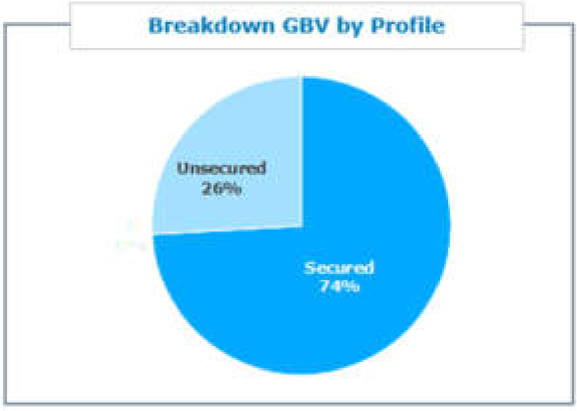


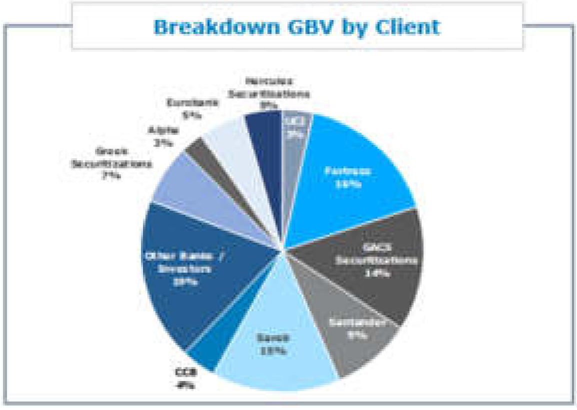
The Managed Assets reported a further increase compared to positions already described, due to further contracts, obtained in the following month of July 2020 and currently still in the on-boarding phase. The new contracts are:

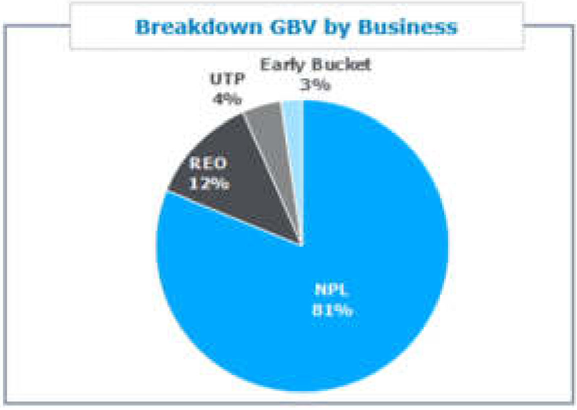
- the ICON portfolio, in Greece, for a total value of around €2.6 billion, for which the entering of a Memorandum of Understanding was announced with Bain Capital Credit;
- the agreement signed with Iccrea Banca for the servicing of a portfolio of non-performing loans worth around €2 billion (in terms of gross book value), of which around €0.4 billion already under management.

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 in the first half of 2020 amounted to €1.7 billion, almost twice the level in the same period of 2019, when they totalled €0.9 billion, essentially reflecting the contribution of Altamira and its contracts and, marginally, for FPS contracts, with a contribution for June 2020 only. As regards Segment Reporting, by geographic area, the distribution of collections was as follows: €0.6 billion in "Italy", €0.8 billion in "Iberia" (Spain and Portugal) and €0.3 billion in "Greece & Cyprus".

Performance

With the primary objective of safeguarding the health of employees, doValue has proactively implemented all necessary measures to prevent and manage the current Coronavirus emergency as indicated by government decrees and the health authorities. The Group's full operation has been and continues to be ensured by the effective application of remote working methods, which has made it possible to limit the adverse impact of the epidemic containment measures on performance for the half year. These containment measures, which have been adopted since last March and 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 the first half of 2020, the doValue Group posted gross revenues of €164.8 million, up 47% over the €112.2 million of the same period of 2019, due mainly to the contribution of Altamira Asset Management, which was consolidated beginning in the second half of 2019, as well as thanks to the contribution - albeit related to the month of June 2020 only - of the recently acquired doValue Greece.

On pro-forma aggregate, if the effects of acquisitions of Altamira Asset Management and doValue Greece at the beginning of January 2019 are included, a decrease of 30% would be recognised with respect to €312.6 million revenues reported in the first half of 2019. This decrease is related to the already mentioned effects of the Coronavirus on the general economic activity. 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 improvement from June 2020.

Revenues from servicing NPL and REO assets, in the amount of €147.1 million, increased by 50% compared with the previous year due to the significant contribution of Altamira Asset Management in the areas of both NPLs and Real Estate (the latter of which in the amount of €76.7 million and not present in the figures for the first half of 2019), in addition to the contribution of FPS, equal to €9.5 million. This increase is particularly significant when considering that the comparison period included non-recurring revenues from indemnities received for a major portfolio sale by a customer bank in the first quarter of 2019.

The positive trend in NPL base fees (both compared with the first half of 2019 and with the aggregate figure), despite virtually no change in the average fees on the GBV of assets under management, is related to two factors:

- the growth in business for the subsidiary doValue Hellas, which is responsible for managing a €1.5 billion NPL portfolio assigned by the four systemic banks in Greece;
- the greater weight of this component of revenues 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.

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/EoP GBV" — came to 2.1%, a decline compared with the 2.4% of the half of 2019, due to the negative and temporary impact of Coronavirus on the recovery activities. Excluding new management contracts, the indicator "LTM collections stock/EoP GBV stock" was 2.1%, with a similar decrease from the 2.5% posted in the first half of 2019 and again in December 2019.

Revenues from co-investment include the €263 thousand contribution (€327 thousand in 2019) from revenues on the ABS securities for the two securitisations Romeo SPV and Mercuzio Securitisation.

The contribution of **revenues from ancillary products and minor activities**, in the amount of €17.4 million (€13.7 million at June 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 account for 11% of total gross revenues for the period and increased by 27% compared with the same period of the previous year.

(€/000)

	06/30/2020	06/30/2019	Change €	Change %
NPL revenues	119,918	98,149	21,769	22%
REO revenues	27,184	-	27,184	n.s.
Co-investment revenues	263	327	(64)	(20)%
Ancillary and other revenues	17,411	13,679	3,732	27%
Gross revenues	**164,776**	**112,155**	**52,621**	**47%**
NPL Outsourcing fees	(9,705)	(7,091)	(2,614)	37%
REO Outsourcing fees	(6,565)	-	(6,565)	n.s.
Ancillary Outsourcing fees	(5,895)	(2,473)	(3,422)	138%
Net revenues	**142,611**	**102,591**	**40,020**	**39%**

Net revenues amounted to €142.6 million, an increase of 39% from the €102.6 million of 2019.

The following items were of note during the period:

- the increase, compared with the previous year, in NPL outsourcing fees, which increased by a total of 37% due to the consolidation of Altamira and of FPS. Comparing 2019 on a like-for-like basis, these fees decreased by 47%, is in line with the objective of reducing the use of outsourcing and with rationalisation efforts implemented over the last year.
- the consolidation of REO outsourcing fees, in the amount of €6.6 million, related to the increase in assets under management following the acquisition of Altamira Asset Management, which is in line with business growth;
- the increase in ancillary outsourcing fees, which is also a direct result of the consolidation of Altamira Asset Management. However, comparing like-for-like with the previous year, these fees are substantially in line with results reported in the first half of 2019, highlighting an increase of around 3%.

Operating expenses amounted to €115.7 million, an increase of 57% compared with the €73.7 million of the first half of 2019, entirely due to the increase in the scope of consolidation with the inclusion of Altamira and doValue Greece.

(€/000)

	06/30/2020	06/30/2019	Change €	Change %
Staff expenses	(78,225)	(48,727)	(29,498)	61%
Administrative expenses	(37,473)	(25,013)	(12,460)	50%
o.w. IT	*(11,461)*	*(6,597)*	*(4,864)*	74%
o.w. Real Estate	*(2,397)*	*(2,341)*	*(56)*	2%
o.w. SG&A	*(23,615)*	*(16,075)*	*(7,540)*	47%
Operating expenses	**(115,698)**	**(73,740)**	**(41,958)**	**57%**
EBITDA	**26,913**	**28,851**	**(1,938)**	**(7)%**
o.w: Non-recurring items included in EBITDA	*(8,200)*	*(10,208)*	*2,008*	(20)%
o.w: EBITDA excluding non-recurring items	*35,113*	*39,059*	*(3,946)*	(10)%

More specifically, of the €42.0 million increase, €29.5 million is attributable to staff expenses and

€12.5 million to administrative expenses. Excluding the impact of the Altamira and doValue Greece consolidation, costs decreased significantly on the whole, falling by 19% (- €14.2 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.

Staff expenses increased by 61% compared with the first half of 2019. Excluding the impact of Altamira and doValue Greece, a significant decrease of 16% (down €7.8 million) was due to the twofold effect of:

- a reduction of the bonuses 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 size of the workforce following the continuation of the cost-efficiency plan defined in the 2019-2022 Business Plan.

By contrast, **administrative expenses** increased by 50% compared with the first half of 2019. Here, too, excluding the contribution of Altamira and doValue Greece, the aggregate posted a decrease of 26% (down €6.5 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 one new office was opened in Verona and six others were opened under co-working agreements.

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, 2020 operating expenses again include 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 first half of 2019 in the amount of €10.2 million, totalled €8.2 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) the project to acquire the servicer Altamira Asset Management for a component related to deferred bonuses for the company's management team;
(iii) the project to reorganise the Group as defined in the 2018-2020 Business Plan and work to rationalise Altamira-related business processes.

EBITDA excluding non-recurring items decreased by 10% to €35.1 million (€39.1 million for the first half of 2019), posting a margin on revenues of 21% (vs. 35% for the comparative period). The decrease in EBITDA (down €3.9 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.

In aggregate, including the effects of acquisitions of Altamira Asset Management e doValue Greece at the beginning of January 2019 and excluding non-recurring items (€64.5 million), EBITDA would be lower than 49%, compared to €127.5 million of EBITDA in the first half of 2019, due to the aforesaid effects of the containment measures of Coronavirus.

Including non-recurring expenses, EBITDA comes to €26.9 million, around 7% lower than the same figure recorded in the first half of 2019 (€28.9 million).

EBIT for the Group was negative by €9.2 million, compared with €22.9 million in 2019. This contraction reflects, in line with expectations, the increase in the amortisation of intangible assets, mainly the contract with Santander and Sareb deriving from the acquisition of Altamira Asset Management. **EBT** was negative €16.2 million, compared with €22.3 million recorded in the same period of the previous year, in line with the increase in financial expenses connected with the financing received for the Altamira acquisition and interest payable related to the bridge loan for the acquisition of doValue Greece, accrued during the month of June 2020.

(€/000)

	06/30/2020	03/31/2019	Change €	Change %
EBITDA	**26,913**	**28,851**	**(1,938)**	**(7)%**
Net write-downs on property, plant, equipment and intangibles	(32,210)	(3,331)	(28,879)	n.s.
Net provisions for risks and charges	(3,929)	(3,002)	(927)	31%
Net write-downs of loans	53	405	(352)	(87)%
EBIT	**(9,173)**	**22,923**	**(32,096)**	**(140)%**
Net income (loss) on financial assets and liabilities measured at fair value	(418)	669	(1,087)	n.s.
Net financial interest and commissions	(6,591)	(1,311)	(5,280)	n.s.
EBT	**(16,182)**	**22,281**	**(38,463)**	**n.s.**

EBT includes non-recurring expenses in the amount of €12.4 million related to:

- €3.6 million in costs for early termination incentives;
- €0.5 million of the time value of the put option and earn-out (€0.4 million related to the Altamira transaction and €0.1 million of the time value of the earn-out connected with the doValue Greece transaction);
- non-recurring costs included in operating expenses indicated above.

Net write-downs on property, plant and equipment and intangible assets amounted to €32.2 million, a significant increase from the first half of 2019 (up €28.9 million). This aggregate mainly includes the net adjustments on the Altamira servicing agreements, 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. As regards doValue Greece servicing agreements, taking account of the recent acquisition date, measurement activities are still in progress and no allocation of the difference between the consideration for the acquisition of the investment and the net book value of the investee company's assets and liabilities has yet been made. The Purchase Price Allocation process, which involves allocating the fair value of the assets and liabilities of the acquired company and determining goodwill as the difference between the value of these assets and liabilities and the consideration paid, will be completed by June 5, 2021 (one year since the transaction). Therefore, no value adjustments/recoveries on the Income Statement as at June 30, 2020 are reported in relation to intangible assets of the subsidiary doValue Greece.
The total balance also includes the amortisation of lease agreements following the introduction of IFRS 16 as of January 1, 2019. The total impact on 2020 was €5.0 million, whereas for the first half of 2019 it was €1.6 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 €3.9 million, which is a significant increase from the same period of the previous year (€0.9 million). This is mainly attributable to provisions for termination incentives paid to employees (€3.6 million 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.

(€/000)

	06/30/2020	03/31/2019	Change €	Change %
EBT	**(16,182)**	**22,281**	**(38,463)**	**n.s.**
Income tax for the period	(2,622)	(18,254)	15,632	(86)%
Profit (Loss) for the period	**(18,804)**	**4,027**	**(22,831)**	**n.s.**
Profit (loss) attributable to Non-controlling interests	2,395	-	2,395	n.s.
Profit (loss) attributable to the shareholders of the Parent Company	**(16,409)**	**4,027**	**(20,436)**	**n.s.**

Income tax for the period is estimated at €2.6 million despite the loss posted at the EBT level for the period. This expense is due to the failure to record - pending the definition of a new business plan - deferred tax assets on the Spanish subsidiary Altamira Asset Management SA to cover the loss for the period, which would have generated a positive effect in terms of lower taxes of €6.2 million. According to the current business plan, these losses will be reabsorbed beyond the 3-year period required by tax regulations for recognition in the financial statements. Income tax also includes the portion for the period of the DTA charge in the amount of €0.9 million.

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 19%, compared with the 29% for the same period of 2019. In this regard, the impact of the foreign subsidiaries (and of Cyprus in particular) on the normalised tax rate is evident, given that they enjoy a lower overall fiscal burden than that of the Italian companies.

Net Profit attributable to Parent Company shareholders, excluding non-recurring items, is equal to -€6.1 million, compared to €26.6 million reported in the first half of 2019. Including non-recurring items, the **result is a net loss of €16.4 million attributable to the shareholders of the Parent Company,** compared to €4.0 million in the same period of the previous year.

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 segmentation is tied to specific factors of the entities included in each category and to the type of market. As a result, the geographical areas defined are: Italy, Greece and Cyprus, and Iberia (Spain and Portugal).
Based on these criteria, the following table shows the revenues and EBITDA for the period for each of these business segments.

For the first half of 2020, gross revenues totalled €164.8 million and EBITDA excluding non-recurring items came to €35.1 million.
The Italy segment accounts for 33% of EBITDA excluding non-recurring items for the Group (compared with 40% for Iberia and 27% for Greece & Cyprus), whereas the margin at the level of EBITDA excluding non-recurring items is lower in the "Italy" segment (17%) than in the other two segments, which are essentially similar at 35% for "Greece & Cyprus" and 21% for "Iberia".

