doValue

REPORTS AND ACCOUNTS

DECEMBER 31, 2020

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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

Contents

Governing and control bodies

BOARD OF DIRECTORS

Chairman	GIOVANNI CASTELLANETA (2) (4)
CEO	ANDREA MANGONI
Directors	FRANCESCO COLASANTI (6) EMANUELA DA RIN GIOVANNI BATTISTA DAGNINO (3) (2) NUNZIO GUGLIELMINO (4) (5) GIOVANNI LO STORTO (1) (6) GIUSEPPE RANIERI MARELLA IDI MARIA VILLA

BOARD OF STATUTORY AUDITORS

Chairwoman	CHIARA MOLON (7)
Statutory Auditors	FRANCESCO MARIANO BONIFACIO (8) NICOLA LORITO (8)
Alternate Auditors	SONIA PERON ROBERTA SENNI

AUDIT FIRM

EY S.P.A.

Financial Reporting Officer

ELENA GOTTARDO

(1) Chairman of Appointments Committee
(2) Members of Appointments Committee
(3) Chairman Risk and Operations with Related Parties Committee
(4) Member Risk and Operations with Related Parties Committee
(5) Chairman Remuneration Committee
(6) Member Remuneration Committee
(7) Chairman Supervisory Committee, pursuant to Legislative Decree 231/2001
(8) Member Supervisory Committee, pursuant to Legislative Decree 231/2001

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

DIRECTORS' REPORT

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 **Company**'s business

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

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

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

The Company 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.

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

Macroeconomic environment

The global economy in 2020 was heavily impacted by the COVID-19, suffering a GDP contraction by around 3.5%. This is the first decline recorded at the global level since 2009 (the year of the global financial crisis) and the greatest decrease of the GDP from World War II. This contraction was even more evident in the Eurozone (-7%) where the various countries, having failed to carry out a targeted virus containment strategy, resorted more frequently to the "lockdown" practice. Although the recent approvals of emergency vaccines against COVID-19 and the start of global vaccination campaigns are fuelling hopes of a return to normal conditions in which economic activity takes place, new waves of contagions and new variants, as well as operational difficulties in carrying out mass immunization campaigns, could make the forecast of GDP in 2021 at the date of approval of these financial statements more uncertain and difficult.
Among the factors limiting growth, possible new restrictions on economic activity and the movement of people for the management of new pandemic waves, the weakness of the manufacturing sector and long-term idiosyncratic factors such as low productivity growth and the ageing of the population.

The servicing of loans and real estate assets in Europe in 2020 continued to benefit from the support of high volumes of asset sales and greater use of outsourcing services by Banks and financial institutions, supported by the continuous and growing interest of the International investors. In fact, according to the EBA[1], European banks have reduced their exposure to non-performing assets by 10% over the past year, to a value of approximately €528 billion, bringing the NPE ratio to an average value of 2.9%, compared to 3.4% in the previous twelve months. However, this reduction has not been uniform across countries. For example, while in Italy the percentage of assets classified as stage 3 (impaired) has fallen from 7.5% to 6.5%, in Greece and Cyprus this ratio is still high with values of over 30% and 20% respectively. The banks in these two countries are among those that have reduced their NPE ratios most significantly as a result of the use of disposals.

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

Southern Europe has confirmed itself even more as a key area for the servicing sector. From 2014 to 2019, there have been disposals of non-performing assets of over €220 billion in Italy, €160 billion in Spain and over €50 billion in Portugal, Greece and Cyprus. In 2020, this trend

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

continued with disposals of around €31 billion in Italy, €15 billion in Greece, €25 billion in Spain and €5 billion in Cyprus. In light of the above, it is expected that servicing activity will continue to benefit from the initiatives adopted at EU level to support a more proactive management of NPLs by financial institutions in view of the new flows that will be generated after the post COVID measures to support the economy come to an end. The volume of transactions concerning non-performing loan portfolios will continue to be supported, in Italy, by the "GACS" securitisation guarantee and, in Greece, by the "Hercules" scheme, modelled on the same false line that has already facilitated an acceleration of market activity as early as 2020.

Main highlights

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

(€/000)

Key data of the income statement	12/31/2020	12/31/2019	Change	Change %
Gross Revenues	141,576	211,464	(69,888)	(33)%
Net Revenues	129,008	193,886	(64,878)	(33)%
Operating expenses	(99,301)	(124,654)	25,353	(20)%
EBITDA	29,707	69,232	(39,525)	(57)%
EBITDA Margin	21%	33%	(12)%	(36)%
Non-recurring items included in EBITDA[1)]	(3,643)	(2,089)	(1,554)	74%
EBITDA excluding non-recurring items	33,350	71,321	(37,971)	(53)%
EBITDA Margin excluding non-recurring	24%	34%	(10)%	(30)%
EBT	9,443	62,349	(52,906)	(85)%
EBT Margin	7%	29%	(22)%	(76)%
Profit (loss) for the period	7,831	38,507	(30,676)	(80)%
Profit (loss) for the period excluding non-recurring items	15,543	56,884	(41,341)	(73)%

[1)] Non-recurring items in Operating expenses include the costs connected with the acquisition of doValue Greece (ex Eurobank Financial Planning Services) and costs referred to Covid-19

(€/000)

Key data of the balance sheet	12/31/2020	12/31/2019	Change €	Change %
Cash and liquid securities	40,527	73,102	(32,575)	(45)%
Equity investments	354,398	236,237	118,161	50%
Property, plant and equipment	14,675	15,691	(1,016)	(6)%
Intangible assets	9,554	439	9,115	n.s.
Financial assets	311,507	209,614	101,893	49%
Trade receivables	63,367	89,406	(26,039)	(29)%
Tax assets	67,864	60,784	7,080	12%
Financial liabilities	584,325	418,619	165,706	40%
Trade payables	15,013	16,492	(1,479)	(9)%
Tax Liabilities	2,149	3,018	(869)	(29)%
Other liabilities	15,178	11,940	3,238	27%
Provisions for risks and charges	17,390	18,801	(1,411)	(8)%
Net Equity	230,636	218,672	11,964	5%

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

(€/000)

KPIs	12/31/2020	12/31/2019
Gross Book Value (EoP) - Italy	78,023,673	78,796,103
Collections of the period - Italy	1,379,881	1,893,198
LTM Collections - Italy	1,379,881	1,893,198
LTM Collections - Italy - Stock	1,349,089	1,794,339
LTM Collections / GBV EoP - Italy - Overall	1,77%	2,40%
LTM Collections / GBV EoP - Italy - Stock	1,86%	2,47%
Staff FTE / Total FTE	30%	29%
LTM Collections / Servicing FTE - Italy	2.02	2.73
EBITDA	29,707	69,232
Non-recurring items (NRIs) included in EBITDA	(3,643)	(2,089)
EBITDA excluding non-recurring items	33,350	71,321
EBITDA Margin	21%	33%
EBITDA Margin excluding non-recurring items	24%	34%
Profit (loss) for the period	7,831	38,507
Non-recurring items included in Profit (loss) for the period	(7,712)	(18,377)
Profit (loss) for the period excluding non-recurring items	15,543	56,884
Earnings per share (Euro)	0.10	0.48
Earnings per share excluding non-recurring items (Euro)	0.19	0.86
Capex	4,448	47
EBITDA - Capex	25,259	69,185
Net Working Capital	48,354	72,914
Net Financial Position	(255,215)	(129,060)

Key

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

Italy Collections for period: 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.

Collections for last 12 months (LTM): collections in the twelve months prior to the reference date. The aggregate is used in interim periods to enable a like-for-like comparison with the annual figure.

Italy Stock Collections for last 12 months (LTM): these are the recoveries for the 12 months prior to the reference date of the managed Stock.

Italy LTM collections/GBV (Gross Book Value) EoP: 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.

Italy LTM collections Stock/GBV (Gross Book Value) EoP Stock: 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.

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

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

Non-recurring items: items generated in extraordinary operations such as corporate restructuring, 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 restructuring, 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 items: items 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, this highlights changes in operating performance and provides an indication on the Company'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.

Results as at December 31, 2020

PERFORMANCE

The following table compares the operating income statement of doValue S.p.A. as at December 31, 2020 with that at December 31, 2019.

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
Servicing Revenues:	124,194	192,831	(68,637)	(36)%
o/w: NPE revenues	124,194	192,831	(68,637)	(36)%
Co-investment revenues	429	564	(135)	(24)%
Ancillary and other revenues	16,953	18,069	(1,116)	(6)%
Gross revenues	**141,576**	**211,464**	**(69,888)**	**(33)%**
NPEOutsourcing fees	(7,928)	(14,227)	6,299	(44)%
Ancillary Outsourcing fees	(4,640)	(3,351)	(1,289)	38%
Net revenues	**129,008**	**193,886**	**(64,878)**	**(33)%**
Staff expenses	(72,889)	(85,119)	12,230	(14)%
Administrative expenses	(26,412)	(39,535)	13,123	(33)%
Total "o.w. IT"	*(11,503)*	*(19,178)*	7,675	(40)%
Total "o.w. Real Estate"	*(1,937)*	*(3,819)*	1,882	(49)%
Total "o.w. SG&A"	*(12,972)*	*(16,538)*	3,566	(22)%
Operating expenses	**(99,301)**	**(124,654)**	**25,353**	**(20)%**
EBITDA	**29,707**	**69,232**	**(39,525)**	**(57)%**
EBITDA margin	**21%**	**33%**	**(12)%**	**(36)%**
Non-recurring items included in EBITDA[1)]	(3,643)	(2,089)	(1,554)	74%
EBITDA excluding non-recurring items	**33,350**	**71,321**	**(37,971)**	**(53)%**
EBITDA margin excluding non-recurring items	24%	34%	(10)%	(30)%
Net write-downs on property, plant, equipment and intangibles	(10,852)	(4,709)	(6,143)	130%
Net provisions for risks and charges	(6,438)	(7,194)	756	(11)%
Net write-downs of loans	158	820	(662)	(81)%
Profit (loss) from equity investments	26	-	26	n.s.
EBIT	**12,601**	**58,149**	**(45,548)**	**(78)%**
Net income (loss) on financial assets and liabilities measured at fair value	(2,982)	1,231	(4,213)	n.s.
Financial interest and commissions	(176)	2,969	(3,145)	(106)%
EBT	**9,443**	**62,349**	**(52,906)**	**(85)%**
Non-recurring items included in EBT[2)]	(10,150)	(10,125)	(25)	0%
EBT excluding non-recurring items	19,593	72,474	(52,881)	(73)%
Income tax for the period	(1,612)	(23,842)	22,230	(93)%
PROFIT (LOSS) FOR THE PERIOD	**7,831**	**38,507**	**(30,676)**	**(80)%**
Non-recurring items included in Profit (loss) for the period	(7,712)	(18,377)	10,665	(58)%
Profit (loss) for the period excluding non-recurring items	15,543	56,884	(41,341)	(73)%
Earnings per share (in Euro)	**0.10**	**0.48**	**(0.38)**	**(80)%**
Earnings per share excluding non-recurring items (Euro)	*0.19*	*0.86*	*(0.67)*	*(77)%*

[1)] Non-recurring items in Operating expenses include the costs connected with the acquisition of doValue Greece (ex Eurobank Financial Planning Services) and costs referred to Covid-19