(€/000)

Condensed consolidated income statement	First Half 2020 vs 2019			
	Italy	Greece & Cyprus	Spain & Portugal	Total
Servicing revenues				
First Half 2020	58,706	26,373	62,023	147,102
First Half 2019	98,149	-	-	98,149
Change	*(39,443)*	*26,373*	*62,023*	*48,953*
Co-investment revenues, ancillary and other revenues				
First Half 2020	10,201	528	6,945	17,674
First Half 2019	14,006	-	-	14,006
Change	*(3,805)*	*528*	*6,945*	*3,668*
Outsourcing Fees				
First Half 2020	(6,306)	(1,168)	(14,691)	(22,165)
First Half 2019	(9,564)	-	-	(9,564)
Change	*3,258*	*(1,168)*	*(14,691)*	*(12,601)*
Staff expenses				
First Half 2020	(40,145)	(10,898)	(27,182)	(78,225)
First Half 2019	(48,727)	-	-	(48,727)
Change	*8,582*	*(10,898)*	*(27,182)*	*(29,498)*
Administrative expenses				
First Half 2020	(17,798)	(5,487)	(14,188)	(37,473)
First Half 2019	(25,013)	-	-	(25,013)
Change	*7,215*	*(5,487)*	*(14,188)*	*(12,460)*
EBITDA excluding non-recurring items				
First Half 2020	11,606	9,347	14,160	35,113
First Half 2019	39,059	-	-	39,059
Change	*(27,453)*	*9,347*	*14,160*	*(3.946)*
EBITDA Margin excluding non-recurring items				
First Half 2020	17%	35%	21%	21%
First Half 2019	35%	-	-	35%
Change	*(18%)*	*35%*	*21%*	*(14%)*

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 interim report on Group operations, 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)

	06/30/2020	12/31/2019 RESTATED	Change Amount	Change %
Cash and liquid securities	193,027	128,162	64,865	51%
Financial assets	56,211	48,609	7,602	16%
Property, plant and equipment	32,340	23,904	8,436	35%
Intangible assets	267,907	289,585	(21,678)	(7)%
Tax assets	111,834	98,554	13,280	13%
Trade receivables	150,423	176,991	(26,568)	(15)%
Assets held for sale	1,597	10	1,587	n.s.
Consolidation differences to be allocated	225,774	-	225,774	n.s.
Other assets	22,639	14,378	8,261	57%
TOTAL ASSETS	**1,061,752**	**780,193**	**281,559**	**36%**
Financial liabilities: due to banks	589,710	364,627	225,083	62%
Other financial liabilities	87,757	69,642	18,115	26%
Trade payables	48,274	46,969	1,305	3%
Tax Liabilities	41,816	32,806	9,010	27%
Employee Termination Benefits	10,651	8,544	2,107	25%
Provision for risks and charges	18,504	25,669	(7,165)	(28)%
Liabilities held for sale	1,463	-	1,463	n.s.
Other liabilities	68,789	25,196	43,593	n.s.
TOTAL LIABILITIES	**866,964**	**573,453**	**293,511**	**51%**
Share capital	41,280	41,280	-	n.s.
Reserves	168,656	127,041	41,615	33%
Treasury shares	(146)	(184)	38	(21)%
Profit (loss) for the period attributable to the Shareholders of the Parent Company	(16,409)	38,603	(55,012)	(143)%
NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**193,381**	**206,740**	**(13,359)**	**(6)%**
TOTAL LIABILITIES AND NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**1,060,345**	**780,193**	**280,152**	**36%**
NET EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	1,407	-	1,407	n.s.
TOTAL LIABILITIES AND NET EQUITY	**1,061,752**	**780,193**	**281,559**	**36%**

The RESTATED equity amounts 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 €56.2 million, up by €7.6 million.
The item is broken down in the following table.

(€/000)

	06/30/2020	12/31/2019 RESTATED	Change €	Change %
At fair value through profit or loss	**46,805**	**33,588**	**13,217**	**39%**
Debt securities	18,667	4,619	14,048	n.s.
CIUs	28,092	28,923	(831)	(3)%
Equity instruments	46	46	-	n.s.
At amortized cost	**9,406**	**15,021**	**(5,615)**	**(37)%**
L&R with banks other than current accounts and demand deposits	86	86	-	n.s.
L&R with customers	9,320	14,935	(5,615)	(38)%
TOTAL	**56,211**	**48,609**	**7,602**	**16%**

Debt securities recorded a justified increase, equal to €14.2 million, from the subscription date of securitisation securities, backed by the NPE government guarantees ("Asset Protection Scheme", also known as "Hercules"), similar to the GAGS structure in Italy as part of the acquisition of doValue Greece described in section Significant events in the period.

The increase in **property, plant and equipment**, equal to €8.4 million, is affected by the consideration of the newly acquired company doValue Greece, in the amount of €8.9 million, included in this item.

Intangible assets, on the other hand, decreased by €21.7 million, reflecting the net effect of amortisation for the period in the amount of €26.1 million and new acquisitions, mainly software, in the amount of €4.1 million.

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

(€/000)

	06/30/2020	12/31/2019 RESTATED	Change €	Change %
Software	16,069	18,543	(2,474)	(13)%
Brands	39,304	41,081	(1,777)	(4)%
Assets under development and payments on account	2,835	2,291	544	24%
Goodwill	124,506	124,499	7	0%
Other intangible assets	85,193	103,171	(17,978)	(17)%
TOTAL	**267,907**	**289,585**	**(21,678)**	**(7)%**

Trademarks, goodwill and other intangible assets are essentially related to the acquisition of Altamira Asset Management SA (Altamira) and its two subsidiaries in June 2019, allocated based on the final purchase price allocation described in the section "Business Combinations", to which reference is made.

Tax assets as at June 30, 2020, are broken down as follows:

(€/000)

	06/30/2020	12/31/2019 RESTATED	Change €	Change %
Current tax assets	**3,654**	**1,141**	**2,513**	**n.s.**
Paid in advance	3,099	1,812	1,287	71%
Tax credits	824	-	824	n.s.
Tax liabilities	(269)	(671)	402	(60)%
Deferred tax assets	**93,659**	**90,740**	**2,919**	**3%**
Write-down on loans	49,330	49,329	1	0%
Tax losses carried forward in the future	16,520	13,082	3,438	26%
Property, plants and equipment / Intangible assets	20,712	22,637	(1,925)	(9)%
Other assets / liabilities	2,291	112	2,179	n.s.
Provisions	4,806	5,580	(774)	(14)%
Other tax receivables	**14,521**	**6,673**	**7,848**	**118%**
TOTAL	**111,834**	**98,554**	**13,280**	**13%**

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

(€/000)

	06/30/2020	12/31/2019 RESTATED	Change €	Change %
Taxes for the period	8,983	7,853	1,130	14%
Deferred tax liabilities	16,702	15,345	1,357	9%
Other tax payables	16,131	9,608	6,523	68%
TOTAL	**41,816**	**32,806**	**9,010**	**27%**

The amount of **deferred tax liabilities** shown refers to the effect deriving from the Altamira business combination, and in particular from the purchase price allocation process as a tax effect of the fair value adjustments made to the initial consolidation values of the acquired company.

Financial liabilities – due to banks amounted to €589.7 million as at June 30, 2020. The item includes the residual liability of €332.0 million in respect of the 5-year facility loan obtained for the acquisition of Altamira, as well as €265.0 related to the 2.5% rate bridge loan aimed at the acquisition of Eurobank FPS (now doValueGreece).
This bridge loan will be replaced by medium/long-term financing in the form of a bond within maturity.
The initial nominal amount of the Facility Loan is €415 million, at a variable rate of 1.75% as at June 30, 2020, linked to 6-month Euribor and a number of financial covenants.

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

(€/000)

	06/30/2020	12/31/2019 RESTATED	Change €	Change %
Lease liabilities	24,755	18,027	6,728	37%
Earn-out	36,022	17,417	18,605	107%
Put option on non-controlling	26,507	33,194	(6,687)	(20)%
Hedging derivatives	456	367	89	24%
Other financial liabilities	17	637	(620)	(97)%
TOTAL	**87,757**	**69,642**	**18,115**	**26%**

Lease liabilities include the discounted value of future lease payments, in accordance with the provisions of IFRS 16.
The liability for the earn-out is connected (i) with the Altamira operation, in the amount of €17.6 million, and represents a portion of its price that will be defined within two years from the date of the agreement, end of December 2020, and (ii) with the purchase transaction of Eurobank

FPS (€18.3 million), to which the achievement of some EBITDA targets is connected in a ten-year horizon. Any first earn-out payments 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 of Altamira, expiring in future years.
All the liabilities indicated were discounted as at June 30, 2020.

Provisions for risks and charges decreased by €7.2 million compared with the end of 2019 due to the combined effect of new allocations, uses and releases in respect of litigation and out-of-court disputes during the period and for staff incentive provisions.

(€/000)

	06/30/2020	12/31/2019 RESTATED	Change €	Change %
Legal disputes	13,576	14,035	(459)	(3)%
Staff expenses	1,249	7,359	(6,110)	(83)%
Other	3,679	4,275	(596)	(14)%
TOTAL	**18,504**	**25,669**	**(7,165)**	**(28)%**

NET WORKING CAPITAL

(€/000)

	06/30/2020	12/31/2019	06/30/2019
Trade receivables	150,423	176,991	199,650
Trade payables	(48,274)	(46,969)	(41,138)
TOTAL	**102,149**	**130,022**	**158,512**

The figure for the period of €102.1 million decreased by €27.9 million, compared to December 2019, and by €56.4 million, compared to June 2019. The above-mentioned amount, at end June 2020, was affected by the entry in the consolidation scope of doValue Greece, with a consideration of €15.9 million at end of period.
Excluding the consideration of this company, the net working capital would have been €86.3 million, down by 34% compared to December 31, 2019 (-€44 million) and 46% compared to the same period of last year (-€73 million).
The performance of the working capital in the six-month period, compared to the two reference periods, is particularly positive both in the Italy segment and in the Altamira one. This reflects the high resilience of the doValue business model, which, on the one hand, was affected by the temporary decrease in business due to the Coronavirus epidemic, but on the other this model succeeded in any case to limit the impact on cash on hand, also thanks to precise monitoring and management of net working capital.

NET FINANCIAL POSITION

(€/000)

		06/30/2020	12/31/2019	06/30/2019
A	Cash	193,027	128,162	85,067
B	Liquid securities	-	-	1,000
C	**Liquidity (A)+(B)**	**193,027**	**128,162**	**86,067**
D	Current bank debts	(345,265)	(79,683)	(80,941)
E	**Net current financial position (C)+(D)**	**(152,238)**	**48,479**	**5,126**
F	Non-current bank debts	(244,445)	(284,944)	(324,868)
G	**Net financial position (E)+(F)**	**(396,683)**	**(236,465)**	**(319,742)**

Net financial position, as at June 30, 2020, reported a clear increase for the acquisition of Eurobank FPS, which was financed through a Bridge Loan of €265.0 million. To partially offset this event, cash was increased to €193.0 million, only partly linked to the consideration of the new company acquired.

OPERATING CASH FLOW

(€/000)

	06/30/2020	06/30/2019
EBITDA	26,913	28,851
Capex	(9,340)	(1,271)
EBITDA-Capex	**17,573**	**27,580**
as % of EBITDA	65%	96%
Adjustment for accrual on share-based incentive system payments	982	2,440
Changes in NWC (Net Working Capital)	36,629	(2,696)
Changes in other assets/liabilities	14,770	(6,475)
Operating Cash Flow	**69,954**	**20,849**
Tax paid (IRES/IRAP)	(5,120)	-
Free Cash Flow	**64,834**	**20,849**
(Investments)/divestments in financial assets	(16,320)	(11,240)
Equity (investments)/divestments	(206,857)	(360,999)
Dividend paid	(1,875)	(36,263)
Net Cash Flow of the period	**(160,218)**	**(387,653)**
Net financial Position - Beginning of period	(236,465)	67,911
Net financial Position - End of period	(396,683)	(319,742)
Change in Net Financial Position	**(160,218)**	**(387,653)**

Operating Cash Flow remarkably increased from €20.8 million of last year to €70.0 million in the first half of 2020, thanks to the precise monitoring and management of net working capital, which reported a cash generation of €36.6 million. This cash generation is also due to the temporary decrease in business due to the Coronavirus epidemic, as well as the positive balance of changes in other assets and liabilities, where the contract advance of €36.5 million, received in June for doValue Greece, is recognised.

Unlike last year, in this half year payments for income taxes are reported for the amount of €5.1 million. Therefore, the Free Cash Flow amounted to €64.8 million.

Investments in financial activities amounted to €16.3 million, mainly including the following:

- 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"), backed by government collaterals ("Asset Protection Scheme", also known as "Hercules");
- the payment of interest on the €415 million half-yearly instalment of the Facility Loan (€332 million of residual principal as at June 30), entered for the purchase of the Altamira servicer;
- the portion of interest paid over the period on financial leases, pursuant to the IFRS16 international accounting standard;
- the recovery of €5.2 million on a short-term investment made at end of December 2019, an opportunistic and non-recurring investment in a non-performing loans portfolio.

The "Equity investments" section, equal to €206.9 million, reflects the effect of the net disbursement connected with the acquisition of the doValue Greece servicer, finalised on June 5, 2020. The "Dividend paid" section includes the portion of dividend distributed by Altamira to the minority shareholder Banco Santander (15%).

Net Cash Flow for the period is in any case negative for -€160.2 million, up compared to -€387.7 million recorded in June 2019. This has been affected by the disbursement connected with the purchase of Altamira interests.

Significant events during **the period**

ONBOARDING OF NEW LOAN PORTFOLIOS

During the half year, the main operations on the portfolio under management saw the on-boarding of about €4.3 billion in new positions under the agreement signed with Alpha Bank in Cyprus in October 2019, as well as about €1.3 billion from existing customers under long-term forward flow agreements in place in Spain, Italy and Cyprus. A new contract was obtained for an NPL portfolio originated in Spain and transferred from one of doValue's leading customers in the local market, an international investor specialising in distressed credit. This transaction involves a total of €1.1 billion (gross book value) of assets, of which €0.3 billion already under management by the Group.

In addition, there are approximately €2.8 billion of new credit flows under management provided by existing customers on multi-year contracts signed in Spain, Italy 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.
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 mentioned 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 to date during 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.

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:

- 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".

Significant events **after the end** of the period

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.

NEW CREDIT SERVICING AGREEMENT

On July 2, 2020 an agreement was signed for a new mandate related to a NPL portfolio originated in Greece and acquired by Bain Capital Credit, an important Group customer, equal to €2.6 billion (gross book value), called "Icon". On August 4, 2020, doValue announced an agreement with Iccrea Banca for the management, as Master and Special servicer, of an NPL portfolio of approximately €2 billion (gross book value), of which €0.4 billion already under management.

OUTSOURCING OF FUNCTIONS - DOVALUE CHOOSES IBM AS A PARTNER FOR DIGITAL TRANSFORMATION AND MANAGEMENT OF THE GROUP'S IT SYSTEMS

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 envisages 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 will subsequently be integrated into doValue.