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

Portfolio under management

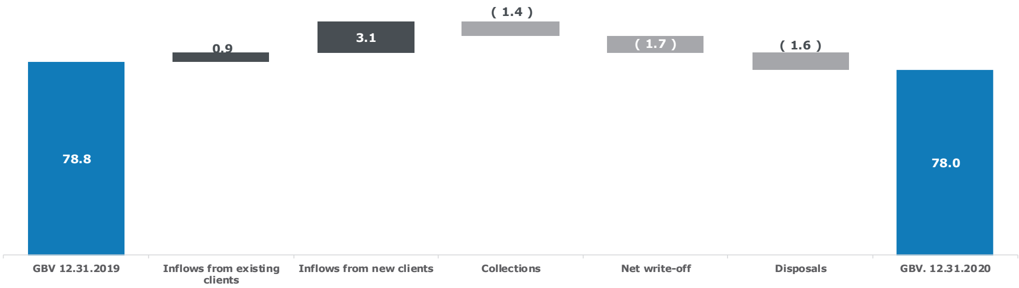
At the end of 2020, the Managed Assets (GBV) of doValue S.p.A. amounted to €78.0 billion, substantially stable compared to the figure at the end of 2019 (€78.8 billion),

The main positive changes in 2020 are shown below:

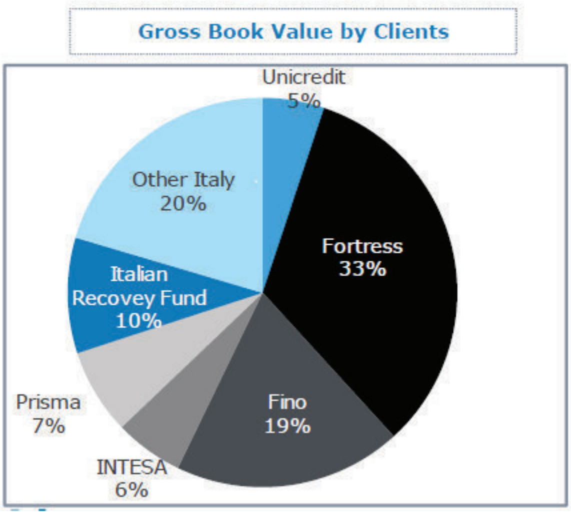
- new mandates from existing clients for €0.9 billion, from flow contracts with UniCredit for around €0.8 billion and from Credit Agricole for around €0.1 billion;

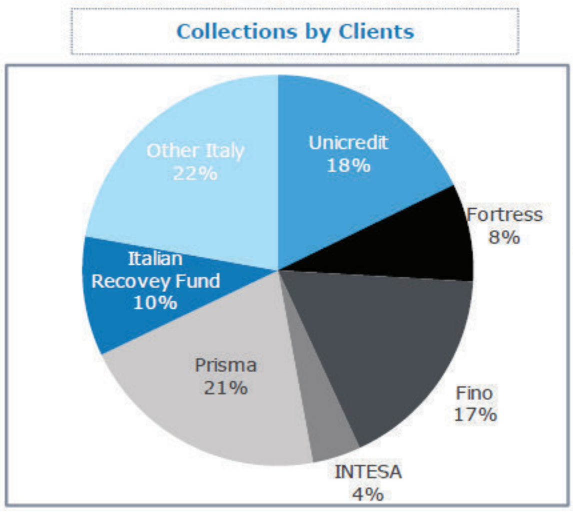
- new contracts for a total amount of €3.1 billion, especially:
    - an agreement with UniCredit Group for approximately €1.1 billion, announced on December 14, 2020, which provides for the exclusive management of a portfolio of NPL leasing loans;
    - a servicing agreement with Iccrea Banca for approximately €2.0 billion which envisages the management as Special Servicer of a portfolio of non-performing loans characterised by a prevalence of positions with real estate collateral.

A reduction of GBV was recorded, during the period, due to transfers by a customer amounting to € 1.6 billion.



The following charts show the composition of the portfolio under management and collections for the period in terms of diversification of the main customers:





doValue S.p.A. collections in 2020 amounted to €1.4 billion (€1.9 billion in 2019), down around 27%. This decrease is closely related to the effects of the Covid-19 pandemic, which adversely affected the Company, especially during the second quarter of 2020, limiting its operations due to the restrictions put in place by the government to remedy the epidemiological emergency.

Performance

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

Nevertheless, in 2020, doValue reported Gross Revenues of €141.6 million, down 33% from €211.5 million in 2019, mainly due to the aforementioned effects of the Coronavirus on general economic activity. This negative performance, concentrated in the second quarter of 2020, due to the full application of the "lockdown" measures in Italy, recorded a significant improvement from June 2020. In fact, the second half of the year contributed nearly 60% of annual revenues, while the second quarter was the most penalised quarter of the entire 2020 with a contribution of less than 20% of the total.

NPE revenues of €124.2 million show a decrease of 36% compared to 2019, due to restrictions caused by the pandemic emergency.

In the NPL area, it should be noted that collections for the last 12 months as a ratio to end-of-period (EoP) gross book value (GBV) — provided by the formula "LTM collections/GBV (EoP)" — came to 1.8%, a decline compared with the 2.4% of 2019, due to the negative and temporary impact of Coronavirus on the recovery activities. Excluding new management contracts, the indicator "LTM collections stock/GBV stock (EoP)" was 1.9%, with a similar decrease from the 2.5% in December 2019.

Co-investment revenues include the €429 thousand contribution (€564 thousand in 2019) from revenues on the ABS securities for the two securitisations Romeo SPV and Mercuzio Securitisation.

The contribution of **ancillary and other revenues**, amounting to €17.0 million (€18.1 million in December 2019), mainly originating from income from data processing and provision services and other services connected with servicing activities, such as due diligence and legal services, was more significant.

These revenues represent 12% of the total gross revenues for the year and show a decrease of 6% compared to the previous year.

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
NPE revenues	124,194	192,831	(68,637)	(36)%
Co-investment revenues	429	564	(135)	(24)%
Ancillary and other revenues	16,953	18,069	(1,116)	(6)%
Gross revenues	**141,576**	**211,464**	**(69,888)**	**(33)%**
NPE Outsourcing fees	(7,928)	(14,227)	6,299	(44)%
Ancillary Outsourcing fees	(4,640)	(3,351)	(1,289)	38%
Net revenues	**129,008**	**193,886**	**(64,878)**	**(33)%**

Net revenues amounted to €129.0 million, a decrease of 33% from the €193.9 million of 2019.

The following items were of note during the period:

- the decrease compared to the previous year in NPE outsourcing fees, which recorded an overall decrease of 44%, consistent with the decrease in Servicing Revenues and in line with the objective of reducing the use of outsourcing services and thanks to the rationalisation efforts implemented in the last year;

- the increase compared to the previous year in Ancillary outsourcing fees.

Operating expenses of €99.3 million, including €3.6 million of non-recurring items, showed an overall decrease of 20% compared to the same period in 2019, when they stood at €124.7 million.

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
Staff expenses	(72,889)	(85,119)	12,230	(14)%
Administrative expenses	(26,412)	(39,535)	13,123	(33)%
o.w. IT	*(11,503)*	*(19,178)*	*7,675*	*(40)%*
o.w. Real Estate	*(1,937)*	*(3,819)*	*1,882*	*(49)%*
o.w. SG&A	*(12,972)*	*(16,538)*	*3,566*	*(22)%*
Operating expenses	**(99,301)**	**(124,654)**	**25,353**	**(20)%**
EBITDA	**29,707**	**69,232**	**(39,525)**	**(57)%**
o.w: Non-recurring items included in EBITDA	*(3,643)*	*(2,089)*	*(1,554)*	74%
o.w: EBITDA excluding non-recurring items	*33,350*	*71,321*	*(37,971)*	(53)%

More specifically, of the €25.3 million decrease, €12.2 million is attributable to staff expenses and €13.1 million to administrative expenses.

Staff expenses are down 14% compared to 2019 due to a twofold effect:

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

Administrative expenses decreased by 33% compared to the same period in 2019, related to:

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

These items reflect the effects of the sale to Dock Joined in Tech (an IBM subsidiary) of the doSolutions business unit that manages the Group's IT systems, effective July 1, 2020 for ten years.

Moreover, in response to the COVID-19 epidemic, the company has implemented a comprehensive plan for the further rationalisation of operating costs by taking full advantage of the cost flexibility inherent in the doValue business model.

In line with the two previous years, 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 doValue's structural profitability.

These non-recurring items, which were also found in 2019 in the amount of €2.1 million, totalled €3.6 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) expenses incurred to deal with the epidemic emergency in progress.

EBITDA excluding non-recurring items decreased by 53% to €33.3 million (€71.3 in 2019), posting a margin on revenues of 24% (34% in the comparative period). The decrease in EBITDA (down €38.0 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.

Including non-recurring charges, EBITDA comes to €29.7 million, around 57% lower than the same figure recorded in 2019 (€69.2 million).

EBIT for the Company totalled €12.6 million, compared with €58.1 million in the same period of 2019. The decline mainly reflects higher amortisation of intangible assets and property, plant and equipment resulting from the merger of doSolutions and those deriving from the capitalisation in the year of costs connected with IT and real estate management projects. **EBT** amounted to €9.4 million, compared with €62.3 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-to-bond loan for the acquisition of doValue Greece later replaced by the bond issued on August 4, 2020.

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
EBITDA	**29,707**	**69,232**	**(39,525)**	**(57)%**
Net write-downs on property, plant, equipment and intangibles	(10,852)	(4,709)	(6,143)	130%
Net provisions for risks and charges	(6,438)	(7,194)	756	(11)%
Net write-downs of loans	158	820	(662)	(81)%
Net income (losses) from investments	26	-	26	n.s.
EBIT	**12,601**	**58,149**	**(45,548)**	**(78)%**
Net income (loss) on financial assets and liabilities measured at fair value	(2,982)	1,231	(4,213)	n.s.
Net financial interest and commissions	(176)	2,969	(3,145)	(106)%
EBT	**9,443**	**62,349**	**(52,906)**	**(85)%**

EBT includes non-recurring expenses in the amount of €10.1 million related to:

- €2.5 million in costs for early termination incentives;
- €0.5 million of the time value of the earn-out (€0.1 million related to the Altamira transaction and €0.4 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 intangibles amounted to €10.9 million, with a significant increase compared with 2019 (+€6.1 million).
The total balance also includes the amortisation of lease agreements following the introduction of IFRS 16 as of January 1, 2019. The amount that affects the year 2020 amounts to €6.3 million, while that for 2019 amounted to €3.9 million. The remainder of amortisation primarily concerns software licenses connected with technology investments made by the Company during the period aimed at upgrading the IT platform.

Net provisions for risks and charges totalled €6.4 million, which is a significant decrease from the same period of the previous year (€0.8 million). This is mainly attributable to provisions for early termination incentives to be paid to employees (€2.5 million) participating in the Company's plan, in line with the targets of the 2020-2022 business plan. This was partially offset by reversals of provisions set aside in previous years that are no longer necessary, in addition to the prudential provisions for some minor disputes in progress.

Net income (loss) on financial assets and liabilities measured at fair value recorded a negative result of €3.0 million and recorded a decrease compared to the previous period of around €4,2 million, when the item was positive for €1.2 million. This change is attributable to the write-down of the notes of the Cairo securitisations, the Romeo SPV securitisations and Mercuzio Securitisation securitisations and the units of the Italian Recovery Fund (formerly Atlante II) investment fund.

Net financial interest and commission, negative by €0.2 million, recorded a decrease of €3.1 million compared to 2019 mainly as a result of higher charges related to the bond linked to the acquisition of doValue Greece for €6.3 million and higher financial charges related to the acquisition of Altamira (€2.0 million), an effect partially offset by higher dividends collected from Group companies for €5.2 million.

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
EBT	**9,443**	**62,349**	**(52,906)**	**(85)%**
Income tax for the period	(1,612)	(23,842)	22,230	(93)%
Profit (Loss) for the period	**7,831**	**38,507**	**(30,676)**	**(80)%**
Non-recurring items included in Profit (loss)	(7,712)	(18,377)	10,665	(58)%
Profit (loss) for the period excluding non-recurring items	**15,543**	**56,884**	**(41,341)**	**(73)%**
Earnings per share (in Euro)	**0.10**	**0.48**	**(0.38)**	**(80)%**
Earnings per share excluding non-recurring items (Euro)	0.19	0.86	(0.67)	(77)%

Income taxes for the period amounted to €1.6 million. Income taxes also include the accrued portion of the DTA charge of €1.7 million.

Profit (loss) for the period excluding non-recurring items amounted to €15.5 million, compared to €56.9 million in 2019. Including non-recurring items, the **Profit (Loss) for the period** amounted to €7.8 million, compared to €38.5 million in the previous year.

SEGMENT REPORTING

For Segment Reporting, reference should be made to the representation in the Consolidated Financial Statements of the doValue Group as at December 31, 2020, as the Group uses the Region as a dimension of analysis, for these Corporate Financial Statements, the representation corresponds to that reported in the Consolidated Financial Statements for Italy.

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 Company.
At the end of this Directors' Report, in accordance with the same presentation approach for the income statement, we have included a reconciliation between the management balance sheet reported below and the schedule provided in the financial statement tables.

(€/000)

	12/31/2020	12/31/2019	Change Amount	Change %
Cash and liquid securities	40,527	73,102	(32,575)	(45)%
Financial assets	311,507	209,614	101,893	49%
Equity investments	354,398	236,237	118,161	50%
Property, plant and equipment	14,675	15,691	(1,016)	(6)%
Intangible assets	9,554	439	9,115	n.s.
Tax assets	67,864	60,784	7,080	12%
Trade receivables	63,367	89,406	(26,039)	(29)%
Assets held for sale	30	10	20	n.s.
Other assets	8,785	9,458	(673)	(7)%
TOTAL ASSETS	**870,707**	**694,741**	**175,966**	**25%**
Financial liabilities: due to banks	543,042	364,627	178,415	49%
Other financial liabilities	41,283	53,992	(12,709)	(24)%
Trade payables	15,013	16,492	(1,479)	(9)%
Tax Liabilities	2,149	3,018	(869)	(29)%
Employee Termination Benefits	6,016	7,199	(1,183)	(16)%
Provision for risks and charges	17,390	18,801	(1,411)	(8)%
Other liabilities	15,178	11,940	3,238	27%
TOTAL LIABILITIES	**640,071**	**476,069**	**164,002**	**34%**
Share capital	41,280	41,280	-	n.s.
Reserves	181,628	139,069	42,559	31%
Treasury shares	(103)	(184)	81	(44)%
Profit (loss) for the period	7,831	38,507	(30,676)	(80)%
NET EQUITY	**230,636**	**218,672**	**11,964**	**5%**
TOTAL LIABILITIES AND NET EQUITY	**870,707**	**694,741**	**175,966**	**25%**

It should be noted that the balance sheet and income statement amounts of doValue at December 31, 2020 also include the balances of doSolutions S.p.A. which, following the sale effective July 1, 2020 of the business unit to the IBM Group relating to operational support activities and the production of IT and back office services, was finally merged into doValue with legal effect from November 19, 2020 and accounting and fiscal effect from January 1, 2020.

Cash and liquid securities includes available liquidity in current accounts. Compared to December 31, 2019, there was a decrease of 45% which was impacted by investments made during the period and related financial liabilities.

Financial assets rose from €209.6 million to €311.5 million, up by €101.9 million.
The item is broken down in the following table.

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
At fair value through profit or loss	**63,595**	**33,542**	**30,053**	**90%**
Debt securities	36,740	4,619	32,121	n.s.
CIUs	26,855	28,923	(2,068)	(7)%
At amortized cost	**247,912**	**176,072**	**71,840**	**41%**
L&R with customers	247,912	176,072	71,840	41%
TOTAL	**311,507**	**209,614**	**101,893**	**49%**

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

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

Assets at amortised cost recorded an increase mainly justified by the loan receivable (€113.5 million) granted on June 5, 2020, to the subsidiary doValue Greece Holding and aimed at the latter's acquisition of 80% of the capital of Eurobank Financial Planning Services (FPS), now doValue Greece, and now to be borne by the same doValue Greece as a result of the reverse merger between the two entities. This increase was partially offset by the repayments made during the year of the loan receivable granted in favour of Altamira and the partial repayment of the opportunistic and non-recurring investment carried out at the end of 2019 on a portfolio of non-performing loans.

Equity investments amounted to €354.4 million and, as part of the doValue Group's reorganisation and internationalisation plan, were affected during the period by:

- an increase of €138.0 million for the acquisition of the controlling equity investment in doValue Greece, resulting from the original establishment of doValue Greece Holding, which was subsequently reverse merged into doValue Greece;
- an increase of €2.0 million due to the incorporation of the new fully owned subsidiary doValue Greece Real Estate Services;
- a decrease of €22.9 million due to the write-down of the Altamira equity investment following the new estimate of the Earn-out liability.

The €1.0 million decrease in **property, plant and equipment** was due primarily to the combined effect of the doSolutions merger and the share pertaining to amortisation.

Intangible assets grew by €9.1 million due essentially to the cumulative effect of the doSolutions merger and the capitalisation of costs connected with IT and real estate management projects.

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

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
Software	8,027	392	7,635	n.s.
Brands	53	47	6	13%
Assets under development and payments on account	1,474	-	1,474	n.s.
TOTAL	**9,554**	**439**	**9,115**	**n.s.**

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

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
Current tax assets	**6,029**	**-**	**6,029**	**n.s.**
Paid in advance	6,609	-	6,609	n.s.
Tax liabilities	(580)	-	(580)	n.s.
Deferred tax assets	**61,238**	**60,604**	**634**	**1%**
Write-down on loans	49,330	49,330	-	n.s.
Tax losses carried forward in the future	6,900	5,874	1,026	17%
Property, plants and equipment / Intangible assets	83	101	(18)	(18)%
Other assets / liabilities	43	112	(69)	(62)%
Provisions	4,882	5,187	(305)	(6)%
Other tax receivables	**597**	**180**	**417**	**n.s.**
TOTAL	**67,864**	**60,784**	**7,080**	**12%**

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

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
Taxes for the period	-	866	(866)	(100)%
Deferred tax liabilities	20	20	-	n.s.
Other tax payables	2,129	2,132	(3)	0%
TOTAL	**2,149**	**3,018**	**(869)**	**(29)%**

As at December 31, 2020, **financial liabilities - due to banks** amounted to €543.0 million, and include payables for the acquisition of Altamira in 2019 and doValue Greece in 2020. In particular, for the first acquisition, the residual amortized cost of the Facility Loan at the end of 2020 amounted to €284.2 million, while for the acquisition of doValue Greece, a guaranteed senior bond was subscribed with a residual debt of €253.5 million.

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

(€/000)

	12/31/2020	12/31/2019	Change €	Change %
Lease liabilities	10,935	13,814	(2,879)	(21)%
Earn-out	29,894	39,811	(9,917)	(25)%
Hedging derivatives	454	367	87	24%
TOTAL	**41,283**	**53,992**	**(12,709)**	**(24)%**

Lease liabilities include the discounted value of future lease payments, in accordance with the provisions of IFRS 16.
The liability for the earn-out refers (i) to the Altamira operation, in the amount of €17.5 million, which represents a portion of the acquisition price and (ii) to the purchase operation of Eurobank FPS (€12.4 million) that is related to the achievement of some EBITDA targets within a ten-year time frame and the first payments of which will not be due before 2024.
All the liabilities indicated were discounted as at December 31, 2020.

Provisions for risks and charges decreased by €1.4 million compared with the balance at 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)

	12/31/2020	12/31/2019	Change €	Change %
Legal disputes	7,920	8,580	(660)	(8)%
Staff expenses	3,334	5,982	(2,648)	(44)%
Other	6,136	4,239	1,897	45%
TOTAL	**17,390**	**18,801**	**(1,411)**	**(8)%**

The item **Other liabilities** as of December 31, 2020 amounted to €15.2 million with an increase of €3.2 million compared to December 31, 2019. This increase is mainly due to the combined effect of the recognition of payables of €5.4 million for collections related to the investment made at the end of 2019 on a portfolio of non-performing loans and the reduction of payables related to employees for €1.3 million.

NET WORKING CAPITAL

(€/000)

	12/31/2020	12/31/2019
Trade receivables	63,367	89,406
Trade payables	(15,013)	(16,492)
TOTAL	**48,354**	**72,914**

The figure for the period of €48.3 million is down 34% compared to December 2019 (-€24.6 million).
This testifies to the special attention that the Company has paid to these items and the consequent generation of cash to support the growth process.
This result is even more appreciable in a year characterised by the ongoing epidemiological crisis.

NET FINANCIAL POSITION

(€/000)

		12/31/2020	12/31/2019
A	Cash	40,527	73,102
B	**Liquidity**	**40,527**	**73,102**
C	Current bank debts	(80,998)	(79,683)
D	Bonds issued - current	(5,374)	-
E	Current financial assets	77,336	35,539
F	**Net current financial position (B)+(C)+(D)+(E)**	**31,491**	**28,958**
G	Non-current bank debts	(203,198)	(284,944)
H	Bonds issued - non current	(253,472)	-
I	Non-current financial assets	169,964	126,926
L	**Net financial position (G)+(H)+(I)+(L)**	**(255,215)**	**(129,060)**

The net financial position at the end of 2020 stood at €(255.2) million compared to €(129) million at the end of 2019.
This item was affected by the acquisition of Eurobank FPS which was financed by a guaranteed senior bond of €265.0 million.
Available cash of €40.5 million provides the flexibility the Company needs to develop its operating plans. In addition, as at December 31, 2020, the Company has €55 million of fully available committed credit lines to support total liquidity.
The Current Net Financial Position remained positive at €31.5 million (€29 million at the end of 2019), reflecting a balanced overall balance sheet structure.
The figure at December 31, 2020 was temporarily affected by the subscription of ABS securities attributable to the Relais securitisation which took place in the last few days of the year. Following the resale of these securities in February 2021, the net financial position improved by more than €21 million.

Significant events **during the period**

ONBOARDING OF NEW LOAN PORTFOLIOS

During the year, the main transactions on the managed portfolio saw the acceptance and / or signature of approximately €4.0 billion of new mandates. Significant mandates include an agreement with UniCredit Group for the exclusive management of a portfolio of NPL lease receivables of approximately €1.6 billion (of which approximately €0.4 billion already managed by the Company), a servicing agreement with Iccrea Banca for approximately €2.0 billion which provides for the management of a portfolio of non-performing loans characterised by a prevalence of positions with real estate guarantees and new mandates arising from flow contracts with UniCredit (Italy) for approximately €0.8 billion and from Credit Agricole for approximately €0.1 billion

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

On June 5, 2020 the doValue Board of Directors announced that it had completed the acquisition of an 80% stake in the capital of Eurobank Financial Planning Services (FPS), now doValue Greece. The remaining 20% is still held by Eurobank.