PRICING OF THE SENIOR SECURED BOND LOAN

On July 31, 2020, the Company notified that the pricing of the secured senior bond loan had been conducted for a total principal amount of €265 million, at a fixed rate of 5.00% yoy, with issue price equal to 98.913% and yield equal to 5.25%. This is the first debt capital markets transaction carried out by doValue.
Bonds will have a maturity term on August 4, 2025 and will be reserved to qualified investors. Income resulting from the issue of the Bonds will be used by doValue for the advanced total redemption of the senior and secured bridge loan, for an amount of €265 million (and interest accrued), granted to the Company on June 3, 2020, within the acquisition of FPS. As from the

issue date, the Bonds will be listed by the Luxembourg Stock Exchange on the Euro MTF multilateral trading facility.

Outlook for **operations**

The current economic situation linked 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 June and July 2020, an improvement with respect to the two previous months.

More specifically, despite the operational continuity of doValue operations in all its markets, the Group is 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.

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 and the employee incentive plan, are factors that mitigate the short-term adverse impacts of the crisis in view of a potential recovery in the second half of the year.

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. More indications on developments in 2020 will be provided during the year.

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 coronavirus inevitably involve elements of uncertainty, even in the presence of stable macroeconomic conditions. The Group believes in any case that at present there are no doubts regarding its ability to continue to operate as a going concern.
As it can be inferred from the half-yearly report just published, despite being the period most affected by the negative effects of the Covid-19 health emergency and the related impact on global economic activities, the Company generated an EBITDA of approximately €27 million which, excluding non-recurring items, amounts to over €35 million. The Group's liquidity available at end of July is over €170 million and unused credit lines total a further €85.5 million. Finally, during the first half of 2020, the Group obtained new credit management contracts for over €5 billion and on July 1 signed an agreement to manage an additional €2.6 billion loans in Greece.

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 coronavirus around the world, Europe and Italy. Short-term macroeconomic forecasts will therefore be subject to changes that are currently not precisely quantifiable.

As from end of February, the doValue Group promptly activated the Business Continuity & Crisis

Management Committee in order to make the decisions required by the evolving situation. The main measures, promptly adopted, were focused on supporting the companies' employees and collaborators, both in Italy and abroad, in facing the COVID-19 emergency, primarily protecting their health and well-being and allowing them to keep in touch with the organisation:

- block of travel and promotion of remote meetings
- analysis on smart working in order to assess the technological requirements in terms of equipment (laptops and smartphones) and capacity of servers and data network lines accessing the Data Centers, with the establishment of monitoring facilities for the communication network and external access systems to ensure timely intervention in case of critical issues
- authorisation for smart working, progressively extended to all Italian branches as well as the foreign branches of subsidiaries
- supply of IT equipment, while increasing the service desk service, aimed at guaranteeing faster delivery and more appropriate telephone support and advice service
- adoption of new "unified communication" systems, such as Skype and Microsoft Team, inasmuch as to facilitate meetings and video calls between users in smart working
- activation of on-line courses and seminars related to smart working, in order to support staff in managing operational changes in the best possible way
- supply of on-line training courses on issues such as Covid-related health & safety

The above-mentioned measures enabled almost all companies in Italy and abroad to continue their activities in smart working, while ensuring their full business operations and all critical processes, under conditions of high security for people.
After conclusion of the maximum safety phase and at the inception of the gradual re-opening of the operational offices, both in Italy and abroad, to safeguard health and safety, as well as the well-being of people, further measures were adopted:

- installation of sanitizing product dispensers in all premises
- posting of posters and warnings relating to the decalogue of behaviour, in order to minimize the risks of contagion from Covid-19 in all common areas and refreshment points and issuing an appropriate Company Safety Protocol;
- sanitization of premises and provision of personal protective equipment (gloves and masks) to be delivered daily to colleagues;
- temperature reading at the entrance of locations;
- reorganization of spaces and access modalities to premises based on phases and groups, in order to ensure the minimum compulsory distancing among people.

With regard to the Italian companies belonging to the group with CCNL Credito, an application was submitted for access to the Solidarity Fund for the reduction of activities caused by the COVID-19 emergency, establishing a total number of hours intended to cover the reduction.
The application for the granting of the allowance concerned the period ranging from May 4, 2020 to August 28, 2020 for a maximum term of 9 weeks and the the payment of the ordinary allowance to eligible employees was paid in advance by the Company.
Having said so, pursuant to indications issued by Consob on July 16, 2020 ((Warning notice no. 6/20 of 9-4 -2020 - COVID 19 – Warning notice on financial reporting) and ESMA guidelines, the main financial information is supplied being useful to understand the effects of the pandemic on the Company's business.

Measurements pursuant to IAS 36 "Impairment of assets"

With special regard to the intangible assets in the financial statements, resulting from the acquisition of Altamira Asset Management, for which the allocation of the purchase price is now final, pursuant to IFRS 3, after 12 months from the acquisition date, the Company took account of the difficulty inherent in the formulation of even short or medium-term forecasts in this climate of great uncertainty and considered that Altamira holds medium/long-term

management contracts for existing loans (stock) and future positions (new flows) with leading banks and major investment funds. On the basis of the aforesaid, the Company carried out an impairment test in accordance with the international accounting standard IAS 36 "Impairment of assets". The test was performed on the amounts of intangible assets and goodwill, resulting, as at June 30, 2020, from the new allocation of final PPA and the updating of amortisation/depreciation pertaining to the period.
The Revenue Generating Units (CGUs) in the two geographical segmentation areas pertaining to Altamira Asset Management and its subsidiaries, namely Iberia (Spain and Portugal) and Cyprus and Greece, were therefore 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, based also on 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.
As regards impairment testing on the amounts of each single intangible assets, the measurement models used to determine the estimate of the recoverable value, highlighted no impairment from the comparison with the new accounting value of the assets. The analyzes were carried out starting from the stressed approved plans to take into account the management evolution and the impacts consequent to the effects of the current pandemic with particular reference to the collections and the sales of the real estate assets.

As regards the comparison between the recoverable value and the aggregate net book value of the two CGUs,.as at June 30, 2020, in both cases the model highlighted a large amount of recoverable value to support goodwill, confirming the absence of impairment losses (for further information reference is made to section Notes to the Financial Statements and Note 1 Intangible assets in the Accounting Policies).

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 Coronavirus 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.
The Group believes in any case that at present there are no doubts regarding its ability to continue to operate as a going concern.

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 below normal, show progressively increasing volumes, which are still representing a positive sign, albeit in the current context of uncertainty. Therefore, collections up to June are in line with the scenarios expected by the Group, including an improvement reported in the monthly trend in June, compared to the previous month, on a y-o-y basis, which is substantially in line with current consensus expectations. In the first six months of 2020 the Group achieved the following results for (compared with the first six months of 2019):

- Collections, equal to around €1.700 million (€930 million as at June 30, 2019);
- Gross revenues, equal to €165 million (€112 million as at June 30, 2019). Pro-forma gross revenues, equal to €220 million (€313 million as at June 30, 2019);
- EBITDA, excluding non-recurring elements, equal to €35 million (€39 million as at June 30, 2019). Pro-forma EBITDA, excluding non-recurring elements, equal to €64 million (€127 million as at June 30, 2019).

As regards Managed Assets (GBV), despite the current context, in the six-month period ended June 30, 2020 doValue entered new servicing contracts with investors for a GBV equal to €5.2 billion, in addition to flows from long-term management contracts for over €2.8 billion. This proves 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. doValue has adopted cost efficiency measures in each of the markets in which it operates, including a substantial reduction in variable personnel costs and overheads. The EBITDA and shares performance, in terms of costs, allowed the Group to protect and increase cash flows, with cash on hand amounting to around €193 million and unused credit lines equal to €85 million at end of June 2020. doValue therefore closes the period with a leverage ratio (ration between net financial debt and EBITDA) of 2x at end of June 2020. Over the medium-term, no restrictions connected with financial covenants are expected.

Information on the impacts of COVID-19 on strategic planning and plan targets, economic performance, financial position and cash flows

As of the date of these consolidated half-year financial statements as at June 30, 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. The Company considered the decline in revenue flows from the portfolios under management during the first half of 2020, assuming a gradual and progressive recovery in operations in the third quarter of the year and a return to normal conditions from the fourth quarter of the year, together with cost containment measures envisaged 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.

Other **information**

MANAGEMENT AND COORDINATION

As at June 30, 2020, 25.05% of the shares of the Parent Company doValue were owned by its largest shareholder, Avio S.à r.l, 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 June 30, 2020, the residuai 71.76% of the shares were placed on the market and the remaining 1.15% is represented by 921,259 treasury shares, measured at cost, for a total of €146 thousand held by the Parent Company.
The majority 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 June 30, 2020, doValue held 921,259 treasury shares, equal to 1.15% of the total share capital. Their carrying amount is €146 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 November 7, 2019.
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 November 7, 2019, during the first half year of 2020 no transactions of greater importance were carried out;
b) during the first half year of 2020 no transactions with related parties were carried out, as defined pursuant to Article 2427, paragraph 2 of the Italian Civil Code, on conditions different from normal market conditions that significantly influenced the performance and financial position of the Group;
c) during the first half of 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.

Rome, August 4, 2020 — Board of Directors

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

(€/000)

	06/30/2020	06/30/2019
NPL revenues	**119,918**	**98,149**
o.w. Revenue from contracts with customers	117,879	98,149
o.w. Other revenue	2,039	-
REO revenues	**27,184**	**-**
o.w. Revenue from contracts with customers	22,357	-
o.w. Other revenue	4,827	-
Co-investment revenues	**263**	**327**
o.w. Financial (expense)/income	263	327
Ancillary and other revenues	**17,411**	**13,679**
o.w. Financial (expense)/income	8	16
o.w. Revenue from contracts with customers	3,455	340
o.w. Administrative expenses	-	(115)
o.w. Other revenue	13,974	13,438
o.w. Costs for services rendered	(120)	-
o.w. Other operating (expense)/income	94	
Gross revenues	**164,776**	**112,155**
NPL Outsourcing fees	**(9,705)**	**(7,091)**
o.w. Costs for services rendered	(9,705)	(7,097)
o.w. Other revenue	-	6
REO Outsourcing fees	**(6,565)**	**-**
o.w. Costs for services rendered	(6,565)	-
Ancillary Outsourcing fees	**(5,895)**	**(2,473)**
o.w. Costs for services rendered	(3,341)	-
o.w. Administrative expenses	(2,472)	(2,186)
o.w. Other operating (expense)/income	(82)	(287)
Net revenues	**142,611**	**102,591**
Staff expenses	**(78,225)**	**(48,727)**
o.w. Personnel expenses	(78,225)	(48,727)
Administrative expenses	**(37,473)**	**(25,013)**
o.w. Personnel expenses	**(2,186)**	**(197)**
o.w. Personnel expenses - o.w. SG&A	(2,186)	(197)
o.w. Administrative expenses	**(35,674)**	**(25,494)**
o.w. Administrative expenses - o.w. IT	(11,461)	(6,597)
o.w. Administrative expenses - o.w: Real Estate	(2,395)	(2,312)
o.w. Administrative expenses - o.w. SG&A	(21,818)	(16,585)
o.w. Other operating (expense)	**(4)**	**678**
o.w. Other operating (expense)/income - o.w. Real Estate	(2)	(29)
o.w. Other operating (expense)/income di cui: SG&A	(2)	707
o.w. Other revenue	**415**	**-**
o.w. Other revenue - o.w. SG&A	415	
o.w. Costs for services rendered	**(24)**	**-**
o.w. Costs for services rendered - o.w. SG&A	(24)	
Total "o.w. IT"	*(11,461)*	*(6,597)*
Total "o.w. Real Estate"	*(2,397)*	*(2,341)*
Total "o.w. SG&A"	*(23,615)*	*(16,075)*
Operating expenses	**(115,698)**	**(73,740)**
EBITDA	**26,913**	**28,851**
EBITDA margin	**16%**	**26%**
Non-recurring items included in EBITDA	(8,200)	(10,208)
EBITDA excluding non-recurring items	35,113	39,059
EBITDA Margin excluding non-recurring items	21%	35%
Net write-downs on property, plant, equipment and intangibles	**(32,210)**	**(3,331)**
o.w. Depreciation, amortisation and impairment	(32,210)	(3,331)
Net Provisions for risks and charges	**(3,929)**	**(3,002)**
o.w. Personnel expenses	(3,643)	(2,432)
o.w. Provisions for risks and charges	485	(477)
o.w. Other operating (expense)/income	(67)	(93)
o.w. Depreciation, amortisation and impairment	(704)	-
Net Write-downs of loans	**53**	**405**
o.w. Depreciation, amortisation and impairment	3	12

o.w. Other revenue	50	393
EBIT	**(9,173)**	**22,923**
Net income (loss) on financial assets and liabilities measured at fair value	**(418)**	**669**
o.w. Financial (expense)/income	(418)	669
Financial interest and commissions	**(6,591)**	**(1,311)**
o.w. Financial (expense)/income	(6,495)	(1,190)
o.w. Costs for services rendered	(96)	(121)
EBT	**(16,182)**	**22,281**
Non-recurring items included in EBT	(12,365)	(12,640)
EBT excluding non-recurring items	(3,817)	34,921
Income tax for the period	**(2,622)**	**(18,254)**
o.w. Administrative expenses	(859)	(911)
o.w. Income tax expense	(1,763)	(17,343)
PROFIT (LOSS) FOR THE PERIOD	**(18,804)**	**4,027**
Profit (loss) for the period attributable to Non-controlling interests	2,395	-
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**(16,409)**	**4,027**

STATEMENT RECONCILING THE RECLASSIFIED CONSOLIDATED BALANCE SHEET AND THE STATUTORY CONSOLIDATED BALANCE SHEET (€/000)

	06/30/2020	12/31/2019 RESTATED
Cash and liquid securities	**193,027**	**128,162**
Cash and cash equivalents	193,027	128,162
Financial assets	**56,211**	**48,609**
Non-current financial assets	56,211	48,609
Property, plant and equipment	**32,340**	**23,904**
Property, plant and equipment	32,285	23,767
Inventories	55	137
Intangible assets	**267,907**	**289,585**
Intangible assets	267,907	289,585
Tax assets	**111,834**	**98,554**
Deferred tax assets	93,659	90,740
Other current assets	9,099	6,673
Tax assets	9,076	1,141
Trade receivables	**150,423**	**176,991**
Trade receivables	150,423	176,991
Assets held for sale	**1,597**	**10**
Assets held for sale	1,597	10
Consolidation differences to be allocated	**225,774**	**-**
Consolidation differences to be allocated	225,774	-
Other assets	**22,639**	**14,378**
Other current assets	22,032	14,272
Other non-current assets	607	106
TOTAL ASSETS	**1,061,752**	**780,193**
Financial liabilities: due to banks	**589,710**	**364,627**
Loans and other financing non-current	244,445	284,944
Loans and other financing current	345,265	79,683
Other financial liabilities	**87,757**	**69,642**
Loans and other financing non-current	8	637
Loans and other financing current	9	-
Other non-current financial liabilities	36,868	43,923
Other current financial liabilities	50,872	25,082
Trade payables	**48,274**	**46,969**
Trade payables	48,274	46,969
Tax Liabilities	**41,816**	**32,806**
Tax payables	25,114	17,461
Deferred tax liabilities	16,702	15,345
Employee Termination Benefits	**10,651**	**8,544**
Employee benefits	10,651	8,544
Provision for risks and charges	**18,504**	**25,669**
Provisions for risks and charges	18,504	25,669
Liabilities held for sale	**1,463**	**-**
Liabilities associated with assets held for sale	1,463	-
Other liabilities	**68,789**	**25,196**
Other current liabilities	68,789	25,196
TOTAL LIABILITIES	**866,964**	**573,453**
Share capital	**41,280**	**41,280**
Share capital	41,280	41,280
Reserves	**168,656**	**127,041**
Valuation reserve	22	(13)
Other reserves	168,634	127,054
Treasury shares	**(146)**	**(184)**
Treasury shares	(146)	(184)
Profit (loss) for the period attributable to the Shareholders of the Parent Company	**(16,409)**	**38,603**
Profit (loss) for the period attributable to the Shareholders of the Parent Company	(16,409)	38,603
NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**193,381**	**206,740**
TOTAL LIABILITIES AND NET EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**1,060,345**	**780,193**
NET EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**1,407**	**-**
Net Equity attributable to Non-controlling interests	1,407	-
TOTAL LIABILITIES AND NET EQUITY	**1,061,752**	**780,193**