This acquisition took place through a vehicle company - doValue Greece Holding - 100% owned by doValue. On December 11, 2020, the deed of reverse merger by incorporation of the subsidiary doValue Greece Holding Single Member Société Anonyme ("HoldCo") into doValue Greece Loans and Credits Claim Management Société Anonyme ("doValue Greece", formerly Eurobank FPS Loan and Credit Claim Management Company S.A.) was entered into.

The reverse merger transaction was part of the agreements under the contractual documentation signed in the context of the acquisition of doValue Greece.

As a result of the aforesaid merger, upon registration in the Greek companies' register, doValue became a direct shareholder (with an 80% stake) of doValue Greece which, as the incorporating company and universal successor, automatically took over, in accordance with the law, all of HoldCo's assets and liabilities with accounting and tax effects from September 1, 2020.

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 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 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. This financing was then fully refinanced in August 2020 through the issuance of a bond.

Within this transaction, 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).
As per the Ordinary part, the Shareholders' Meeting has

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

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

BOND ISSUE

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

ASSIGNMENT OF CORPORATE RATING BY S&P AND FITCH

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

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

OUTSOURCING OF FUNCTIONS TO IBM

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

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

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

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

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

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

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

FITCH CORPORATE RATING UPDATE

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

Outlook for **operations**

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

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

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

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

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

In consideration of the activities it performs and the results achieved, the financial position of doValue is adequately scaled to meet its needs.
The financial policy pursued is aimed at fostering the stability of the Company, 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 still involve elements of uncertainty, even in the presence of more stable macroeconomic conditions than during 2020.
Despite the fact that 2020 was 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 €30 million which, excluding non-recurring items, amounts to over €33 million. The Company had available liquidity at the end of December of more than €40 million and unused credit lines of a further €60.5 million, of which €55 million were committed lines. Finally, during 2020 the Group obtained new credit management mandates of approximately €3.1 billion and new loans under management from existing agreements of approximately €0.9 billion.

GOING CONCERN

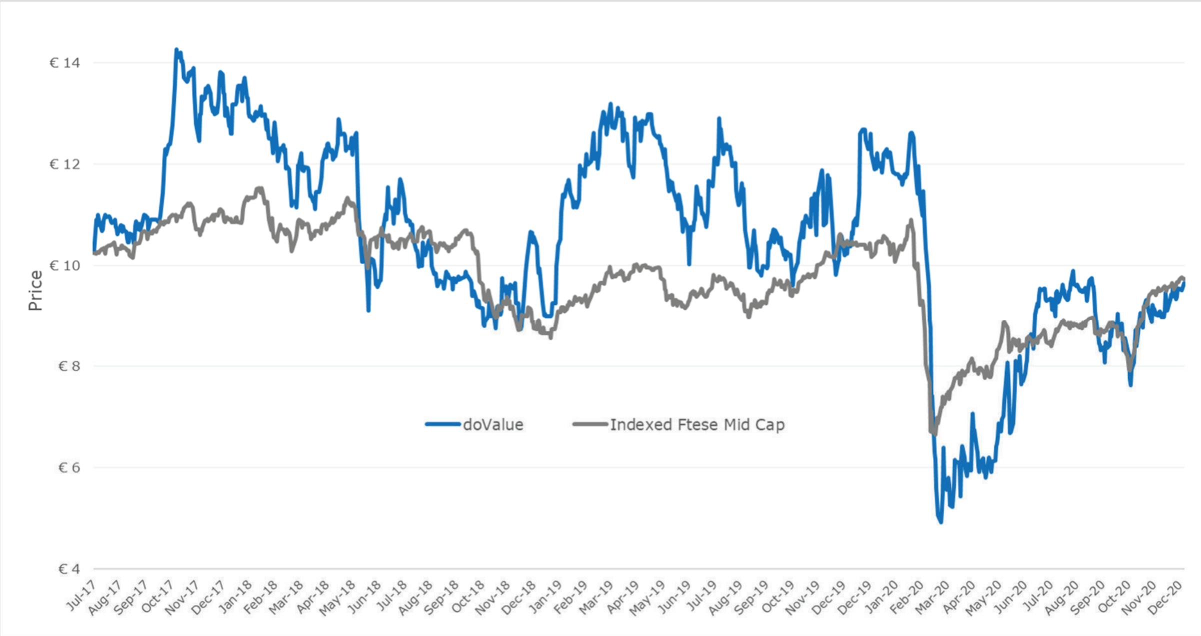
In order to express an opinion on the going concern assumption on the basis of which these Financial Statements as at December 31, 2020 were prepared, the risks and uncertainties to which the Group is exposed were carefully assessed:

- in particular, account was taken of the forecasts regarding the macroeconomic and health scenarios characterised by the expansion of the COVID-19 pandemic and its variants, as well as government and EU measures and the related potential impact on the Group, as described in greater detail in the paragraph below "Impacts and effects of the COVID-19 epidemic";
- the assessment took into account the Group's solid capital base, financial position and confirmed ability to generate cash flow, as well as the characteristics of doValue's specific business model, which is capable of responding flexibly to the various phases of the economic cycle;
- finally, account was taken of the constant contribution of new contracts for the management of new portfolios recorded in 2020 and confirmed in the early months of 2021.

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

doValue shares

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



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

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

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

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

Summary data	Euro	Data
IPO price	9.00	07/14/2017
Minimum closing price	4.92	07/14/2017
Maximum closing price	14.27	10/18/2017
Last closing price	9.65	12/30/2020
Last official price	9.65	12/30/2020
Number of outstanding shares	80,000,000	12/30/2020
Treasury shares	651,542	12/30/2020
Capitalisation	772,000,000	12/30/2020
Capitalisation (excluding treasury shares)	765,712,620	12/30/2020

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, even if there is greater stability compared to 2020 in the reference market.
doValue, starting from the end of February, promptly activated the Business Continuity & Crisis Management Committee in a crisis session in order to take the consequent decisions as the situation evolved. The main measures taken over time were aimed at supporting its employees and collaborators, both in Italy and abroad, in the management of the COVID-19 emergency, first and foremost protecting their health and well-being, while allowing them to maintain contact with the organisation:

- blocking travel and encouraging remote meetings;
- analysis of smart working in order to verify the technological needs in terms of equipment (laptops and smartphones) and capacity of servers and data network lines in access to the Data Centers, with the establishment of monitoring of the communication network and external access systems to ensure timely intervention in case of criticality;

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

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

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

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

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

Measurements pursuant to IAS 36 "Impairment of assets"

As there are no intangible assets other than software, please refer to the Report on Operations in doValue's Consolidated Financial Statements for a discussion of information relating to the Group.

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 Company, which is structurally flexible in the different phases of the economic cycle, it is believed that there is

currently no risk of having to adjust the carrying amounts of the assets and liabilities reported in these financial statements.

Impact of the COVID-19 epidemic on the Income Statement

The direct effects of the COVID-19 pandemic and the lockdown measures implemented by the national government have caused operational difficulties for the sector in which doValue operates and visibility on short-term trends therefore remains limited. Despite this, the courts, which are instrumental to both judicial and extra-judicial management of credit, have been progressively reopened since mid-May and the levels of Court activity, although still below normal, show progressively increasing volumes, representing a positive sign, albeit in a context of uncertainty. As a result, the trend in collections until the end of 2020 is in line with the scenarios envisaged by the Company and shows an improvement in the last quarter compared to the previous quarter.
Consequently, the Company achieved the following results during 2020 (compared to 2019):

- Collections, equal to around €1,380 million (€1,893 million as at December 31, 2019);
- Gross revenues, equal to €142 million (€211 million as at December 31, 2019);
- EBITDA, excluding non-recurring elements, equal to €33 million (€71 million as at December 31, 2019).

The effects arising from Covid-19 on the income statement are reflected in the above-mentioned drop in revenues. On the other hand, lower personnel costs were also recorded in the variable component, related to the lower performance achieved compared to the expected targets.

It should also be noted that non-recurring expenses were incurred in relation to Covid-19 for an amount of approximately €0.5 million, including:

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

As regards Managed Assets (GBV), despite the current context, in 2020, doValue entered into new servicing contracts with investors for a GBV equal to €3.1 billion, in addition to flows from long-term management contracts for around €0.9 billion. This proves the stability of the current market pipeline of the servicing market in Italy.

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 Financial Statements as at December 31, 2020, in consideration of the persistence of the market turbulence linked to the COVID-19 pandemic, which prevents the estimation of possible developments in its economic impact with any accuracy, it would be premature to conduct a review of the overall business plan.
However, in order to assess the sustainability of the assets under management, while taking into account the difficulty inherent in making forecasts, even in the short or medium term, in this climate of uncertainty, the Company has prepared a hypothesis of the future impact of COVID-19 on the plan targets, which have been updated taking into account the contraction recorded in the revenue streams from the portfolios under management during 2020, experiencing a gradual and progressive operational recovery in the second half of the year and estimating a return to normal conditions starting from 2021, until the return to a situation of pre-crisis COVID cash flow in subsequent years, together with cost containment measures provided for 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.

Despite the pandemic period, the Company was able to protect its financial strength, with available liquidity of approximately €40 million and unused lines of credit of €60.5 million (of which €55 million committed). Consequently, with reference to consolidated data, as at December 31, 2020, the doValue Group recorded a financial lever (ratio between net financial indebtedness of the Group and consolidated EBITDA) in the amount of €2.7x whose value does not exceed the parameters envisaged by the financial covenants.

Other **information**

MANAGEMENT AND COORDINATION

As at December 31, 2020, 25.05% of the shares of doValue were owned by its largest shareholder, Avio S.à r.l, the reference shareholder, a company incorporated in Luxembourg, affiliated to the Fortress Group, which in turn was acquired by Softbank Group Corporation in December 2017. A further 1.74% of doValue shares are held by other investors similarly connected with Softbank Group Corporation, which thereby holds an overall stake of 26.79%.
At December 31, 2020, the remaining 72,40% of the shares were placed on the market and 0.81% consisted of 651,542 treasury shares, valued at cost, for a total of €103 thousand held by doValue.
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 Company. Accordingly, the strategic and management policies of doValue 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.
doValue exercises its management and coordination powers over its direct subsidiaries as provided for in the legislation referred to above.

TRANSACTIONS IN TREASURY SHARES

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

RESEARCH AND DEVELOPMENT

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

RELATED-PARTY TRANSACTIONS

In compliance with the provisions of the "Rules for Transactions with Related Parties" referred to in Consob Resolution no. 17221 of March 12, 2010, as amended, any transaction with related parties and connected persons shall be approved in accordance with the procedure approved by the Board of Directors, whose most recent update was approved at the meeting held on February 13, 2020.
This document is available to the public in the "Governance" section of the company website www.doValue.it.
The universe of related parties of the Group changed near the end of the previous year following the acquisition of the Fortress Investment Group LLC ("Fortress") by SoftBank Group Corp. ("SoftBank" or "SBG"). As a result of the transaction, SBG and its subsidiaries gained ownership of the shares of Fortress, which in turn held Avio S.à r.l., doValue's majority shareholder.