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AS AT JUNE 30, 2020

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(€/000)

	NOTE	06/30/2020	12/31/2019 RESTATED
NON-CURRENT ASSETS:			
Intangible assets	**1**	267,907	289,585
Property, plant and equipment	**2**	32,285	23,767
Non-current financial assets	**3**	56,211	48,609
Deferred tax assets	**4**	93,659	90,740
Consolidation differences to be allocated		225,774	-
Other non current assets	**5**	607	106
Total non-current assets		**676,443**	**452,807**
CURRENT ASSETS:			
Inventories	**6**	55	137
Trade receivables	**7**	150,423	176,991
Tax assets	**8**	9,076	1,141
Other current assets	**5**	31,131	20,945
Cash and cash equivalents	**9**	193,027	128,162
Total current assets		**383,712**	**327,376**
Assets held for sale	**10**	**1,597**	**10**
TOTAL ASSETS		**1,061,752**	**780,193**
SHAREHOLDERS' EQUITY:			
Share capital		41,280	41,280
Valuation reserve		22	(13)
Other reserves		168,634	127,054
Treasury shares		(146)	(184)
Profit (loss) for the period attributable to the Shareholders of the Parent Company		(16,409)	38,603
Net Equity attributable to the Shareholders of the Parent Company	**11**	**193,381**	**206,740**
Net Equity attributable to Non-controlling interests		**1,407**	**-**
TOTAL NET EQUITY		**194,788**	**206,740**
NON-CURRENT LIABILITIES:			
Loans and other financing	**12**	244,453	285,581
Other non-current financial liabilities	**13**	36,868	43,922
Employee benefits	**14**	10,651	8,544
Provisions for risks and charges	**15**	18,504	25,669
Deferred tax liabilities	**4**	16,702	15,345
Total non-current liabilities		**327,178**	**379,061**
CURRENT LIABILITIES:			
Loans and other financing	**12**	345,274	79,683
Other current financial liabilities	**13**	50,872	25,083
Trade payables	**16**	48,274	46,969
Tax payables	**8**	25,114	17,461
Other current liabilities	**17**	68,789	25,196
Total current liabilities		**538,323**	**194,392**
Liabilities associated with assets held for sale	**10**	**1,463**	**-**
TOTAL LIABILITIES		**866,964**	**573,453**
TOTAL NET EQUITY AND LIABILITIES		**1,061,752**	**780,193**

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

CONSOLIDATED INCOME STATEMENT

(€/000)

	NOTE	06/30/2020	06/30/2019
Revenue from contracts with customers	**20**	143,691	98,489
Other revenue	**21**	21,305	14,229
Total revenue		**164,996**	**112,718**
Costs for services rendered	**22**	(19,851)	(7,333)
Personnel expenses	**23**	(84,055)	(51,356)
Administrative expenses	**24**	(39,006)	(28,591)
Other operating (expense)/income	**25**	(59)	(94)
Depreciation, amortisation and impairment	**26**	(32,911)	(3,319)
Provisions for risks and charges	**27**	485	(477)
Total costs		**(175,397)**	**(91,170)**
OPERATING INCOME		**(10,401)**	**21,548**
Financial (Expense)/Income	**28**	(6,640)	(178)
PROFIT (LOSS) BEFORE TAX		**(17,041)**	**21,370**
Income tax expense	**29**	(1,763)	(17,343)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(18,804)**	**4,027**
PROFIT (LOSS) FOR THE PERIOD		**(18,804)**	**4,027**
o.w. Profit (loss) for the period attributable to the Shareholders of the Parent Company		(16,409)	4,027
o.w. Profit (loss) for the period attributable to Non-controlling interests		(2,395)	-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)

	06/30/2020	06/30/2019
PROFIT (LOSS) FOR THE PERIOD	**(18,804)**	**4,027**
Other comprehensive income after tax not recyclable to profit or loss		
Defined benefit plans	13	(463)
Other comprehensive income after tax recyclable to profit or loss		
Cash flow hedges	(67)	-
Financial assets (other than equity instruments) measured at fair value through comprehensive income	-	2
TOTAL OTHER COMPREHENSIVE INCOME AFTER TAX	**(54)**	**2**
COMPREHENSIVE INCOME	**(18,858)**	**3,566**
o.w. Comprehensive income attributable to Shareholders of the Parent Company	(16,462)	3,566
o.w. Comprehensive income attributable to Non-controlling interests	(2,396)	-

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AT 06/30/2020

(€/000)

	Balance as at 12/31 previous year	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	84	41,364
Valuation reserves	(13)	-	(13)	-	-	-	-	-	-	38	25	22	47
- Reserves from profit and/or withholding tax	18,606	-	18,606	38,507	-	247	-	1,744	-	-	59,104	755	59,859
- Other	127,292	-	127,292	(186)	-	(16,814)	-	(762)	-	-	109,530	5	109,535
Treasury shares	(184)	-	(184)	-	-	-	-	38	-	-	(146)	-	(146)
Net profit (loss) for the period	**38,318**	**-**	**38,318**	**(38,321)**	**-**	**-**	**-**	**-**	**-**	**(16,409)**	**(16,409)**	**541**	**(15,868)**
Net equity attributable to Shareholders of the Parent Company	**225,299**	**-**	**225,299**	**-**	**-**	**(16,567)**	**-**	**1,020**	**-**	**(16,371)**	**193,381**		**194,788**
Net equity attributable to Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**2,933**	**-**	**-**	**869**	**(2,395)**		**1,407**	**1,407**
TOTAL NET EQUITY	**225,299**	**-**	**225,299**	**-**	**-**	**(13,634)**	**-**	**1,020**	**869**	**(18,766)**	**193,381**	**1,407**	**194,788**

AT 12/31/2019

(€/000)

	Balance as at 12/31 previous year	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**

AT 06/30/2019

(€/000)

	Balance as at 12/31 previous year	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	-	-	-	-	-	-	(461)	130	-	130
- Reserves from profit and/or withholding tax	13,993	-	13,993	-	-	-	-	4,616	-	-	18,609	-	18,609
- Other	126,331	-	126,331	14,576	-	(7,498)	-	(2,239)	-	-	131,170	-	131,170
Treasury shares	(246)	-	(246)	-	-	-	-	62	-	-	(184)	-	(184)
Net profit (loss) for the period	**50,840**	**-**	**50,840**	**(14,576)**	**(36,264)**	**-**	**-**	**-**	**-**	**4,027**	**4,027**	**-**	**4,027**
Net equity attributable to Shareholders of the Parent Company	**232,789**	**-**	**232,789**	**-**	**(36,264)**	**(7,498)**	**-**	**2,439**	**-**	**3,566**	**195,032**	**-**	**195,032**
TOTAL NET EQUITY	**232,789**	**-**	**232,789**	**-**	**(36,264)**	**(7,498)**	**-**	**2,439**	**-**	**3,566**	**195,032**	**-**	**195,032**

CONSOLIDATED CASH FLOW STATEMENT - INDIRECT METHOD -

(€/000)

	06/30/2020	06/30/2019
OPERATING ACTIVITIES		
Profit (loss) for the period befor tax	**(17,041)**	**21,370**
Adjustments to reconcile the profit (loss) before tax with the net financial flows:	**40,580**	**6,236**
Depreciation, amortisation and impairment	32,910	3,319
Change in net provisions for risks and charges	(377)	477
Financial (Expense)/Income	7,027	-
Costs for share-based payments	1,020	2,440
Change in working capital	**35,897**	**(2,696)**
Change in trade receivables	40,356	(7,897)
Change in trade payables	(4,458)	5,201
Change in financial assets and liabilities	**(8,025)**	**(12,100)**
Financial assets measured at fair value through other comprehensive income	-	(1)
Other assets mandatorily measured at fair value	(13,123)	1,333
Financial assets measured at amortised cost	5,098	(11,847)
Financial liabilities measured at amortised cost	-	(1,585)
Other changes:	**11,101**	**(8,751)**
Other changes in other assets/other liabilities	11,101	(8,751)
CASH FLOWS GENERATED BY OPERATIONS	**62,513**	**4,059**
INVESTING ACTIVITIES		
Sales of inventories	82	287
Purchases of property, plant and equipment	(6,035)	(272)
Purchases of intangible assets	(4,096)	(999)
Purchases of subsidiaries and business units	(206,833)	(360,998)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(216,882)**	**(361,982)**
FUNDING ACTIVITIES		
Distribution of dividends and other	-	(36,264)
Loans obtained	265,000	405,809
Repayment of loans	(41,500)	-
Payment of principal portion of lease liabilities	(4,266)	-
NET CASH FLOWS USED IN FUNDING ACTIVITIES	**219,234**	**369,545**
NET LIQUIDITY IN THE PERIOD	**64,865**	**11,622**
RECONCILIATION		
Cash and cash equivalents	128,162	73,444
NET LIQUIDITY IN THE PERIOD	64,865	11,623
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**193,027**	**85,067**

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING **POLICIES**

General information

STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

The condensed consolidated half-year financial statements as at June 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The quarterly condensed consolidated financial statements do not provide all of the disclosures required in preparing the annual consolidated financial statements. For this reason it is necessary to read the quarterly condensed consolidated financial statements together with the consolidated financial statements as at December 31, 2019.
The preparation criteria, the measurement and consolidation criteria and the accounting policies adopted in the preparation of these consolidated financial statements are compliant with the accounting policies adopted in the preparation of the consolidated financial statements as at December 31, 2019, with the exception of the adoption of new or amended standards of the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee as set out below. The adoption of these amendments and interpretations had no significant impact on the Group's financial position or performance.
The term "IFRS" also includes the revised international accounting standards (IFRS and IAS) and all the interpretations of the IFRS Interpretations Committee (IFRIC and SIC), adopted by the European Union.

The condensed consolidated half-year 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 a limited audit by the audit firm EY S.p.A. in accordance with Legislative Decree 39 of January 27, 2010.

BASIS OF PREPARATION

The half-year condensed consolidated financial statements have been 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 **Notes to the financial statements;**

and are accompanied by the **Interim Report on Group Operations**.

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

Following the conclusion of the debanking process in June 2019 reported in the significant

events of the Interim Directors' Report, the Group abandoned the formats and the related rules for completion provided for in Bank of Italy Circular no. 262/2005 and has therefore shifted its presentation to schedules in line with the framework established by IAS 1.
The half-year condensed consolidated financial statements have been 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 accounting policies adopted in these condensed consolidated half-year financial statements as at June 30, 2020 for the recognition, 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.

SCOPE AND METHOD OF CONSOLIDATION

The preparation of the half-year condensed consolidated financial statements at June 30, 2020 drew on the accounts at June 30, 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 June 30, 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 discussed the consolidation principles adopted by the Group in preparing the half-year condensed consolidated financial statements at June 30, 2020.

Subsidiaries

Entities in which doValue holds direct or indirect control are considered subsidiaries. Control over an entity is identified through the ability of the investor to exercise power in order to influence the variable returns to which the Group is exposed through its relationship with that 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 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 carrying amount 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 expense, 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 costs and revenues of a subsidiary are included in the consolidated figures as from the date control was acquired. The costs and revenues of a transferred subsidiary are included in the consolidated income statement until the date of the disposal, i.e. until the moment in which control over the investee is lost. The difference between the amount received for the subsidiary and the carrying amount of its net assets (including goodwill) at the same date is recognised in the income statement under "Profit (loss) of equity investments" for companies subject to line-by-line consolidation. The sha reholding that may be retained must be recognized 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 carrying amount of the net assets is recognised in shareholders' equity.

Business combinations

The governing accounting standard for business combinations 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. 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, legai 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 con- tractually 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 the resulting gain or loss in profit or loss.

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 interests 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 carrying amount 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 carrying amount 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 recognized at cost. Equity investments 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) of equity investments". Any dividends distributed reduce the carrying amount of the equity investment.
If the investor's interest in a subsidiary's losses is equal to or greater than its carrying amount, 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 June 30, 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:

	Company name	Headquarters and Registered Office	Country	Type of Relationship (1)	Owner relationship		Voting rights % (2)
					Held by	Holding %	
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.	doSolutions S.p.A.	Rome	Italy	1	doValue S.p.A.	100%	100%
5.	doValue Hellas Credit and Loan Servicing S.A.	Athens	Greece	1	doValue S.p.A.	100%	100%
6.	Altamira Asset Management S.A.	Madrid	Spain	1	doValue S.p.A.	85%	85%
7.	Proteus Asset Management, Unipessoal LDA	Lisbon	Portugal	1	Altamira Asset Management S.A.	100%	100%
8.	Altamira Asset Management Cyprus limited	Nicosia	Cyprus	1	Altamira Asset Management S.A.	51%	51%
9.	Altamira Asset Management Hellas Single-Member Company	Athens	Greece	1	Altamira Asset Management S.A.	100%	100%
10.	doValue Cyprus Limited	Nicosia	Cyprus	1	doValue S.p.A. + Altamira AM S.A.	94%+6%	94%+6%
11.	dovalue Greece Holding Single Member Société Anonyme	Amaroussio	Greece	1	doValue S.p.A.	100%	100%
12.	dovalue Greece Loans and Credits Claim Management Société Anon	Moschato	Greece	1	dovalue Greece Holding Single Member Soc	80%	80%

Notes to the table

(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 section on significant events for the period in the Interim Directors' Report, the first half of 2020 saw the entry into the scope of consolidation of two new foreign companies located in Greece.
On June 5, 2020 the acquisition at 80% of Eurobank FPS (now doValue Greece) was finalised through a vehicle company doValue Greece Holding, entirely owned. The latter will be merged by reverse incorporation in the subsidiary by the end of 2020.
The liquidation of the company Altamira, with registered office in Greece, is to be reported in the six-month period.

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 June 30, 2020.

SUBSEQUENT EVENTS

In accordance with the provisions of IAS 10, following the closing date of the period no significant events occurred that would require an adjustment to the results presented in the half-year condensed consolidated financial statements.

Reference should be made to the specific paragraph in the Group's Interim Report on Operations for a description of the most significant events occurring after the end of the period.