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

a) on the basis of the Policy in relation to transactions with related parties adopted by the Board of Directors of doValue S.p.A. on November 7, 2019, during 2020 no significant transactions were carried out;
b) in 2020 no transactions with related parties were carried out, as defined pursuant to Article 2427, paragraph 22-bis of the Italian Civil Code, at conditions different from normal market conditions which have significantly influenced the balance sheet and financial position of the Group;
c) during 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, March, 30 2021 The Board of Directors

STATEMENT RECONCILING THE RECLASSIFIED INCOME STATEMENT AND THE STATUTORY INCOME STATEMENT

(€/000)

	12/31/2020	12/31/2019
NPE revenues	**124,194**	**192,831**
o.w. Revenue from contracts with customers	124,194	192,831
Co-investment revenues	**429**	**564**
o.w. Financial (expense)/income	429	564
Ancillary and other revenues	**16,953**	**18,069**
o.w. Financial (expense)/income	3	11
o.w. Revenue from contracts with customers	1,461	629
o.w. Other revenue	15,529	17,136
o.w. Other operating (expense)/income	(40)	293
Gross revenues	**141,576**	**211,464**
NPE Outsourcing fees	**(7,928)**	**(14,227)**
o.w. Costs for services rendered	(7,928)	(14,227)
Ancillary Outsourcing fees	**(4,640)**	**(3,351)**
o.w. Administrative expenses	(4,559)	(2,942)
o.w. Other operating (expense)/income	(81)	(409)
Net revenues	**129,008**	**193,886**
Staff expenses	**(72,889)**	**(85,119)**
o.w. Personnel expenses	(72,903)	(85,135)
o.w. Other revenue	14	16
Administrative expenses	**(26,412)**	**(39,535)**
o.w. Personnel expenses	**(371)**	**(326)**
o.w. Personnel expenses - o.w. SG&A	(371)	(326)
o.w. Administrative expenses	**(27,496)**	**(40,590)**
o.w. Administrative expenses - o.w. IT	(11,556)	(19,178)
o.w. Administrative expenses - o.w: Real Estate	(1,935)	(3,792)
o.w. Administrative expenses - o.w. SG&A	(14,005)	(17,620)
o.w. Other operating (expense)	**(6)**	**(127)**
o.w. Other operating (expense)/income - o.w. Real Estate	(2)	(27)
o.w. Other operating (expense)/income di cui: SG&A	(4)	(100)
o.w. Other revenue	**1,520**	**1,543**
o.w. Other revenue - o.w. IT	53	-
o.w. Other revenue - o.w. SG&A	1,467	1,543
o.w. Costs for services rendered	**(59)**	**(35)**
o.w. Costs for services rendered - o.w. SG&A	(59)	(35)
Total "o.w. IT"	*(11,503)*	*(19,178)*
Total "o.w. Real Estate"	*(1,937)*	*(3,819)*
Total "o.w. SG&A"	*(12,972)*	*(16,538)*
Operating expenses	**(99,301)**	**(124,654)**
EBITDA	**29,707**	**69,232**
EBITDA margin	**21%**	**33%**
Non-recurring items included in EBITDA	(3,643)	(2,089)
EBITDA excluding non-recurring items	33,350	71,321
EBITDA Margin excluding non-recurring items	24%	34%
Net write-downs on property, plant, equipment and intangibles	**(10,852)**	**(4,709)**
o.w. Depreciation, amortisation and impairment	(10,852)	(4,709)
Net Provisions for risks and charges	**(6,438)**	**(7,194)**
o.w. Personnel expenses	(2,521)	(4,334)
o.w. Provisions for risks and charges	(2,632)	(2,170)
o.w. Other operating (expense)/income	215	(356)
o.w. Depreciation, amortisation and impairment	-	(333)
o.w. Administrative expenses	(1,500)	-
Net Write-downs of loans	**158**	**820**
o.w. Depreciation, amortisation and impairment	10	(52)
o.w. Other revenue	148	871
Profit (loss) from equity investments	**26**	**-**
o.w. Profit (loss) of equity investments	26	-

EBIT	**12,601**	**58,149**
Net income (loss) on financial assets and liabilities measured at fair value	**(2,982)**	**1,231**
o.w. Financial (expense)/income	(2,982)	1,231
Financial interest and commissions	**(176)**	**2,969**
o.w. Financial (expense)/income	(12,092)	(3,876)
o.w. Costs for services rendered	(192)	(55)
Dividends income similar revenue	12,108	6,900
EBT	**9,443**	**62,349**
Non-recurring items included in EBT	(10,150)	(10,125)
EBT excluding non-recurring items	19,593	72,474
Income tax for the period	**(1,612)**	**(23,842)**
o.w. Administrative expenses	(1,719)	(1,819)
o.w. Income tax expense	107	(22,023)
PROFIT (LOSS) FOR THE PERIOD	**7,831**	**38,507**

STATEMENT RECONCILING THE RECLASSIFIED BALANCE SHEET AND THE STATUTORY BALANCE SHEET

(€/000)

	12/31/2020	12/31/2019
Cash and liquid securities	**40,527**	**73,102**
Cash and cash equivalents	40,527	73,102
Financial assets	**311,507**	**209,614**
Non-current financial assets	234,171	174,075
Current financial assets	77,336	35,539
Equity investments	**354,398**	**236,237**
Equity investments	354,398	236,237
Property, plant and equipment	**14,675**	**15,691**
Property, plant and equipment	14,620	15,554
Inventories	55	137
Intangible assets	**9,554**	**439**
Intangible assets	9,554	439
Tax assets	**67,864**	**60,784**
Deferred tax assets	61,238	60,604
Other current assets	181	180
Tax assets	6,445	-
Trade receivables	**63,367**	**89,406**
Trade receivables	63,367	89,406
Assets held for sale	**30**	**10**
Assets held for sale	30	10
Other assets	**8,785**	**9,458**
Other current assets	8,523	9,373
Other non-current assets	262	85
TOTAL ASSETS	**870,707**	**694,741**
Financial liabilities: due to banks	**543,042**	**364,627**
Loans and other financing non-current	456,670	284,944
Loans and other financing current	86,372	79,683
Other financial liabilities	**41,283**	**53,992**
Other non-current financial liabilities	17,151	8,910
Other current financial liabilities	24,132	45,082
Trade payables	**15,013**	**16,492**
Trade payables	15,013	16,492
Tax Liabilities	**2,149**	**3,018**
Tax payables	2,129	2,998
Deferred tax liabilities	20	20
Employee Termination Benefits	**6,016**	**7,199**
Employee benefits	6,016	7,199
Provision for risks and charges	**17,390**	**18,801**
Provisions for risks and charges	17,390	18,801
Other liabilities	**15,178**	**11,940**
Other current liabilities	15,178	11,940
TOTAL LIABILITIES	**640,071**	**476,069**
Share capital	**41,280**	**41,280**
Share capital	41,280	41,280
Reserves	**181,628**	**139,069**
Valuation reserve	(382)	(249)
Other reserves	182,010	139,318
Treasury shares	**(103)**	**(184)**
Treasury shares	(103)	(184)
Profit (loss) for the period	**7,831**	**38,507**
Profit (loss) for the period	7,831	38,507
NET EQUITY	**230,636**	**218,672**
TOTAL LIABILITIES AND NET EQUITY	**870,707**	**694,741**

COMPANY FINANCIAL STATEMENTS
AT DECEMBER 31, 2020

COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

(€)

	NOTE	12/31/2020	12/31/2019
NON-CURRENT ASSETS:			
Intangible assets	1	9,554,129	439,125
Property, plant and equipment	2	14,620,124	15,553,511
Equity investments	3	354,398,462	236,236,600
Non-current financial assets	4	234,171,354	174,074,874
Deferred tax assets	5	61,238,483	60,604,647
Other non-current assets	6	260,721	84,645
Total non-current assets		**674,243,273**	**486,993,402**
CURRENT ASSETS:			
Inventories	7	54,701	136,701
Current financial assets	4	77,336,320	35,538,834
Trade receivables	8	63,367,399	89,405,563
Tax assets	9	6,444,909	-
Other current assets	6	8,703,371	9,553,429
Cash and cash equivalents	10	40,526,950	73,101,549
Total current assets		**196,433,650**	**207,736,076**
Assets held for sale	**11**	**30,000**	**10,000**
TOTAL ASSETS		**870,706,923**	**694,739,478**
SHAREHOLDERS' EQUITY:			
Share capital		41,280,000	41,280,000
Valuation reserve		(381,880)	(248,640)
Other reserves		182,009,750	139,318,415
Treasury shares		(103,192)	(184,383)
Profit (loss) for the period		7,830,689	38,506,880
Net Equity	**12**	**230,635,367**	**218,672,272**
TOTAL NET EQUITY		**230,635,367**	**218,672,272**
NON-CURRENT LIABILITIES:			
Loans and other financing	13	456,669,736	284,943,549
Other non-current financial liabilities	14	18,245,334	8,910,486
Employee benefits	15	6,016,573	7,198,943
Provisions for risks and charges	16	17,389,817	18,800,691
Deferred tax liabilities	5	19,945	19,945
Total non-current liabilities		**498,341,405**	**319,873,614**
CURRENT LIABILITIES:			
Loans and other financing	13	86,371,529	79,682,683
Other current financial liabilities	14	23,037,487	45,081,578
Trade payables	17	15,013,290	16,491,517
Tax payables	9	2,129,011	2,998,337
Other current liabilities	18	15,178,834	11,939,477
Total current liabilities		**141,730,151**	**156,193,592**
TOTAL LIABILITIES		**640,071,556**	**476,067,206**
TOTAL NET EQUITY AND LIABILITIES		**870,706,923**	**694,739,478**

INCOME STATEMENT

(€)

	NOTE	12/31/2020	12/31/2019
Revenue from contracts with customers	**21**	125,654,898	193,459,355
Other revenue	**22**	17,210,701	19,565,747
Total revenue		**142,865,599**	**213,025,102**
Costs for services rendered	**23**	(8,179,492)	(14,316,665)
Personnel expenses	**24**	(75,794,846)	(89,795,154)
Administrative expenses	**25**	(35,274,403)	(45,350,699)
Other operating (expense)/income	**26**	87,960	(598,689)
Depreciation, amortisation and impairment	**27**	(10,841,843)	(5,093,759)
Provisions for risks and charges	**28**	(2,631,768)	(2,170,315)
Total costs		**(132,634,392)**	**(157,325,281)**
OPERATING INCOME		**10,231,207**	**55,699,821**
Financial (Expense)/Income	**29**	(14,642,050)	(2,069,557)
Profit (loss) from equity investments	**30**	26,202	-
Dividends and ordinary similar income	**31**	12,108,468	6,900,000
PROFIT (LOSS) BEFORE TAX		**7,723,827**	**60,530,264**
Income tax expense	**32**	106,862	(22,023,384)
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS		**7,830,689**	**38,506,880**
PROFIT (LOSS) FOR THE PERIOD		**7,830,689**	**38,506,880**

STATEMENT OF COMPREHENSIVE INCOME

(€)

	12/31/2020	12/31/2019
PROFIT (LOSS) FOR THE PERIOD	**7,830,689**	**38,506,880**
Other comprehensive income after tax not recyclable to profit or loss		
Defined benefit plans	(49,843)	(289,083)
Other comprehensive income after tax recyclable to profit or loss		
Cash flow hedges	(65,924)	(279,314)
Financial assets (other than equity instruments) measured at fair value through comprehensive income	-	(1,747)
TOTAL OTHER COMPREHENSIVE INCOME AFTER TAX	**(115,767)**	**(570,144)**
COMPREHENSIVE INCOME	**7,714,922**	**37,936,736**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

AS AT 12/31/2020

(€)

	Balance as at 12/31 previous	Changes in opening balance	Balance as at 1/1	Allocation of profit from previous year		Changes during the year			Total Net Equity at the period
						Changes in reserves	Equity transactions	Comprehensive income at the period	
				Reserves	Dividends and other payouts		Stock options		
Share capital	41,280,000	-	41,280,000	-	-	-	-	-	41,280,000
Valuation reserves	(248,640)	-	(248,640)	-	-	(17,473)	-	(115,767)	(381,880)
Other reserves									
- Reserves from profit and/or withholding tax	18,594,516	-	18,594,516	38,506,880	-	-	3,680,422	-	60,781,818
- Other	120,723,899	-	120,723,899	-	-	1,167,614	(663,581)	-	121,227,932
Treasury shares	(184,383)	-	(184,383)	-	-	-	81,191	-	(103,192)
Net profit (loss) for the period	**38,506,880**	**-**	**38,506,880**	**(38,506,880)**	**-**	**-**	**-**	**7,830,689**	**7,830,689**
Net equity attributable to Shareholders of the Parent	**218,672,272**	**-**	**218,672,272**	**-**	**-**	**1,150,141**	**3,098,032**	**7,714,922**	**230,635,367**
TOTAL NET EQUITY	**218,672,272**	**-**	**218,672,272**	**-**	**-**	**1,150,141**	**3,098,032**	**7,714,922**	**230,635,367**

AS AT 12/31/2019

(€)

	Balance as at 12/31 previous	Changes in opening balance	Balance as at 1/1	Allocation of profit from previous year		Changes during the year			Total Net Equity at the period
						Changes in reserves	Equity transactions	Comprehensive income at the period	
				Reserves	Dividends and other payouts		Stock options		
Share capital	41,280,000	-	41,280,000	-	-	-	-	-	41,280,000
Valuation reserves	321,504	-	321,504	-	-	-	-	(570,144)	(248,640)
Other reserves									
- Reserves from profit and/or withholding tax	13,978,272	-	13,978,272	-	-	-	4,616,244	-	18,594,516
- Other	112,366,254	-	112,366,254	7,109,985	-	-	1,247,660	-	120,723,899
Treasury shares	(246,178)	-	(246,178)	-	-	-	61,795	-	(184,383)
Net profit (loss) for the period	**43,374,465**	**-**	**43,374,465**	**(7,109,985)**	**(36,264,480)**	**-**	**-**	**38,506,880**	**38,506,880**
Net equity attributable to Shareholders of the Parent Company	**211,074,317**	**-**	**211,074,317**	**-**	**(36,264,480)**	**-**	**5,925,699**	**37,936,736**	**218,672,272**
TOTAL NET EQUITY	**211,074,317**	**-**	**211,074,317**	**-**	**(36,264,480)**	**-**	**5,925,699**	**37,936,736**	**218,672,272**

CASH FLOW STATEMENT – INDIRECT METHOD

(€)

	12/31/2020	12/31/2019
OPERATING ACTIVITIES		
Profit (loss) for the period before tax	**7,723,827**	**60,530,264**
Adjustments to reconcile the profit (loss) before tax with the net financial flows:	**20,915,380**	**14,881,900**
Capital gains/losses on financial assets/liabilities held for trading and on financial assets/liabilities measured at fair through profit or loss	1,997,233	(1,737,525)
Depreciation, amortisation and impairment	10,841,843	5,093,759
Change in net provisions for risks and charges	4,937,382	7,504,378
Financial (Expense)/Income	12,672,810	4,995,588
Profit/loss on equity interests and investments	(12,134,670)	(6,900,000)
Costs for share-based payments	2,600,782	5,925,700
Change in working capital	**19,169,573**	**6,618,508**
Change in trade receivables	29,113,598	6,776,220
Change in trade payables	(9,944,025)	(157,712)
Change in financial assets and liabilities	**(24,975,377)**	**(8,502,249)**
Financial assets measured at fair value through other comprehensive income	-	999,000
Other assets mandatorily measured at fair value	(32,084,311)	2,484,951
Financial assets measured at amortised cost	7,108,934	(11,986,200)
Other changes:	**(20,228,386)**	**(28,931,024)**
Interests payed	(9,315,816)	(6,560,632)
Interests received	4,364,754	2,640,710
Payment of income taxes	(7,325,712)	(5,093,615)
Other changes in other assets/other liabilities	(7,951,612)	(19,917,487)
CASH FLOWS GENERATED BY OPERATIONS	**2,605,017**	**44,597,399**
INVESTING ACTIVITIES		
Dividends collected on equity investments	12,108,468	6,900,000
Sales of inventories	82,000	408,010
Sales of intangible assets	409,339	-
Sales of subsidiaries and business units	-	15,000,000
Purchases of property, plant and equipment	(3,150,321)	(44,602)
Purchases of intangible assets	(6,724,297)	(2,672)
Purchases of subsidiaries and business units	(126,680,797)	(192,709,977)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(123,955,608)**	**(170,449,241)**
FUNDING ACTIVITIES		
Distribution of dividends and other	-	(36,264,480)
Loans obtained	252,573,518	405,747,438
Loans disbursed	(113,500,000)	(180,740,159)
Repayment of loans	(83,066,898)	(41,500,000)
Collections of loans disbursed	37,014,872	18,486,254
Payment of principal portion of lease liabilities	(4,532,160)	(3,773,899)
NET CASH FLOWS USED IN FUNDING ACTIVITIES	**88,489,332**	**161,955,154**
NET LIQUIDITY IN THE PERIOD	**(32,861,259)**	**36,103,312**
RECONCILIATION		
Cash and cash equivalents (*)	73,388,209	36,998,237
NET LIQUIDITY IN THE PERIOD	(32,861,259)	36,103,312
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**40,526,950**	**73,101,549**

(*) Opening Cash and cash equivalents of 2020 differ from the balance as at 12/31/2019 due to the contribution of the cash and cash equivalents of the company doSolutions merged into doValue.


doValue

ACCOUNTING **POLICIES**

General information

STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

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

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

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

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

BASIS OF PREPARATION

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

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

The amounts stated are expressed in euro unless otherwise specified.

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

Notes to the Financial Statements.

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

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

SUBSEQUENT EVENTS

In accordance with the provisions of IAS 10, following the closing date of the year and up to the approval of these financial statements, no significant events occurred that would require an adjustment to the results presented in the Financial Statements.

Please refer to the specific paragraph of the Directors' Report for a description of significant events occurred after the end of the year that doValue considers non-adjusting events pursuant to IAS 10.

OTHER MATTERS

Going concern

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

Risks and uncertainties associated with the use of estimates

The application of accounting policies sometimes involves the use of estimates and assumptions that affect the amounts recorded in the financial statements and the disclosures regarding contingent assets and liabilities. For the purposes of the assumptions underlying estimates, we consider all information available at the date of preparation of the financial statements and any assumptions considered reasonable in the light of past experience and current conditions in the financial markets.

More specifically, estimation processes were adopted to support the book value of certain items recognised in the financial statements as at December 31, 2020, as required by accounting standards. These processes are essentially based on estimates of future recoverability of the values recognised and were conducted on a going concern basis. These processes supported the book values recognised as at December 31, 2020. Estimates and assumptions are reviewed regularly.
In view of the presence of uncertainty in the macroeconomic and market environment, the assumptions made, even if reasonable, might not hold in future scenarios in which the Company may operate. Accordingly, future results may differ from the estimates made for the purpose of preparing the financial statements, with the consequent probable need to make adjustments that currently cannot be foreseen or estimated to the book value of the assets and liabilities recognised in the financial statements. In addition, the economic effects deriving from the Covid-19 pandemic and the uncertainties of the future macroeconomic framework in which doValue will operate have required a careful analysis and weighting of the new economic context in the valuation models of the recoverable value of the Company's assets. These estimates and valuations are therefore difficult and inevitably involve elements of uncertainty, even in the presence of stable macroeconomic conditions.
The following Sections discuss the key accounting policies for the purposes of providing a true and fair representation of the Company'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 Company, 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 customers, which can generate income on the one hand and contingent liabilities on the other connected with the possibility of non-performance of contractual obligations.
The amount of the variable consideration estimated is included in the transaction price in whole or in part only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant downward adjustment of the amount will not occur of the cumulative revenues recorded.
At end of the financial year, revenues accrued in the period that have not yet been manifestly accepted by the customer are recognised. Depending on the terms of contract and the established practice, that acceptance may take the form of the issuance of an invoice or an explicit notice.
At the date of preparation of these financial statements, the portion of servicing revenues without such manifest acceptance amounted to 54% of total amounts to be invoiced at December 31, 2020 and it amounts to 17% of the item Total Revenues in the income statement.
In addition, any certain or contingent liabilities must be prudentially determined in order to assess compliance with the obligations set out in the servicing agreement, taking due account of natural differences in interpretation of contractual clauses in the context of actual recovery operations.

Determination of the fair value of financial assets

In the presence of financial instruments not listed on active markets or illiquid and complex instruments, it is necessary to adopt appropriate valuation processes that require the use of a certain degree of judgement concerning the choice of valuation models and the related input parameters, which may sometimes not be observable on the market.
A degree of subjectivity is present in the valuation on whether it is possible to observe or not certain parameters and the consequent classification in correspondence with the levels of fair

value hierarchy.
With particular reference to valuation methods and the unobservable inputs that may be used in fair value measurements, please see the section - Information on fair value.

Estimation of the recoverability of deferred tax assets

The Company 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 Company'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 Company'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.

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

For the preparation of these financial statements, the Company has adopted for the first time certain accounting standards and amendments that are effective for financial years beginning on or after January 1, 2020, a list of which is provided below, noting that these changes have not materially affected the balance sheet or income statement amounts reported:

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

On October 28, 2020, ESMA published its Public Statement announcing the priorities that listed issuers will need to focus on when preparing their IFRS 2020 financial statements, with a particular focus on the impacts arising from Covid 19. Consob on February 16, 2021 published a Warning notice (No 1/21): Covid-19 - measures to support the economy.

As at December 31, 2020, the following new international accounting standards, or amendments to standards already in force, were adopted, with mandatory application starting on January 1, 2021 or later (if the financial statements do not coincide with the calendar year):

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

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

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

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

Main **items of the financial statements**

Intangible assets

Recognition criteria
Intangible assets are non-monetary assets with multi-year utility, are identifiable, lack physical substance, are controlled by the company and will probably generate future economic benefits.
Intangible assets mainly relate to software, trademarks and patents.
Intangible assets are recognised at the purchase cost, including any direct costs incurred to prepare the asset for use, net of accumulated amortisation and any impairment.
Any expenses incurred subsequent to the acquisition:

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

Measurement criteria
Intangible assets with defined useful lives are depreciated at Constant rates over their useful life. Intangible assets with unlimited useful life are not depreciated.
The depreciation period and the depreciation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or in the manner in which the future economic benefits associated with the asset will be realised are recognised through changes in the period or method of depreciation, as appropriate, and are considered changes in accounting estimates. The depreciation of intangible assets with a finite useful life is recognised in the income statement item Amortisation, depreciation and write-downs.
If there is objective evidence that an individual asset may have incurred an impairment loss, the carrying amount of the asset is compared with its recoverable amount, which is equal to the higher of its fair value less costs to sell and its value in use, understood as the present value of expected future cash flows originated by the asset. Any write-downs are recognised under item “Depreciation, amortisation and impairment” in the Consolidated income statement.
For intangible assets with indefinite life, the carrying amount is compared with the recoverable amount on an annual basis even if no evidence of impairment is found. If the carrying amount is greater than the recoverable amount, a loss is recognised under Item “Depreciation, amortisation and impairment” in the Consolidated income statement in an amount equal to the difference between the two values. The assessment of indefinite useful life is reviewed annually to determine whether this attribution continues to be sustainable, otherwise, the change from indefinite to finite useful life is applied on a prospective basis.
If the value of a previously written-down intangible asset other than goodwill is written back the new carrying amount shall not exceed the net carrying amount that it would have had if

no impairment loss had been recognised on the asset in previous years.