OTHER MATTERS

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 carrying amount of certain items recognised in the condensed consolidated half-year financial statements at June 30, 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 carrying amounts recognised as at June 30, 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 carrying amount of the assets and liabilities recognised in the financial statements. Given the current uncertainty in the macroeconomic scenario, in particular following the occurrence of the Covid-19 pandemic, these estimates and valuations are therefore difficult and include inevitable 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.

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 on an agency basis for third parties 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 agency agreement. Servicing agreements contain numerous clauses specifying the rights and duties of doValue in relations with the participating banks, 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.

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 section Information on fair value.

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 Notes to the Financial Statements, 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) is provided in the Liabilities section of these Notes to the Financial Statements that deals with provisions for risks and charges.

Estimating 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 carrying amount 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, 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 as well as 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 the intangible assets recorded following the acquisition of Altamira Asset Management S.A. (Altamira) and its subsidiaries in June 2019, those assets, after 12 months from the acquisition date, were measured on the basis of the final Purchase Price Allocation described in the section "Business combinations relating to company enterprises or branches" in the Notes to the financial statements to which the reader should refer.
Albeit taking into account the difficulty inherent in the formulation of even short or medium-term forecasts in this climate of great uncertainty and considering that Altamira holds medium/long-term management contracts for existing loans (stock) and future positions (new flows) with leading banks and major investment funds, on the occasion of these consolidated half-year financial statements as at June 30, 2020, the Company carried out an impairment test in accordance with the international accounting standard IAS 36 "*Impairment of assets*"(Warning notice no. 6/20 of 9-4 -2020 - Subject; COVID 19 - Warning notice on financial reporting).
The test was performed on the amounts of intangible assets and goodwill, resulting, as at June 30, 2020, from the new allocation of final PPA and the updating of amortisation/depreciation pertaining for the period.
To this end, the Revenue Generating Units (CGUs) in the two geographical segmentation areas pertaining to Altamira Asset Management and its subsidiaries, namely Iberia (Spain and Portugal) and Cyprus and Greece, were 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, based also on 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. These disclosures are included in a wider prospective scenario for the Group, as described in the Directors' Report on Operations, paragraph "Impact and effects on the COVID-19 epidemic", to which reference is made, pursuant to the above-mentioned instructions issued by Consob on July 16, 2020 (Warning notice no. 6/20 of 9-4 -2020 - Subject: COVID 19 - Warning notice on financial reporting).
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: 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;
- $\frac{E}{D+E}$, weight of the equity component on the financial structure;
- $\frac{D}{D+E}$, weight of the debt 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+β_j·[E(R_M)-R_f]
where
E(R_M), expected yield of the stock market;
R_f, risk-free rate;
β_j, beta coefficient.
In summary, the above equation can be written down as follows:
K_e=R_f+β·ERP
where
K_e, cost of equity;
R_f, risk-free 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 of the risk-free yield rate, as annual yield of the ten year Bund, discounted for the inflation rate of Germany and composed for the country-specific inflation rate of the intangible asset, based on data provided by the financial information provider Bloomberg;
2) estimate of the Group average “unlevered” beta (net of the financial leverage effect) of comparable companies, starting from data supplied by reference financial analysts and recalculate it, in the “levered” form”, based on an objective financial structure;
3) estimate of the equity risk premium, comparing share market volatility of the specific country with the volatility, corresponding to the same period, of the German share market, starting from the data supplied by reference financial analysts;
4) use of values estimated to calculate the cost of equity, $K_e = R_f + \beta \cdot ERP$.

The test performed through the above-mentioned models, resulted in no impairment from the comparison with the net book value of its activities. (for the result of the test, reference is made to indications in Note 1 “Intangible assets” - Information on the Property, plant and equipment section)

As regards the comparison between the recoverable value and aggregate net book values of the two CGUs as at June 30, 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 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.

Also in this case, the rate used for discounting is the WACC, 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, as weighted average of risk-free yield rates of each single reference countries, as from the data supplied by the financial information provider Bloomberg;
2) estimate of the Group average “unlevered” beta (net of the financial leverage effect) of comparable companies, starting from data supplied by reference financial analysts and recalculate it, in the “levered” form”, based on an objective financial structure;
3) estimate of the equity risk premium, starting from the data supplied by reference financial analysts;
4) use of values estimated to calculate the cost of equity, $K_e = R_f + \beta \cdot ERP$.

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 significant positive difference between the recoverable value and the net book value, which confirms the absence of impairment losses. (for the result of the test, reference is made to indications in Note 1 “Intangible assets” - Information on the Property, plant and equipment section)

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.
With reference to the business combination transaction, represented by the acquisition of Altamira and its subsidiaries in June 2019, the fair value of the assets and liabilities and the residual goodwill, after 12 months from the acquisition date, are valued on the basis of the definitive Purchase Price Allocation described in the section "Business Combinations”.

Hedging derivatives

Since interest rate swaps are carried out for hedging purposes, they are measured at fair value, with an offsetting item recorded in the cash flow hedge shareholders' equity reserves. The above-mentioned fair value, classified under the other current and non-current assets or 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 other accounting standards and amendments in preparing these condensed consolidated half-year financial statements that took effect for financial years beginning as from January 1, 2020. They are listed below, noting that these changes did not have substantial effects on the financial position or performance:

- *Amendment to IFRS 3 Business Combinations* (in force as from January 1, 2020);
- *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform* (in force as from January 1, 2020);
- *Amendments to IAS 1 and IAS 8: Definition of Material* (in force as from January 1, 2020);
- *Amendments to References to the Conceptual Framework in IFRS Standards* (in force as from January 1, 2020).

As at June 30, 2020, the following new standards, amendments and interpretations were finally issued by the IASB, but not yet endorsed by the European Union:

- IFRS 17 *Insurance contracts and Amendments to IFRS 17* (in force as from January 1, 2023; early application is permitted);
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*;
- *Amendments to*
  - *IFRS 3 Business Combinations;*
  - *IAS 16 Property, Plant and Equipment;*
  - *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*
  - *Annual Improvements 2018-2020* (in force as from January 1, 2022; early application is permitted)
- *Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions (in force as from June 1, 2020, early application is permitted);*
- *Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19* (in force as from January 1, 2021 *early application is permitted*).

Main items of the financial statements

As regards the classification and measurement criteria of the main items of the financial statements, please see the corresponding section of the notes to the consolidated financial statements as at December 31, 2019.

Fair value disclosures

For qualitative information on fair value, please see the discussion in the corresponding section of the notes to the consolidated financial statements as at December 31, 2019.

Fair value hierarchy

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

When fair value is measured directly using an observable quoted price in an active market, the instrument will be categorised within 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 1 includes government securities (BOTs), which are reported under "Financial assets measured at fair value through other comprehensive income".

Level 3 for the category "Financial assets measured at fair value through profit or loss" mainly includes (i) the residual value of the notes issued by the Romeo and Mercuzio Securitisation SPVs, equal to 5% of the total value of the notes, and (ii) under units of collective investment undertakings, the amount paid in 2017 and June 2018 for the subscription of 30 units of the restricted closed-end alternative securities investment fund denominated Italian Recovery Fund (formerly Atlante II).

Level 3 financial liabilities include (i) the earn-out represented by the fair value of the liability in respect of part of the purchase price for Altamira, which will be defined within two years of the date of the transaction agreement, i.e. at the end of December 2020; (ii) the earn-out represented by the fair value of the liability linked to a portion of the acquisition price of Eurobank FPS and (iii) the fair value of the liability in respect of the option to purchase residual non-controlling interests expiring 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 drawn from the long-term plans of the acquired company. Since these parameters are not observable on the market (either directly or indirectly), these liabilities are classified under Level 3.

(€/000)

	06/30/2020			12/31/2019		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss	**-**	**-**	**46,805**	**-**	**-**	**33,588**
Units in collective investment undertakings	-	-	28,092	-	-	28,923
Debt securities	-	-	18,667	-	-	4,619
Equity securities	-	-	46	-	-	46
TOTAL	**-**	**-**	**46,805**	**-**	**-**	**33,588**
Other financial liabilities	**-**	**456**	**62,529**	**-**	**368**	**73,005**
Earn-out	-	-	36,022	-	-	39,811
Hedging derivatives	-	456	-	-	368	-
Put option on non-controlling interests	-	-	26,507	-	-	33,194
TOTAL	**-**	**456**	**62,529**	**-**	**368**	**73,005**

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 account	Goodwill	Other intangible assets	Total 06/30/2020	Total 12/31/2019 RESTATED
Gross opening balances	**113,676**	**44,125**	**2,291**	**137,969**	**201,552**	**499,613**	**18,107**
Initial reduction in value	(95,133)	(5,766)	-	-	(57,835)	(158,734)	**(11,260)**
Net opening balances	**18,543**	**38,359**	**2,291**	**137,969**	**143,717**	**340,879**	**6,847**
Initial adjustments	-	2,722	-	(13,470)	(40,546)	(51,294)	-
Increases	**7,339**	**3**	**544**	**7**	**188**	**8,081**	**315,388**
Purchases	1,194	3	2,899	-	-	4,096	6,928
Business combination	3,850	-	-	7	-	3,857	308,468
Writebacks	-	-	-	-	-	-	-
Others changes	2,295	-	(2,355)	-	188	128	(8)
Decreases	**(9,813)**	**(1,780)**	**-**	**-**	**(18,166)**	**(29,759)**	**(32,650)**
Disposals	-	-	-	-	-	-	-
Business combination	(3,654)	-	-	-	-	(3,654)	-
Amortisation	(6,119)	(1,780)	-	-	(18,166)	(26,065)	(32,650)
Impairment	-	-	-	-	-	-	-
Transfers to assets held for sale	(130)	-	-	-	-	(130)	-
Other changes	90	-	-	-	-	90	-
GROSS CLOSING BALANCES	**120,885**	**46,850**	**2,835**	**124,506**	**161,194**	**456,270**	**333,495**
Final reduction in value	(104,816)	(7,546)	-	-	(76,001)	(184,709)	(43,910)
NET CLOSING BALANCES	**16,069**	**39,304**	**2,835**	**124,506**	**85,193**	**267,907**	**289,585**

The RESTATED equity amounts as at December 31, 2019 were remeasured based on the final results related to PPA of Altamira Asset Management. The "Initial adjustments" item highlights the adjustment made in relation to opening balance as at January 1, 2020. For further information reference is made to section 7.3 Retrospective adjustments in "Business combinations relating to company enterprises or branches".
The acquisition of Eurobank FPS (now doValue Greece), highlights alone a €3.9 million increase in intangible assets, mainly related to software.
Further increases in the half-year refer to new software developments, mainly related to the application for managing non-performing positions, which are classified within assets under development in the amount of €2.9 million. The technological developments entering service in the half year were classified under software (€2.3 million) and again regard implementations designed to improve applications dedicated to debt recovery and the business in general.

The decreases in the half year are mainly attributable to the amortisation charge for the period. "Other intangible assets" include the value of long-term servicing contracts deriving from the evaluation on the Altamira acquisition, 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.

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 PPA measurement, pursuant to IFRS 3, rendered final as at June 30, 2020, after 12 months from its entry into the consolidation. These changes are summarised under item "Initial adjustments" of the table shown above.

In view of the significance of the amounts recognised under intangible assets following the acquisition of Altamira, in order to verify the validity of the values recognised under assets and taking account of the difficulties in formulating forecasts, also over the short and medium period, within the very uncertain framework of the period, the Group performed an impairment test as per the IAS 36 international accounting standard "*Impairment of assets*", in accordance with the recommendations issued by Consob on July 16, 2020 (Warning notice no. 6/20 of 9-4 -2020 - Subject: COVID 19 - Warning notice on financial reporting).
To this end, the Revenue Generating Units (CGUs) in the two geographical segmentation areas pertaining to Altamira Asset Management and its subsidiaries, 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, based also on 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.
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.
The following table summarises the outcome of impairment tests carried out on intangible assets:

(€/000)

	Net present value	Net book value	Impairment
Santander SLA	55,080	26,682	-
SAREB SLA	41,852	22,547	-
Other SLA	2,927	2,892	-
Oitante SLA	2,377	1,101	-
Brand	42,010	38,648	-
Database	9,250	5,720	-
Software	8,012	8,012	-
Other Intangible - Spain & Portugal	**161,510**	**105,603**	**-**
CCB SLA	30,541	26,054	-
Software	485	485	-
Other Intangible - Cyprus & Greece	**31,026**	**26,539**	**-**
Total Other Intangibles	**192,536**	**132,142**	**-**

As regards the comparison between the recoverable value and the aggregate net book value of the two CGUs, as at June 30, 2020, in both cases the model highlighted a large amount of recoverable value to support goodwill, confirming the absence of impairment losses.

The following table summarises the outcome of impairment tests carried out on goodwill for the two CGUs identified:

(€/000)

CGU - Spain & Portugal		CGU - Cyprus & Greece	
DCF Valuation		**DCF Valuation**	
CGU Net present Value	155,505	CGU Net present Value	42,258
CGU Terminal Value	488,075	CGU Terminal Value	53,856
Total	**643,580**	**Total**	**96,114**
Net Book Value as of June 30, 2020	269,323	Net Book Value as of June 30, 2020	36,454
Excess vs Net Book Value	**374,257**	**Excess vs Net Book Value**	**59,660**

As regards the methods used to perform the tests, reference is made to descriptions made in section “Risks and uncertainties associated with the use of estimates”,
in the paragraph **Estimating impairment losses on intangible assets.** The international accounting standard IAS 36 "*Impairment of assets*",

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT

(€/000)

	Buildings	Furniture	Electronic Systems	Other	Total 06/30/2020	Total 12/31/2019
Gross opening balances	**25,004**	**2,289**	**12,127**	**5,055**	**44,475**	**11,358**
Initial reduction in value	(7,173)	(1,649)	(9,642)	(2,244)	(20,708)	(7,632)
Net opening balances	**17,831**	**640**	**2,485**	**2,811**	**23,767**	**3,726**
Initial adjustments	-	-	-	-	-	11,749
Increases	**12,801**	**608**	**6,403**	**2,538**	**22,350**	**15,599**
Purchases	773	2	4,903	357	6,035	5,698
Business combination	12,079	606	1,500	2,194	16,379	7,636
Others changes	(51)	-	-	(13)	(64)	2,265
Decreases	**(8,108)**	**(671)**	**(3,259)**	**(1,794)**	**(13,832)**	**(7,307)**
Disposals	-	-	-	-	-	(12)
Business combination	(3,892)	(595)	(1,432)	(1,379)	(7,298)	-
Amortisation	(4,267)	(76)	(1,358)	(415)	(6,116)	(7,329)
Transfers to assets held for sale	-	-	(1,337)	-	(1,337)	-
Others changes	51	-	868	-	919	34
GROSS CLOSING BALANCES	**37,805**	**2,897**	**17,193**	**7,593**	**65,488**	**38,694**
Final reduction in value	(15,281)	(2,320)	(11,564)	(4,038)	(33,203)	(14,927)
NET CLOSING BALANCES	**22,524**	**577**	**5,629**	**3,555**	**32,285**	**23,767**

During the period, the Group recognised increases in assets of €6.0 million, mainly in respect of new right-of-use assets connected with Group 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.
The item related to transfers of assets held for sale refers to the component related to the sale of a doSolutions business unit.
Please see note 19 for more details on changes in right-of-use assets.

NOTE 3 – FINANCIAL ASSETS

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

(€/000)

	06/30/2020	12/31/2019
Non-current financial assets	**56,211**	**48,609**
Financial assets measured at fair value through profit or loss	**46,805**	**33,588**
Units in collective investment undertakings	28,092	28,923
Debt securities	18,667	4,619
Equity securities	46	46
Financial assets measured at amortised cost	**9,406**	**15,021**
Loans to customers	9,320	14,935
Loans to banks	86	86
TOTAL	**56,211**	**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 30 units of the restricted closed-end alternative securities investment fund denominated Italian Recovery Fund (formerly Atlante II). Following the two payments, at June 30, 2020, a minimal amount of €1.2 million remained recognised under commitments.

Debt securities increased by €14.2 million, due to the subscription of ABS securities within the acquisition of Eurobank FPS (now doValue Greece). The residual amount of €4.4 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.

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 (about €5.2 million) collections on a non-performing loan portfolio and 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 le (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 losses on loans 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, 2019, took account of the 2020-2022 Business Plan, submitted on last November 7 (and updated during the first half of 2020 with the new pre-tax profit forecasts downwards 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 first half of the year ended June 30, 2020, no further DTAs were recorded at the moment, in particular in relation to the tax loss recorded by the subsidiary Altamira, pending the definition of the new business plan.

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 recognising deferred tax assets is the that it is reasonable to expect that taxable income will be earned against which the deductible temporary differences can

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 new IRAP (regional business tax) rate, we continue to assume that doValue will continue to the meet the requirements for classification as a non-financial holding company, as at December 31, 2019. 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 borrowing costs and similar charges to the extent provided for under tax law, also applying the increased rate (of 5.57%) levied on credit and financial institutions.

Deferred tax assets
Breakdown

(€/000)

	06/30/2020	12/31/2019
Writedowns of loans (P&L)	49,330	49,329
Tax losses carried forward (P&L)	16,520	13,082
Provisions recognised through Equity	521	502
Provisions for risks and charges (P&L)	4,182	4,929
Property, plant and equipment / intangible assets (P&L)	20,712	22,637
Administrative expenses (P&L)	103	149
Other assets / liabilities (P&L)	2,291	112
TOTAL	**93,659**	**90,740**

Change

(€/000)

	Income Statement	Recognised in equity	Total 06/30/2020	Total 12/31/2019
Opening balance	**90,238**	**502**	**90,740**	**81,406**
Increases	**4,976**	**23**	**4,999**	**35,749**
Deferred tax assets recognised during the	3,263	23	3,286	2,920
- Other	2,963	23	2,986	2,920
Other changes	550	-	550	88
Business combination	1,163	-	1,163	32,741
Decreases	**(2,076)**	**(4)**	**(2,080)**	**(26,415)**
Deferred tax assets derecognised during	(2,076)	(4)	(2,080)	(26,415)
- Reversals of temporary differences	(2,076)	(4)	(2,080)	(13,753)
- Other	-	-	-	(12,662)
TOTAL	**93,138**	**521**	**93,659**	**90,740**

Deferred tax liabilities
Breakdown

(€/000)

	06/30/2020	12/31/2019 RESTATED
Provisions recognised through P&L	16,682	15,325
Provisions recognised through Equity	20	20
TOTAL	**16,702**	**15,345**

Change

(€/000)

	Income Statement	Recognised in equity	Total 06/30/2020	Total 12/31/2019 RESTATED
Net opening balances	**24,866**	**20**	**24,886**	**21**
Initial adjustments	(9,542)	-	(9,542)	-
Increases	**1,307**	**-**	**1,307**	**16,109**
Deferred tax liabilities recognised during	1,307	-	1,307	1
- Other	1,307	-	1,307	1
Other changes	-	-	-	19
Business combination	-	-	-	16,089
Decreases	**51**	**-**	**51**	**(785)**
Deferred tax liabilities derecognised during	51	-	51	(765)
- Reversals of temporary differences	-	-	-	(765)
- Other	51	-	51	-
Other changes	-	-	-	(20)
TOTAL	**16,682**	**20**	**16,702**	**15,345**

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

NOTE 5 – OTHER ASSETS

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

(€/000)

	06/30/2020	12/31/2019 RESTATED
Other non current assets	**607**	**106**
Other current assets	**31,131**	**20,945**
Accrued income / prepaid expenses	4,035	2,779
Items for employees	2,299	2,253
Receivables for advances	7,537	6,115
Tax receivables	9,104	6,673
Other items	8,156	3,125
TOTAL	**31,738**	**21,051**

Other non-current assets mainly consist of security deposits.
The increase in the period mainly reflects an increase in VAT receivables recognised under tax receivables and suspended items related to the definition of the long-term loan intended to replace the bridge loan related to the acquisition of Eurobank FPS (now doValue Greece).

NOTE 6 – INVENTORIES

As at June 30, 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 2 properties. During the first half of 2020, 3 properties were sold with a reduction in inventories of €82 thousand from their value at December 31, 2019.

NOTE 7 – TRADE RECEIVABLES

(€/000)

	06/30/2020	12/31/2019
Receivables	**159,553**	**188,228**
Receivables accruing (Invoices to be issued)	70,261	108,566
Receivables for invoices issued but not collected	89,292	79,662
Provisions	**(9,130)**	**(11,237)**
Provisions for expected losses on receivables	(9,130)	(11,237)
TOTAL	**150,423**	**176,991**

Trade receivables arise in respect of invoices issued and accruing revenues mainly connected with servicing activities and property services.
The reduction during the half year in accruing receivables is connected with seasonal effects and contingent circumstances that reduced revenues. Given the fact that, with the acquisition of doValue Greece, trade receivables increased by €22.8 million, the performance is particularly positive as results have been achieved despite the negative impact due to the Coronavirus pandemic, confirming the resilience of doValue's business model.

NOTE 8 – TAX ASSETS AND TAX LIABILITIES

The following table provides a breakdown of tax liabilities at June 30, 2020 and December 31, 2019.

Tax assets

(€/000)

	06/30/2020	12/31/2019
Current tax assets	3,654	1,141
VAT asset	5,422	
TOTAL	**9,076**	**1,141**

Tax liabilities

(€/000)

	06/30/2020	12/31/2019
Current tax liabilities	8,983	7,853
VAT liability	10,124	5,249
Withholding taxes and others	6,007	4,359
TOTAL	**25,114**	**17,461**

The increase in tax liabilities with respect to December 31, 2019, mainly reflects the inclusion of doValue Greece in the scope of consolidation, which accounted for €5.2 million of the total.
Tax liabilities still include an amount of €4.6 million relating to a tax dispute for the subsidiary Altamira on tax returns relating to years prior to the acquisition by doValue. The prevailing portion of this amount (€4.1 million) will be refunded by the seller of Altamira under the terms of the Share Purchase Agreement as an acquisition price adjustment. The remaining €0.5 million will be covered by an insurance policy entered into at the time of the acquisition. The request for compensation will follow the settlement of the amount to the Spanish tax autority which is scheduled during the second half of 2020.

NOTE 9 - CASH AND CASH EQUIVALENTS

The balance of €193 million, representing an increase of €64.8 million compared with the €128.2 million reported at December 31, 2019, represents the liquidity available at the end of the period.
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 amounts as at June 30, 2020, related to the agreement signed on July 3, 2020 with a company of the IBM Group, chosen by doValue as partner for the technological innovation and the management of ICT and back-office processes of the Italian business.
The agreement envisages the disposal to Dock, a company of the IBM Group, 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 will subsequently be integrated into doValue.

(€/000)

	06/30/2020	12/31/2019
NON-CURRENT ASSETS:		
Intangible assets	41	-
Property, plant and equipment	469	-
Non-current financial assets	10	10
Total non-current assets	**520**	**10**
CURRENT ASSETS:		
Other current assets	610	-
Cash and cash equivalents	467	-
Total current assets	**1,077**	**-**
TOTAL ASSETS HELD FOR SALE	**1,597**	**10**
NON-CURRENT LIABILITIES:		
Employee benefits	877	-
Provisions for risks and charges	55	-
Total non-current liabilities	**932**	**-**
CURRENT LIABILITIES:		
Other current liabilities	531	-
Total current liabilities	**531**	**-**
TOTAL LIABILITIES ASSOCIATES WITH ASSETS HELD FOR SALE	**1,463**	**-**

Liabilities and **Shareholders' Equity**

NOTE 11 – **SHAREHOLDERS' EQUITY**

	06/30/2020	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)	146	184
Number of treasury shares	921,259	1,164,174

Other reserves break down as follows:

(€/000)

	06/30/2020	12/31/2019 RESTATED
Reserves from allocation of profits or tax-suspended reserves	**59,105**	**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 IAS art. 6 par. 2 Lgs. Decree 38/2005	29,647	(9,145)
Reserve established in by laws for purchase of treasury shares	146	184
Reserve from retained earnings - Share Based Payments	8,830	7,086
Other reserves	**109,529**	**108,447**
Extraordinary reserve	102,970	84,126
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	579	579
Share Based Payments Reserve	6,087	6,849
Consolidation reserve	2,291	21,354
Negative reserve for put option on non-controlling interests	(12,724)	(14,787)
TOTAL	**168,634**	**127,054**

The Shareholders' Meeting held on May 26, 2020, resolved on allocating to retained earnings the profit for the year 2019 amounting to €38.5 million.
In addition to this movement, as regards Other reserves, the following changes are to the reported due to:
- €2.1 million decrease in the negative reserve associated with the recognition of the financial liability for the **option to purchase non-controlling interests** pursuant to IAS 32 in the amount that exceeds the non-controlling interests identified in the Altamira PPA of €19.1 million. See the section on Business Combinations for more information.

- net increase of €982 thousand in **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 valuation reserves as at June 30, 2020 stood at €22 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 contract (interest rate swap) obtained to hedge the cash flows on the facility loan linked to the acquisition of Altamira.

NOTE 12 – LOANS AND OTHER FINANCING

(€/000)

	Interest Rate %	Due Date	06/30/2020	12/31/2019
Non-current loans and other financing			**244,453**	**285,581**
Bank loan	1,75%	2024	244,445	284,944
Due to other lenders			8	637
Current loans and other financing			**345,274**	**79,683**
Bank loan	2,3%	2021	345,265	79,683
Due to other lenders			9	-
TOTAL			**589,727**	**365,264**

The balance of loans and other financing as at June 30, 2019 mainly includes the residual payables of the 5-year Facility Loan subscribed for the acquisition of Altamira, as well as €265.0 million related to the Bridge Loan intended for the acquisition of Eurobank FPS (now doValue Greece). The latter is stated under current items as it has a duration of over 12 months and 2.5% interest rate. This bridge loan will be replaced by medium/long-term financing in the form of a bond within maturity.

The above-mentioned loan (the Facility Loan) has a term of 5 years and provides for repayment in six-monthly instalments. The variable rate is 1.75% as at June 30, 2020 (6-month Euribor) plus a spread linked to a number of financial covenants monitored on a quarterly basis.

In order to cover the interest rate risk, the exposure had been hedged with a cash flow hedge instrument that was 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 LIABILITIES

(€/000)

	06/30/2020	12/31/2019 RESTATED
Other non-current financial liabilities	**36,868**	**43,922**
Lease liabilities	18,288	10,671
Earn-out	18,389	-
Put option on non-controlling interests	-	33,194
Hedging derivatives	191	57
Other current financial liabilities	**50,872**	**25,083**
Lease liabilities	6,467	7,356
Earn-out	17,633	17,417
Put option on non-controlling interests	26,507	-
Hedging derivatives	265	310
TOTAL	**87,740**	**69,005**

Lease liabilities, divided into current and non-current components, represent the recognition of the discounted value of lease payments following the introduction of IFRS 16. Please see note 19 for information on changes in lease liabilities during the period.
The non-current liability for **Earn-out** refers to the acquisition of Eurobank FPS and is linked to the achievement of certain EBITDA targets over a ten-year horizon; the current Earn-out liability, on the other hand, refers to the acquisition of Altamira and relates to a portion of the price that will be defined within two years of the agreement signed for the transaction, i.e. at the end of December 2020.
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 the first quarter 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 €242 million as at June 30, 2020.
The fair value of the derivatives is negative and totals €0.3 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 June 30, 2020 breaks down as follows.

(€/000)

Note			06/30/2020	12/31/2019 RESTATED
9	A	Cash on hand	6	8
9	B	Cash at banks and short-term deposits	193,021	128,154
	D	**Liquidity (A)+(B)**	**193,027**	**128,162**
12	G	Current portion of non-current debt	(345,265)	(79,683)
12, 13	H	Other current financial debt	(50,881)	(47,477)
	I	**Current financial indebtness (F)+(G)+(H)**	**(396,146)**	**(127,160)**
	J	**Net current financial indebtness (I)+(E)+(D)**	**(203,119)**	**1,002**
12	K	Bank loan, non-current	(244,445)	(284,944)
12, 13	M	Other non-current loans	(36,876)	(44,559)
	N	**Non-current financial indebtness (K)+(L)+(M)**	**(281,321)**	**(329,503)**
	O	**Net financial indebtness (J)+(N)**	**(484,440)**	**(328,501)**

Compared with the net financial position of €396.7 million reported in the Directors' Report on Group Operations, this table includes the items reported under letters H and M, for a total of €87.8 million.
The following table reconciles the two different representations:

(€/000)

		06/30/2020	12/31/2019
A	**Net financial indebtness**	**(484,440)**	**(328,501)**
	Other current financial debt	50,881	47,477
	Other non-current loans	36,876	44,559
B	**Items excluded from the Net financial position**	**87,757**	**92,036**
C	**Net financial position (A)+(B)**	**(396,683)**	**(236,465)**

NOTE 14 – EMPLOYEE BENEFITS

The following table shows changes in the provision for post-employment benefits.
The item Other increases refers mainly to amounts related to the acquisition of Eurobank FPS.

(€/000)

	06/30/2020	12/31/2019
Opening balance	**8,544**	**9,577**
Increases	**3,843**	**3,900**
Provisions for the year	38	150
Others changes	3,805	3,750
Decreases	**(1,736)**	**(4,933)**
Benefits paid	(702)	(1,604)
Others changes	(1,034)	(3,329)
CLOSING BALANCE	**10,651**	**8,544**

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	**- o.w. Employee disputes**	**Out-of-court disputes and other provisions**	**- o.w. Employee disputes**	**Provisions for other commitments and guarantees issued**	**Total Funds in exchange for "Provisions for risk and charges"**	**Potential liabilities for employee**	**Total 06/30/2020**	**Total 12/31/2019**
Opening balance	**14,035**	**581**	**4,272**	**-**	**3**	**18,310**	**7,359**	**25,669**	**20,754**
Initial adjustments	-	-	-	-	-	-	-	**-**	151
Increases	**1,070**	**70**	**344**	**-**	**-**	**1,414**	**324**	**1,738**	**19,616**
Provisions for the year	588	70	300	-	-	888	288	**1,176**	11,460
Changes due to the passage of time and changes in the discount rate	(63)	-	(21)	-	-	(84)	2	**(82)**	(6)
Business combination	545	-	-	-	-	545	-	**545**	5,424
Other changes	-	-	65	-	-	65	34	**99**	2,737
Decreases	**(1,529)**	**(348)**	**(940)**	**-**	**-**	**(2,469)**	**(6,434)**	**(8,903)**	**(14,852)**
Reallocations of the year	(563)	(156)	(882)	-	-	(1,445)	(108)	**(1,553)**	(2,630)
Utilisation for payment	(966)	(192)	(58)	-	-	(1,024)	(6,006)	**(7,030)**	(8,914)
Other changes	-	-	-	-	-	-	(320)	**(320)**	(3,308)
CLOSING BALANCE	**13,576**	**303**	**3,676**	**-**	**3**	**17,255**	**1,249**	**18,504**	**25,669**

The item **Legal and tax disputes** primarily reports provisions in respect of the risks of litigation brought against the Group concerning its core activities. It decreased by €459 thousand owing to the greater impact of the settlement of a number of disputes compared with provisions for new disputes.