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

Property, plant and equipment

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

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

Rights of use of property, plant and equipment acquired with leasing contracts are also recorded under this item, as lessees, regardless of their legal classification.

Assets used in the business have physical substance, are held for use in production or in the provision of goods and services or for administrative purposes and can be used for more than one financial year. Improvements to leasehold assets are improvements and incremental expenses for identifiable and separable items of property, plant and equipment. In this case, the assets are classified in specific sub-items (e.g. plant), depending on the nature of the asset in question. Normally, these investments are incurred in order to render properties leased from third parties suitable for their intended use.

Investment property refers to real estate investments pursuant to IAS 40, i.e. properties held (owned outright or held through a finance lease) in order to earn rentals and/or for capital appreciation.
Property, plant and equipment is initially recognised at cost, including all charges directly attributable to the "commissioning" of the asset (transaction costs, professional fees, direct costs to transport the asset to the assigned location, installation costs, dismantling expense).
Expenses incurred subsequently are added to the carrying amount of the asset or recognised as separate assets if it is probable that future economic benefits will be received in excess of those initially estimated and the cost can be reliably determined.
All other expenses incurred subsequently (e.g. ordinary maintenance) are recognised through profit or loss in the period in which they are incurred, under the item:
- Administrative expense, if pertaining to assets used in the business;

or
- Depreciation, amortisation and impairment, if pertaining to investment property.

The initial measurement of the asset entailing the right-of-use includes the current value of the future payments due for leasing, the payments due for the leasing carried out on the date or prior to the date the contract began, the initial direct costs and any estimated costs for the dismantling, removal or restoration of the asset underlying the lease, less any bonuses received by the lessee for the lease.

Measurement criteria
Subsequent to initial recognition, property, plant and equipment is recognised at cost net of

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

The rights of use recorded under the assets relating to properties acquired through leases (IFRS 16) will be subject to periodic checks for impairment on the basis of both the expected use and any market indications with respect to the cost to be incurred for the lease payments.

Derecognition criteria
Property, plant and equipment is derecognised on disposal (i.e. on the date on which the acquirer obtains control of it) or when, for the same, no future economic benefits are expected from its use or disposal. Any difference between the disposal value and the book value is recognised in the income statement under Profit (Loss) from equity investments.

Expenditure for leasehold improvements

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

Equity investments

The criteria for initial recognition and subsequent measurement of equity investments are governed by IAS 27 - Separate Financial Statements, IAS 28 - Investments in Associates and Joint Ventures, and IFRS 11 - Joint Arrangements.
The remaining equity investments - other than subsidiaries, associates and joint ventures, and any reported under Assets held for sale and Liabilities associated with assets held for sale - are classified among financial assets depending on the category to which they belong.

In particular, they are distinguished in:

SUBSIDIARIES
Entities in which doValue holds direct or indirect control are considered subsidiaries. Control over an entity is achieved when the Company is exposed to or entitled to variable returns from its relationship with the entity being invested in and, at the same time, has the ability to affect those returns by exercising its power over 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 or rights held in respect of the investee in order to assess whether the investor has relations with the investee whose returns are subject to changes that depend on the investee's performance;
- the ability to exercise its power over the investee to affect its returns;
- existence of potential "principal-agent" relationships.

It is generally presumed that holding a majority of voting rights gives the investor control over the investee. When the Company 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 Company's voting rights and potential voting rights.

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

JOINT VENTURES

A joint venture is an entity in relation to which you have:

- a joint control agreement;
- rights to the entity's net assets.

In particular, joint control exists when decisions relating to relevant activities require the unanimous consent of all parties sharing control.

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 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 investments in associated companies include any goodwill (less any impairment loss) paid to purchase them. Participation in the post-acquisition profits and losses of associates is recognised in the income statement under the item "Gains (Losses) from equity investments".
Any dividends distributed reduce the carrying amount of the equity investment.
If an associate's share of losses equals or exceeds the carrying amount of the investee, no further losses are recognised unless specific obligations have been incurred in favour of the associate or payments have been made in favour of the same.

Changes in valuation reserves of associated companies, recorded as a balancing entry to changes in the value of assets and liabilities for relevant phenomena, are shown separately in the Statement of Comprehensive Income.

Recognition criteria
Investments in subsidiaries, associates and joint ventures are initially recognised at fair value at the time of acquisition, which substantially corresponds to the purchase cost.
The purchase cost of an equity investment is determined as the sum:

- of the fair values at the acquisition date (coinciding with the price paid) of the assets sold, the liabilities assumed and the equity instruments issued by the acquirer, in exchange for control of the acquired company;

plus

- any cost directly attributable to the acquisition itself.

Measurement criteria
If there is evidence that the value of an equity investment may have decreased, the recoverable amount of the investment is estimated. This recoverable amount is determined with reference to the value in use of equity investments. In the latter case, the value in use is determined by means of internal valuation models generally used in financial practice and based on the discounting of the expected cash flows deriving from the investment (Discounted Cash Flow method).
If it is not possible to collect sufficient information, the value in use is considered to be the value of the company's shareholders' equity.
If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement under "Profit (loss) from equity investments".
If the reasons for the impairment loss cease to apply due to an event occurring after the impairment was recognised, the impairment loss is reversed and charged to the income statement.

Derecognition criteria
Equity investments are derecognised when the contractual rights to the cash flows from the assets expire, when they are sold, transferring substantially all the risks and rewards connected with them, or when control of the equity investment is lost, having neither transferred nor retained substantially all the risks and rewards.
Profits and losses from the sale of equity investments are recorded in the income statement under "Profits (losses) from equity investments".

Financial assets

Financial assets measured at fair value through profit or loss

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

Classification criteria
Financial assets other than those classified under Financial assets measured at fair value through other comprehensive income or Financial assets measured at amortised cost are

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

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

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

Financial assets measured at amortised cost

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

Classification criteria
A financial asset is classified under financial assets measured at amortised cost if:
- intent of the business model is to hold assets in order to collect contractual cash flows

(“Hold to Collect”);
- the associated cash flows represent solely payments of principal and interest.

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

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

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

Impairment of financial assets

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

Financial assets for which there is no evidence of impairment (unimpaired financial instruments) shall be evaluated to determine whether there is evidence that the credit risk of the individual transaction has increased significantly since initial recognition. Following the assessment, the assets shall be classified (or, more properly, staged) as follows:
- where such evidence is found, the financial asset shall be classified in stage 2. Such valuation, consistent with the provisions of the international accounting standards and even in the absence of manifest impairment, requires for the recognition of write-downs equal to the expected losses over the residual life of the financial instrument;
- where such evidence is not found, the financial asset shall be classified in stage 1. Such

valuation, consistent with the provisions of the international accounting standards and even in the absence of manifest impairment, requires the recognition of expected losses, for the specific financial instrument, over the following twelve months.

The Company impairment process is applied to financial assets measured at amortised cost or at fair value through other comprehensive income, which include: loans, trade receivables, contract assets, debt securities.
For trade receivables, in consideration of the provisions of IFRS 9 (paragraphs 5.5.15-16) and the immateriality of the financing component of such receivables, the Company has opted for the “Simplified Approach” that essentially provides for the calculation of total lifetime expected losses for the financial asset. Given that the residual life of trade receivables is generally less than one year, the 12-month and lifetime expected losses are the same.

Inventories

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

Measurement criteria
Properties undergoing renovation are measured at the lower of cost, plus expenses that increase their value and the capitalisable financial expense, and the corresponding estimated realisable value, less the direct costs to sell.
Trading properties are measured at the lower of cost and estimated realisable value, determined from similar property transactions in terms of location and type. The estimated realisable value and the market value are determined on the basis of independent appraisals or any lower value at which management is prepared to sell based on urban/land registry circumstances that do not correspond to the effective state of the property and legal issues (such as the illegal occupation of the properties).
Any write-downs based on the above appraisal are charged to the appropriate item in the income statement.
If the reasons that led to the write-down of inventories cease to exist, write-downs recognised in previous periods are reversed through profit or loss up to the lower of cost and estimated realisable value.

Trade receivables and other current assets

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

Current and deferred tax

Recognition criteria
Current tax assets and current tax liabilities are recognised in the balance sheet respectively, in Tax assets on the assets side and Tax liabilities on the liabilities side, while those deferred are recognised in Deferred tax assets and Deferred tax liabilities, respectively.
In application of the “balance sheet method”, items for current and deferred taxes include:
- current tax assets, i.e. excess payment of tax liabilities on the basis of current tax laws

governing corporate income;

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

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

Measurement criteria
Current tax assets and liabilities are recognised by applying current tax rates and are recognised as charges (income) using the same accrual criteria adopted for the costs and revenues which generated them. In particular, the current IRES and IRAP taxation has been calculated by applying the tax rates established by the laws in force, adopting the 24% rate for IRES purposes.
Deferred tax assets and liabilities are recognised on the basis of the tax rates that, at the end of the reporting date, are expected to be applicable in the period in which the asset will be realised or the liability will be eliminated, in accordance with current tax legislation. They are periodically reviewed in order to take account of any regulatory changes.
Deferred tax assets are only recognised if their recovery through expected future taxable income is probable, measured on the basis of the Group's ability to produce taxable income in future financial years. Deferred tax liabilities are always recognised. A requirement for the recognition of deferred tax assets is that it is considered reasonably certain in view of corporate developments that taxable income will be generated against which the temporary

deductible differences will be used. In accordance with the provisions of IAS 12, the probability that future taxable income will be sufficient to utilise the deferred tax assets is subject to periodic review. If that review suggests that future taxable income will be insufficient, the deferred tax assets are reduced in a corresponding amount.
Current and deferred taxes are recognised in the income statement under Income tax expense from continuing operations, with the exception of taxes which refer to items which are credited or debited, in the same or another financial year, directly in equity, such as, for example, those in respect of profits or losses on available-for-sale financial assets, whose changes in value are recognised directly in valuation reserves in the statement of comprehensive income.

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

Assets held for sale

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

Loans and other financing as well as other financial liabilities

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

Measurement criteria
After initial recognition, financial liabilities, except those recognised at fair value with changes recognised in the income statement, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.
Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in finance costs in the statement of profit/(loss).

Exception is made for short-term liabilities, for which the time factor is negligible, which continue to be carried at the amount received.

Derecognition criteria
A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or fulfilled. If an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts recognised in profit or loss.

Provisions for risks and charges

Recognition criteria
Provisions for risks and charges consist of liabilities recognised when:

- the company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

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

The item includes provisions for legal obligations or connected with an employment relationship or disputes, including tax disputes, arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits, assuming that a reliable estimate can be made of the amount.
The potential liabilities for employees are also accounted for, especially the variable remuneration.
Where the time element is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. Provisions are recognised in profit or loss under "Provisions for risks and charges" and also include the interest expense accrued on the provisions that have been discounted.

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

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

Employee benefits

Classification criteria

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

Post-employment benefits are in turn divided between those based on defined contribution plans and those based on defined benefit plans, depending on the expected benefits:
- defined contribution plans are post-employment benefit plans under which fixed contributions are made, with no legal or constructive obligation to pay further contributions if there are insufficient assets to meet all the benefits;
- defined benefit plans are post-employment benefit plans other than defined contribution plans.