The item **Out-of-court disputes and other provisions** mainly reports provisions for risks for which no litigation has currently been undertaken.
This provision also decreased during the half year, contracting by €596 thousand, mainly reflecting the reversal of provisions for risks connected with our activities, which in the absence of legal action no longer obtain.

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 €6.4 million in the period reflects mainly cost containment measures taken by management in response to the contingent circumstances connected with the COVID-19 pandemic.

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, 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.

NOTE 16 – TRADE PAYABLES

(€/000)

	06/30/2020	12/31/2019
Payables to suppliers for invoices to be received	21,972	31,392
Payables to suppliers for invoices to be paid	26,302	15,577
TOTAL	**48,274**	**46,969**

As at June 30, 2020, an increase in trade payables was recorded substantially related to amounts acquired within the acquisition of Eurobank FPS (now doValue Greece), amounting to €6.9 million. Excluding this value, a reduction in trade payables is linked to seasonal differences with circumstances in December: in the first few months of the year, payments regarded invoices accruing for 2019, while purchasing in the new financial year slowed as a result of the COVID-19 pandemic.

NOTE 17 – OTHER CURRENT LIABILITIES

As at June 30, 2020, an increase was recorded in items being processed of current liabilities, substantially resulting from amounts acquired within the acquisition of Eurobank FPS. In particular, they include prepayments on invoices to be issued to customers.

(€/000)

	06/30/2020	12/31/2019
Amounts to be paid to third parties	3,622	2,841
Amounts due to personnel	9,049	11,472
o.w. employees	*8,945*	*11,380*
o.w. members of Board of Directors and Auditors	*104*	*92*
Amounts due to pension and social security institutions	5,399	4,902
Items being processed	43,292	3,288
Other items	4,302	2,245
Accrued expenses / deferred income	3,125	448
TOTAL	**68,789**	**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 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.
For more details on the mechanisms and terms of attribution of the shares, please refer to the information documenta- tion published on the internet website of the Group www.dovalue.it ("Governance/Remuneration" section).

The amount recognised in profit or loss for the first half of 2020 amounts to €272 thousand, 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 Group also has leases 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 leases, the Group has elected to apply the exceptions provided for under IFRS 16 regarding short-term or low value leases.

The following table reports the carrying amounts of right-of-use assets and changes in the period:

(€/000)

	Buildings	Electronic system	Other tangible assets	Total 06/30/2020	Total 12/31/2019
Opening balance	**16,685**	**-**	**1,155**	**17,840**	**16,685**
Increases	**9,995**	**4,022**	**73**	**14,090**	**6,980**
Purchases	773	4,022	73	4,868	4,604
Other changes	9,222	-	-	9,222	2,376
Decreases	**(5,770)**	**(672)**	**(275)**	**(6,717)**	**(5,825)**
Amortisation	(4,101)	(672)	(250)	(5,023)	(5,741)
Other changes	(1,669)	-	(25)	(1,694)	(84)
CLOSING BALANCE	**20,910**	**3,350**	**953**	**25,213**	**17,840**

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

(€/000)

	06/30/2020	12/31/2019
Opening balance	**18,028**	**16,560**
Increases	**10,993**	**7,034**
New liabilities	2,404	3,967
Financial expenses	188	716
Others changes	8,401	2,351
Decreases	**(4,266)**	**(5,566)**
Payments	(4,266)	(5,477)
Others changes	-	(89)
CLOSING BALANCE	**24,755**	**18,028**
o.w.: Non-current lease liabilities	18,288	10,673
o.w.: Current lease liabilities	6,467	7,355

The "Other changes" item, in the two previous tables, refers to data related to the acquisition of Eurobank FPS (now doValue Greece).
The amounts recognised in profit or loss are given in the following table:

(€/000)

	06/30/2020	06/30/2019
Amortisation of right-of-use assets	(5,023)	(5,741)
Financial expenses from lease liabilities	(188)	(716)
TOTAL	**(5,211)**	**(6,457)**

CONSOLIDATED **INCOME STATEMENT**

NOTE 20 – REVENUE FROM CONTRACTS WITH CUSTOMERS

(€/000)

	06/30/2020	06/30/2019
Servicing services	76,376	54,887
Servicing for securitisations	44,980	43,602
REO services	22,335	-
TOTAL	**143,691**	**98,489**

Overall, the item increased by 46% compared with the same period of 2019, while on a like-for-like basis, i.e. excluding the contribution of Altamira, it was down by 36%.
The contribution ofAltamira amounted to €54 million for **Servicing services**, which posted a 39% increase compared with the first half of 2019 and totalled €76.4 million.
Altamira also contributed fully to the new **REO services line** with revenues of €22.3 million.

NOTE 21 – OTHER REVENUES

(€/000)

	06/30/2020	06/30/2019
Administrative Servicing / Corporate Services Provider	2,184	7,084
Information services	2,983	2,333
Recovery of expenses	473	3,594
Due diligence & Advisory	5,513	416
Ancillary REO services	8,470	-
Other revenues	1,682	802
TOTAL	**21,305**	**14,229**

Other revenues increased by 50% compared with the year-earlier period.
Even in this case, the contribution of Altamira had a significant effect, i.e. €13.9 million allocated to the items Due Diligence & Advisory (€3.6 million), Additional property Services for the total amount reported and other revenues for €1.6 million.

NOTE 22 – COSTS FOR SERVICES RENDERED

(€/000)

	06/30/2020	06/30/2019
Costs for management of agency contracts	(13,348)	(7,286)
Brokerage fees	(6,112)	-
Costs for services	(391)	(47)
TOTAL	**(19,851)**	**(7,333)**

The item, which includes fees paid to the recovery network, increased to almost three times its level shows in the same period of the previous year. However, excluding the contribution of Altamira, which mainly regarded costs for the management of agency contracts (€9.0 million) and brokerage fees (€6.1 million), costs for services rendered in Italy declined by 57% compared with the first half of 2019, in line with expectations for savings from the reduction of the use of outsourcing services.

NOTE 23 – PERSONNEL EXPENSES

(€/000)

	06/30/2020	06/30/2019
Payroll employees	(82,136)	(48,239)
Members of Board of Directors and Board of Auditors	(1,902)	(3,090)
Other personnel	(17)	(27)
TOTAL	**(84,055)**	**(51,356)**

Average number of employees by category

	06/30/2020	06/30/2019
Payroll employees	**2,514**	**1,261**
a) Executives	125	42
b) Managers	874	514
c) Other employees	1,515	705
Other staff	**26**	**9**
TOTAL	**2,540**	**1,270**

Personnel expenses increased by 64% on June 30, 2019, although they contracted by 14% on a like-for-like basis, i.e. excluding Altamira, which contributed €20 million in costs and about 1,174 employees to the figures for the average workforce in the period.
The decline was attributable to the Group's prudent approach in this initial half of 2020, with a decrease in costs for the variable components of remuneration as well as in holiday pay and the hour bank, partly offset by early termination incentives amounting to €3.6 million in the first half of 2020 (€2.9 million excluding Altamira).

NOTE 24 – ADMINISTRATIVE EXPENSES

(€/000)

	06/30/2020	06/30/2019
External consultants	(14,818)	(12,880)
Information Technology	(13,695)	(7,966)
Administrative and logistical services	(1,542)	(1,874)
Rentals, building maintenance and security	(1,727)	(1,909)
Insurance	(866)	(722)
Indirect taxes and duties	(1,302)	(908)
Postal services, office supplies	(1,250)	(671)
Indirect personnel expenses	(737)	(554)
Debt collection	(397)	(425)
Utilities	(697)	(441)
Advertising and marketing	(1,344)	(139)
Other expenses	(631)	(102)
TOTAL	**(39,006)**	**(28,591)**

This item increased by 36% compared to the previous period, while, excluding Altamira, a decrease of 18% 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 premises/offices directly managed, with the activation of co-working contracts.

NOTE 25 – OTHER OPERATING CHARGES/INCOME

(€/000)

	06/30/2020	06/30/2019
Reductions in assets	(57)	(1)
Other expenses	(2)	(93)
TOTAL	**(59)**	**(94)**

NOTE 26 – AMORTISATION, DEPRECIATION AND IMPAIRMENT

(€/000)

	06/30/2020	06/30/2019
Intangible assets	**(26,066)**	**(1,220)**
Amortisation	(26,066)	(1,220)
Property, plant and equipment	**(6,116)**	**(2,111)**
Amortisation	(6,116)	(2,111)
Financial assets measured at amortised cost	**3**	**12**
Writedowns	3	(27)
Writebacks	-	39
Trade receivables	**(732)**	**-**
Writedowns	(732)	-
TOTAL	**(32,911)**	**(3,319)**

Much of the increase in the first half of the year reflected the contribution of Altamira, whose amortisation and depreciation charges respectively accounted for 93% and 31% of the totals reported.

NOTE 27 – PROVISIONS FOR RISKS AND CHARGES

(€/000)

	06/30/2020			06/30/2019		
	Provisions	Reallocations	Total	Provisions	Reallocations	Total
Legal and tax disputes	(525)	408	**(117)**	(557)	8	**(549)**
o.w. Employee disputes	*(69)*	*1*	***(68)***	*(83)*	-	***(83)***
Out-of-court disputes	(280)	882	**602**	72	-	**72**
TOTAL	**(805)**	**1,290**	**485**	**(485)**	**8**	**(477)**

The item consists of operational changes in provisions, with the exception of those for employee benefits (classified under personnel costs), allocated to meet legal and contractual obligations that are presumed will require an outflow of economic resources in subsequent years.
As at June 30, 2020, the item shows a positive balance of €485 thousand, compared with a negative €477 thousand for the same period of 2019. This trend reflected the reversal of excess provisions for a number of disputes that did not lead to litigation.

NOTE 28 – FINANCIAL (EXPENSE)/INCOME

(€/000)

	06/30/2020	06/30/2019
Financial income	**284**	**354**
Income from financial assets measured at fair value through P&L	263	326
Income from financial assets measured at amortised cost	21	28
Financial expense	**(7,027)**	**(1,201)**
Expense from financial liabilities measured at amortised cost	(6,143)	(1,076)
Expense from hedging derivates	(170)	-
Other financial expenses	(714)	(125)
Net change of other financial assets and liabilities measured at fair value through P&L	**103**	**669**
Debt securities	103	669
TOTAL	**(6,640)**	**(178)**

Financial income mainly includes revenues from the Romeo and Mercuzio asset-backed securities, which decreased compared with June 2019 as a result of the progressive redemption of outstanding securities.
Financial expense (€7.0 million) is mainly accounted for by the loan taken out at the end of June for the acquisition of Altamira, including charges from hedging derivatives in respect of an interest rate swap (IRS) hedging that loan.
Other financial expenses regard interest calculated in accordance with IFRS 16, which took effect as from January 1, 2019.

NOTE 29 – INCOME TAX EXPENSE

(€/000)

	06/30/2020	06/30/2019
Current tax	(1,868)	(272)
Changes in prior year taxes	392	-
Reduction of current taxes for the year	-	(4)
Changes in deferred taxes assets	1,071	(17,067)
Changes in deferred taxes liabilities	(1,358)	-
TOTAL	**(1,763)**	**(17,343)**

Income tax for the period is estimated at €1.8 million, on an accrual basis, sharply down compared to the same period of the previous year, which was primarily 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.

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

INTRODUCTION

The doValue Group, in line with the applicable regulations and best practices, has implemented an internal control system which seeks to constantly monitor the main risks connected with the Group's activities in order to guarantee sound and prudent management consistent with the pre-established objectives.
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.

As set out in more detail in the Company Governance Report, which readers are invited to consult, in 2019 the structure of the internal control system was revised to reflect the impact resulting from the doValue Group reorganisation project and changes in the applicable regulatory environment.

The essential elements of that project with an impact on the Group control system were the following:

- the transformation of the Parent Company, doValue, from a bank into a servicing company authorised in accordance with Article 115 of the TULPS (Consolidated Public Security Act);
- the dissolution of the existing banking group;
- the continuation of the subsidiary Italfondiario, a financial intermediary registered with the register pursuant to Article 106 of the Consolidated Banking Act, as an entity subject to the supervisory regulations pursuant to Circular 288 of April 3, 2015 of the Bank of Italy.

These elements informed the review of the structure of the internal control system which led to the following main amendments:

- the redefinition of the management, coordination and control model of the Group and the role covered in that model by the Parent Company, abandoning the approach based primarily on the Bank of Italy's supervisory regulations and reorganising it in accordance with the provisions of the Italian Civil Code for economic groups;

- the introduction within the internal control system of a new "Internal Control department" (to which the internal audit and anti-money laundering units report) in order to ensure the unified coordination of risk governance arrangements and ensure an overall assessment of their adequacy;

- the revision of the mission of the doValue Group's Internal Audit function. While it was confirmed that internal audit activities for the Group would be concentrated with the unit starting from the completion of the debanking process for the Parent Company and its subsidiaries not subject to supervision, those duties would be expanded with addition of periodic audits to ensure compliance with the applicable laws for those legal entities;

- while retaining a centralised governance model compliant with the anti-money laundering regulatory framework, in accordance with the provisions of the Fourth EU Anti-Money Laundering Directive, refocusing the scope of the doValue Anti-Money Laundering function on the Parent Company and non-supervised subsidiaries, and establishing independent anti-money laundering units at the subsidiaries Italfondiario and doValue Hellas;

- the revision of the scope of the corporate control functions following the lapse of the obligations established by Circular no. 285/2013 of the Bank of Italy. Accordingly, the corporate control functions currently comprise the Internal Audit and Anti-Money Laundering units and the Financial Reporting Officer at the Parent Company, the Risk Management, Compliance and AML Unit of Italfondiario (in accordance with the provisions of Circular no. 288/2015 of the

Bank of Italy) and the Anti-Money Laundering Unit of doValue Hellas;

- the revision of the definition and scope of the other corporate functions involved in managing the internal control system, covering specific regulatory/risk areas, with the inclusion of the Parent Company's Operational Risk Management unit and Compliance & DPO unit in that scope;

- the revision and updating of the information flows relating to the internal control system (to ensure the model is consistent with the new organisational structure of the Parent Company) and the reporting flows to the supervisory authorities to reflect the effects of the debanking process.

Apart from the organisational changes outlined above, the internal control system continues to be structured as follows:

- 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;

- level three controls, which are assigned to the Internal Audit function, are targeted at periodically evaluating the completeness, functionality, adequacy and reliability of the internal control system in terms of its efficiency and effectiveness in relation to the nature and scale of the risks to which the company is exposed, also identifying any breaches of the organisational measures adopted by the Group;

- level two controls 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 rules, including corporate governance regulations;

- level one controls are aimed at ensuring the proper performance of operations and are carried out by the company units 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 ordinary company activities, 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 the Risk and Transactions with Related Parties Committee

The guidelines of the internal control and risk management system are defined by the Board of Directors of the Parent Company in accordance with the strategic guidelines and risk appetite it has established. Accordingly, in line with Application Criteria 7.C.1 letter a) of the Corporate Governance Code, the Board ensures that the main risks are correctly identified, measured and monitored appropriately, taking account of developments in the risks and their interaction.
The Board of Directors performs assessments and makes decisions concerning the internal control and risks management system with the support of the Risk and Transactions with Related Parties Committee.
The Board of Directors fosters the dissemination of a corporate culture of internal controls that leverages corporate control functions to ensure all personnel are aware of its role. To that purpose, the Board of Directors approved a Code of Ethics, attached to the Organisational and Management Model pursuant to Legislative Decree 231/2001, which formalises the principles that the behaviour of the company bodies and employees have to comply with in fulfilling the applicable obligations.

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 company units 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.

Corporate control functions

Following completion of the reorganisation of the Group internal control System, as noted at the beginning of this chapter, the Internal Audit and Anti-money laundering units form part of the doValue corporate control functions, reporting directly to the Internal control Department and the Financial Reporting Officer in accordance with Law 262/05. These functions are separate from one another and hierarchically independent of the company functions that carry out the activities that are subject to their controls.

Internal Control Department

The Internal Control Department ensures 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 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 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

Within the scope of the centralised organisational model adopted by the Group for the internal control system, the Internal Audit unit at the Parent Company performs the internal audit role on behalf of both the Parent Company and its subsidiaries, and ensures the constant, independent and objective assessment of the overall internal control system to guarantee the related objectives are achieved and ensure the continuous improvement of the effectiveness and efficiency of the organisation.
Internal Audit directly notifies the units involved of the findings of its audit activity and the evaluations performed. Appropriate information flows ensure communication between Internal Audit and the Chief Executive Officer of the Parent Company and the Internal Control System Coordination management committee, which is responsible for ensuring that issues concerning the correct operation of the internal control system and the related remediation plans and those relating to the management and monitoring of the risks are addressed in a coordinated and structured manner. The unit also has direct access to the Board of Statutory Auditors and communicates with it without restrictions or intermediaries.
In general terms, Internal Audit provides support to top management in the promotion and dissemination of an adequate and solid internal control culture within the Group.

Anti-Money Laundering

Albeit within the scope of a centralised governance model for the regulatory framework aimed at preventing money laundering, in accordance with the provisions of the Fourth EU Anti-Money Laundering Directive, following completion of the debanking process the organisational model providing for the centralisation of the Anti-Money Laundering function for all the companies subject to such legislation with the Parent Company no longer applies. Accordingly, the scope of responsibility of the doValue Anti-Money Laundering unit in managing the risk of money laundering and terrorist financing now encompasses solely the Parent Company and the subsidiaries not subject to banking supervision. As a result, independent anti-money laundering functions were established at the subsidiaries Italfondiario and doValue Hellas.
The strategic decisions at Group level for the management of the risk of money laundering and terrorist financing are made by the corporate bodies of the Parent Company. The corporate bodies of the other Group companies will each be responsible, with the scope of their duties, for implementing the strategies and policies for managing the risk of money laundering and terrorist financing determined by the Parent Company within their organisations.

Financial Reporting Officer

In accordance with the provisions of the applicable regulations, the Board of Directors of the Parent Company has appointed a Financial Reporting Officer 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 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, the FRO 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 units of the Parent Company are among the corporate units of the Parent Company involved in the management of the internal control system, monitoring specific regulatory/risk areas.

Compliance & DPO

Within the scope of the new internal control system established following the debanking process, the following control officers with oversight duties were identified within the Compliance & DPO Operating Unit:

- the Data Protection Officer (DPO) of the Parent Company;
- the Anti-Bribery Manager.

The Parent Company DPO performs support and control functions and provides advice, training and information concerning the application of the GDPR and national laws on the processing of personal data. The DPO also cooperates with the authorities and represents the point of contact for data subjects and other on issues relating to the processing of personal information.
The Manager of the Compliance & DPO Operating Unit also fulfils the role of Anti-bribery Manager

Operational Risk Management Unit

The Operational Risk Management unit reports directly to the Operations department in order to help that department perform its mission, represented by cost governance and the main processes that generate the various cost components, ensuring constant monitoring and proactive management of any risks related to the business and support processes and their possible impacts in terms of provisions and operating losses.
The unit 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.

Financial risks

CREDIT RISK

Credit risk is defined as the risk for the creditor that a borrower will not discharge a financial obligation at maturity or subsequently, generating a financial loss. For the Company, the main assets exposed to such risk are trade receivables as well as non-performing loans held in our portfolio and deposits held with leading banks and financial institutions.

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. Positions that are considered on objective grounds to be partly or wholly unenforceable are written down, taking account of any recoverable amounts and the associated date of collection. As at June 30, 2020, the main trade counterparties were represented by banks with high credit standing and vehicle companies established pursuant to the provisions of Law 130/1999.

For a quantitative analysis, please see the notes 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.

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.

MARKET RISK - INTEREST RATE RISK

The Group uses external financial resources in the form of debt and uses the cash available in the bank deposits. Changes in market interest rate levels influence the deposit expenses and remuneration of the investments.
In order to neutralise the exposure to the risk of changes in interest rates, the Group signed an interest rate swap (IRS) exclusively for hedging purposes. The fair value delta of the derivative instruments at June 30, 2020, amounting to €0.4 million, 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”.

SECURITISATIONS

On September 30, 2016, the assignment of the non-performing portfolio of the Parent Company, doValue, to the securitisation vehicle Romeo SPV Srl (“Romeo”) was finalised. Romeo was established pursuant to Law 130/1999. Subsequently, during the second quarter of 2017, the unsecured portion of the portfolio was transferred to the vehicle Mercuzio Securitisation S.r.l. (“Mercuzio”) and at the same time the issue of ABSs by both the SPVs was completed with a single tranche 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 operations, doValue plays the role of Servicer and Administrative Services Provider.

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.

With regard to organisational aspects, the Operational Risk Management unit has been established within the Operations department of the Parent Company in order to help pursue the overall mission of that department, ensuring the constant monitoring and proactive management of any risks related to business and support processes and their possible impacts in terms of provisions and operating losses. The unit 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 managers of the organisational units 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.

SEGMENT REPORTING

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 Eurobank FPS at the beginning of June 2020), the southern European business area was broken down by geographical area.

(€/000)

FIRST HALF 2020	Italy	Greece & Cyprus	Spain & Portugal	Group
Revenue from contracts with customers	60,866	26,514	56,311	143,691
Other revenue	26,214	508	12,830	21,305
Total revenue	**87,080**	**27,022**	**69,141**	**164,996**
Costs for services rendered	(3,870)	(1,289)	(14,692)	(19,851)
Personnel expenses	(42,887)	(11,390)	(29,920)	(84,055)
Administrative expenses	(39,345)	(5,445)	(12,311)	(39,006)
Other operating (expense)/income	(58)	(1)	(10)	(59)
Depreciation, amortisation and impairment	(5,677)	(4,418)	(22,816)	(32,911)
Provisions for risks and charges	495	(10)	-	485
Total costs	**(91,342)**	**(22,553)**	**(79,749)**	**(175,397)**
Operating income	**(4,262)**	**4,469**	**(10,608)**	**(10,401)**
Financial (expense)/income	(3,394)	(859)	(2,387)	(6,640)
Profit (loss) before tax	**(7,656)**	**3,610**	**(12,995)**	**(17,041)**
Income tax expense	700	(486)	(1,977)	(1,763)
Net Profit (loss) from continuing operations	**(6,956)**	**3,124**	**(14,972)**	**(18,804)**
Net profit (loss) for the period	**(6,956)**	**3,124**	**(14,972)**	**(18,804)**
TOTAL ASSETS	**359,965**	**367,961**	**333,826**	**1,061,752**
TOTAL LIABILITIES	**(714,000)**	**(99,282)**	**(53,682)**	**(866,964)**

BUSINESS COMBINATIONS

Business combinations completed **in the period**

This section provides detailed information on business combinations involving companies or business units 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 business units 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 sill be merged by incorporation in the investee within the end of the year, through a reverse merger transaction.
The following table shows cash flows for the acquisition.

(€/000)

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

The consideration was not allocated, based on the Purchase Price Allocation method, as at June 30, 2020, albeit with a provisional amount.
As a result, the difference resulting from the elimination of the investment from shareholders' equity at the date of consolidation is provisionally recorded under non-current assets.

(€/000)

	Acquisition of Eurobank FPS	
	Equity at the date of acquisition	4,327
	Percentage of acquisition	80%
A	Shareholders' equity of the acquired company belonging to the Group	3,462
	Consideration paid	210,916
	Earn-out	18,320
B	Total consideration	229,236
A-B	Consolidation differences to be allocated	225,774

INTERNAL BUSINESS COMBINATIONS

During the first half of 2020, the doValue Group did not carry out any internal business combinations.

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

Disposal of the doSolutions business unit

On July 3, 2020, the Group signed an agreement envisaging the disposal to Dock, a company of the IBM Group, of the doSolutions, l'IT & Operations company business unit, of the doValue Group, operating in IT services field and Back Office.

Note 10 disclosed the amounts as at June 30, 2020, related to this disposal, which were disclosed under Assets held for sale and Liabilities associated with assets held for sale.

7.3

Retrospective adjustments

In the first half of 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 as at December 31, 2019, whose reconciliation with that published in the 2019 Consolidated Financial Statements is set out below.

(€/000)

	12/31/2019	AGGIUSTAMENTI RESTATEMENT	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	(18,844)	127,054
Treasury shares	(184)	-	(184)
Profit (loss) for the period attributable to the Shareholders of the Parent Company	38,318	285	38,603
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	-	25,669
Deferred tax liabilities	24,886	(9,541)	15,345
Total non-current liabilities	**388,602**	**(9,541)**	**379,061**
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	-	17,461
Other current liabilities	25,196	-	25,196
Total current liabilities	**216,786**	**(22,394)**	**194,392**
TOTAL LIABILITIES	**605,388**	**(31,935)**	**573,453**
TOTAL NET EQUITY AND LIABILITIES	**830,687**	**(50,494)**	**780,193**

Altamira

On June 27, 2019 the Group acquired 85% of the voting shares 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 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**
TOTALE NET IDENTIFIABLE ASSETS AT FAIR VALUE	**128,504**
Non-controlling interests measured at fair value	**(19,275)**
Goodwill arising from acquisition (provisional)	**124,064**
ACQUISITION PRICE	**233,293**
Earn-out	(17,199)
ACQUISITION PRICE PAID	**216,094**

As also envisaged in the corresponding section of the 2019 Consolidated Financial Statements, 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 is 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	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	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**
TOTALE NET IDENTIFIABLE ASSETS AT FAIR VALUE	**139,608**	**(11,104)**	**128,504**
Non-controlling interests	**(20,941)**	**1,666**	**(19,275)**
Goodwill arising from acquisition (provisional)	**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 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 related parties 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 transactions with related parties and transactions conducted in situations of 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 Related Party Transactions Committee – 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.

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 the first half of 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 June 30, 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	-	-	-	-	-	896	896
Property, plant and equipment	-	-	-	-	-	786	786
TOTAL ASSETS	**-**	**-**	**-**	**-**	**-**	**1,682**	**1,682**
Trade payables	-	-	-	-	-	71	71
Other current financial liabilities	-	-	-	-	-	758	758
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**829**	**829**

(€/000)

Costs/Revenues	Parent Company	Unconsolidated Subsidiaries	Associates	Joint Ventures	Key management personnel	Other related parties	Total
Revenue from contracts with customers	-	-	-	-	-	30	30
Other revenue	-	-	-	-	-	476	476
Costs for services rendered	-	-	-	-	-	(3)	(3)
Administrative expenses	-	-	-	-	-	(238)	(238)
Staff expenses	-	-	-	-	-	(20)	(20)
Financial (Expense)/Income	-	-	-	-	-	(15)	(15)
Depreciation, amortisation and impairment	-	-	-	-	-	(786)	(786)
TOTAL	**-**	**-**	**-**	**-**	**-**	**(556)**	**(556)**

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:
- 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 €786 thousand and financial expense of €15 thousand). In the first half, administrative costs connected with those buildings amounted to €237 thousand. The capital off- setting items are recognised under property plant and equipment (€786 thousand), under other financial liabilities (€758 thousand) and trade payables (€49 thousand); the Group also carries out IT Services for Torre SGR recorded under other revenue for €23 thousand and has trade receivables of €41 thousand;
- Fortress Investment Fund III LP: doValue Hellas carried out due diligence Services on the company for total revenues of €48 thousand and trade receivables of €121 thousand as at June 30, 2020;
- Fortress Italian NPL Opportunities Fund Advisors LLC: doValue carried out due diligence Services on the company for total revenues of €96 thousand and trade receivables of €156 thousand;

- FIG LLC: doValue carries out due diligence services for the company and during the half-year accrued revenues of €23 thousand and trade receivables of €106 thousand at the end of the period;
- SPV Ieffe: the Group provides debt collection and information Services for total revenue of €49 thousand and trade receivables of €58 thousand;
- Reoco: doValue manages property assets for certain Reoco (reai estate owned companies), with revenue from contracts with customers and other revenue during the year of €186 thousand and trade receivables of €254 thousand.

CERTIFICATIONS ON THE CONSOLIDATED HALF-YEAR REPORT

Consolidated Half-Yearly 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, as the Financial Reporting Officer with preparing the financial reports of doValue S.p.A.;

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:

- the adequacy in relation to the Legal Entity's features and
- the actual application of the administrative and accounting procedures employed to draw up the to draw up the 2020 Consolidated Half-Yearly Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2020 Consolidated Half-Yearly Financial Statements has been evaluated by applying a model developed by doValue SpA, in accordance with "Internal Control - Integrated Framework (CoSO)" and with the "Control Objective" for IT and Related Technologies (Cobit) ", which represent reference standards for the internal control system and for financial reporting, generally accepted internationally.

3. The undersigned also certify that:
   3.1. the 2020 Consolidated Half-Yearly Financial Statements:
      a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002 of 19 July 2002;
      b) correspond to the results of the accounting books and records;
      c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and of the group of companies included in the scope of consolidation;
   3.2 the interim management report contains at least references to the important events that occurred in the first six months of the year and their impact on the condensed half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. For issuers of listed shares with Italy as the home Member State, the interim management report also contains information on significant transactions with related parties.

Roma, August 04, 2020

Andrea Mangoni

Chief Executive Officer

Elena Gottardo

Financial Reporting Officer

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Review report on the interim condensed consolidated financial statements

(Translation from the original Italian text)

To the Shareholders of
doValue S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the balance sheet as of June 30, 2020, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and cash flows for the period then ended and the related explanatory notes, of doValue S.p.A. and its subsidiaries (the "doValue Group"). The Directors of doValue S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of doValue Group as of June 30, 2020 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Verona, August 5, 2020

EY S.p.A.
Signed by: Marco Bozzola, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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Sede Legale: via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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