In this context, in Italy under Law No 296 of December 27, 2006 (2007 Finance Act):
- the severance indemnity (*trattamento di fine rapporto* - TFR) accruing from January 1, 2007, is a defined contribution plan, which does not require actuarial calculation. The shares accrued can be allocated, at the employee's choice, (i) to forms of supplementary pension schemes or (ii) left in the company and paid into the INPS treasury fund.
- the TFR accrued at the dates indicated in the previous point remains instead as a defined benefit plan, even if the benefit has already been fully accrued. As a result, an actuarial recalculation of the value of the debt at each date after December 31, 2006 is necessary.

Other long-term employee benefits are employee benefits that are not payable wholly within twelve months after the end of the period in which the employees render the service.

Recognition and measurement criteria

The value of a defined benefit obligation is equal to the present value of the future payments, expected to be required to settle the obligation arising from the employee's service in the current and prior periods.

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

Employee benefits that qualify as other long-term benefits, such as those arising from seniority bonuses that are paid on achievement of a pre-determined length of service, are recorded on the basis of the valuation at the balance sheet date of the liability assumed, determined using the "Projected Unit Credit Method".

The TFR provision is recorded under liabilities in the corresponding item "Employee benefits", while other post-employment benefits and sundry long-term benefits are recorded under "Provisions for risks and charges".

The costs of servicing the programme (service costs) are recorded under staff expenses, as are interest costs.

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

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

Revenue recognition

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

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

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

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

Revenues from contracts with customers and other revenues

Sales revenues associated with servicing contracts for the recovery of receivables managed on an agency basis are recognised on an accruals basis according to the provisions of IFRS15 (hereinafter also referred to as the "Standard").

Recognition criteria
The model used for recognition of the servicing revenues is aligned with fulfilment of the obligation to act.
In many cases, this alignment is already provided for under the contract, therefore:
- if the commissions are paid on a one-off basis in order to pay for the supply of a service that is provided "at a certain time", they will be recognised as revenues when they are received;
- if the commission is paid over time in order to pay for a service that is provided over time, it will be recognised as revenues upon receipt.

However, if the commission is received in advance in exchange for a service obligation that is provided over time, in various reporting periods, the overall amount of the commission will be put into the financial statements and will be recognised as revenues over the applicable period in which the service is supplied. In these cases, the commission will be recognised as revenues in profit or loss in proportion to the time (i.e. on a pro rata basis).
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, using IT procedures and complex accounting processes that take account of the different contractual terms of each agency agreement. Servicing agreements contain well-organised clauses specifying the rights and duties of doValue in relations with the participating customers.
When preparing the annual or interim financial statements, therefore revenues accrued in the period that have not yet been manifestly accepted by the customer are recognised. Depending on the terms of contract and the established practice, that acceptance may take the form of the issuance of an invoice or an explicit notice.

Measurement criteria
The Standard requires the entity to take account of the terms of the contract and its standard commercial practices to establish the price of the transaction. The price of the transaction is the amount of consideration that the entity believes it has the right to in exchange for the transfer to the customer of the goods or services promised. The consideration promised in the contract with the customer can include fixed amounts, variable amounts or both.
In order to calculate the price of the transaction, the entity must consider the effect of all the

following elements:
a) variable consideration;
b) limitation of the estimates of the variable consideration;
c) existence in the contract of a significant loan component;
d) non-monetary consideration; and
e) consideration to pay to the customer.

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

Within the scope of the main servicing contracts of the Company, the following types of commissions are considered variable:

- Performance and extra-performance commission: linked to reaching collection targets;
- Transfer compensation and staff compensation: linked to the occurrence of the portfolio transfer event and at the discretion of the customer.

With respect to the variable consideration estimation limit, variable commissions that depend on the occurrence of a future event are not recorded on the income statement before being ascertained through an estimation of them since the occurrence of the uncertainty (or the occurrence of the event) could mean the complete reversal of the estimated revenue if it had been previously recognised.

In the case of receipt of advance payments from customers, there is a significant financing component in view of the time lag between the date on which the payment made by the customer is received and the transfer of the service, as well as the prevailing market rates. Therefore, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (e.g. the interest rate that returns the spot price of the equipment to the value paid in advance). This rate is commensurate with the rate that would have been used in a separate financial transaction between the Company and the customer on the date the contract was signed.
The Company applies the practical expedient for short-term advances received from customers. The amount of the promised consideration is not adjusted for material financial items if the period between the transfer of the promised goods or services and payment is less than or equal to one year.

With respect to points d) and e), the Company does not have any clauses in its servicing contracts that would lead to the identification of these cases.

Dividends

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

Costs

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

Public grants

Government grants are recognised when there is reasonable certainty that they will be received and that all the conditions relating to them will be met. Grants related to cost components are recognised as revenues and systematically distributed between the years in order to be commensurate with the recognition of the costs they intend to offset. The contribution related to an activity is recognised as revenue on a straight-line basis over the expected useful life of the related activity.

Other information

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

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

Share-based payments
Share-based payments are payments made to employees or comparable persons as payment for work or other services/assets received, based on shares representing capital, which consist in the grant of rights to receive shares upon meeting quantitative/qualitative objectives.
The cost of transactions settled with equity instruments is determined by the fair value at the date of the assignment. The fair value of payments settled through the issue of shares is based on their stock market price. This cost, together with the corresponding increase in shareholders' equity under the item Other Reserves, is recognised under Personnel costs over the period in which the conditions relating to the achievement of objectives and / or the provision of the service are met. The cumulative costs recognised for these transactions at the end of each financial year up to the vesting date are commensurate with the expiry of the vesting period and the best estimate of the number of equity instruments that will actually accrue. The cost or revenue in the statement of profit / (loss) for the year represents the change in the cumulative cost recorded at the beginning and end of the year.
Service or performance conditions are not taken into account when determining the fair value of the plan at the award date. However, the probability that these conditions will be met is taken into account when defining the best estimate of the number of capital instruments that will mature. Market conditions are reflected in the fair value at the award date. Any other plan-related condition that does not result in a service obligation is not considered an accrual condition. Non-vesting conditions are reflected in the fair value of the plan and result in the immediate recognition of the cost of the plan unless there are also service or performance conditions.
No cost is recognised for rights that do not reach maturity because performance and/or service conditions are not met. When rights include a market condition or a non-vesting condition, they are treated as if they had vested whether or not the market conditions or other non-vesting conditions to which they are subject are met, it being understood that all other performance and/or service conditions must be met.
If the terms of the plan are changed, the minimum cost to be recognised is the fair value at

the award date in the absence of the plan amendment, assuming the original terms of the plan are met. In addition, a cost is recognised for any change that increases the total fair value of the payment plan, or is otherwise favourable to employees; this cost is measured by reference to the date of the change. When a plan is derecognised by the entity or the counterparty, any remaining element of the plan's fair value is expensed immediately in profit or loss.

RELEVANT IAS/IFRS DEFINITIONS

Several concepts relevant to IAS/IFRS, in addition to those already discussed in the previous chapters, are explained below.

Amortised cost

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

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

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

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

Fair value disclosures

Paragraph 9 of IFRS 13 defines fair value as "the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an arm's length transaction at the measurement date".

Measurement at fair value assumes that the sale of an asset or transfer of a liability takes place in a principal market, which can be defined as the market with the highest trading volumes and levels for the asset/liability being measured. In the absence of a principal market, the most advantageous market should be taken as the reference, i.e. the market that maximises the amount that would be received in the sale of an asset or minimises the amount that would be paid in the transfer of a liability, after taking into account transaction costs.

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

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

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

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

The disclosures required by IFRS 13 concerning accounting portfolios measured at fair value on a recurring basis are provided below. For financial assets not measured at fair value, the Company believes that the carrying amount is a reasonable approximation of fair value.

There were no assets or liabilities measured at fair value on a non-recurring basis at the date of preparation of the financial statements for the year ended December 31, 2020.

Assets and liabilities measured at fair value on a recurring basis

Asset Backed Securities
ABSs are measured using the discounted cash flow model, which is based on an estimate of the cash flows paid by the security and an estimate of a spread for discounting.

Equities
Equities are assigned to Level 1 when an active market price considered liquid is available and to Level 3 when there are no prices or the prices have been suspended permanently. Such instruments are classified as Level 2 only if the volume of activity on the listing market is significantly reduced.
For equities measured at cost, an impairment loss is recognised if the cost exceeds the recoverable amount significantly and/or for a long time.

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

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

Description of the valuation techniques

In order to assess positions for which market sources do not provide a directly observable market price, specific valuation techniques that are common in the market and described below are used.

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

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

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

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.

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

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

Level 3 of the category "Financial assets measured at fair value through profit or loss" mainly includes (i) the residual value of the notes issued by the securitisation vehicles Romeo SPV and Mercuzio Securitisation, equal to 5% of the total securities; (ii) the value of the notes attributable to the Relais securitisation, whose mezzanine and junior notes were purchased in the last days of 2020 and have already been resold in the first half of February 2021; (iii) the value of the notes attributable to the Cairo securitisation, whose mezzanine notes were purchased on June 5, 2020, in conjunction with the acquisition of the subsidiary doValue Greece and (iv) in the CIU units, the equivalent of the amount paid for the subscription of the remaining 28 units of the restricted closed-end alternative securities investment fund, known as the Italian Recovery Fund (formerly Atlante II) net of redemptions.

Financial liabilities include, at Level 3, (i) the earn-out represented by the fair value of the liability relating to a portion of the acquisition price of Altamira and (ii) the earn-out represented by the fair value of the liability relating to a portion of the acquisition price of Eurobank FPS, which is linked to the achievement of certain EBITDA targets over a ten-year period.
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 companies. Since these parameters are not observable on the market (either directly or indirectly), these liabilities are classified under Level 3.

Level 2 of "Other financial liabilities" includes the fair value of the derivative contract hedging the Facility Loan entered into to finance the purchase of the investment in Altamira and to refinance the pre-existing indebtedness of the same investee.

(€/000)

	12/31/2020			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	**-**	**-**	**63,595**	**-**	**-**	**33,542**
Units in collective investment undertakings	-	-	26,855	-	-	28,923
Debt securities	-	-	36,740	-	-	4,619
TOTAL	**-**	**-**	**63,595**	**-**	**-**	**33,542**
Other financial liabilities	**-**	**453**	**29,894**	**-**	**367**	**39,811**
Earn-out	-	-	29,894	-	-	39,811
Hedging derivatives	-	453	-	-	367	-
TOTAL	**-**	**453**	**29,894**	**-**	**367**	**39,811**

INFORMATION ON THE **BALANCE SHEET**

Assets

NOTE 1 – INTANGIBLE ASSETS

Changes in the period are reported in the following table.

(€/000)

	Software	Brands	Development costs	Assets under development and payments on	Goodwill	Other intangible assets	Total 12/31/2020	Total 12/31/2019
Gross opening balances	**2,610**	**51**	**-**	**-**	**-**	**-**	**2,661**	**2,658**
Initial reduction in value	(2,218)	(4)	-	-	-	-	(2,222)	**(1,972)**
Net opening balances	**392**	**47**	**-**	**-**	**-**	**-**	**439**	**686**
Initial adjustments	-	-	-	-	-	-	-	-
Increases	**22,016**	**10**	**-**	**1,484**	**-**	**-**	**23,510**	**3**
Purchases	5,358	3	-	1,363	-	-	6,724	3
Business combination	15,665	7	-	1,957	-	-	17,629	-
Writebacks	-	-	-	-	-	-	-	-
Others changes	993	-	-	(1,836)	-	-	(843)	-
Decreases	**(14,381)**	**(4)**	**-**	**(10)**	**-**	**-**	**(14,395)**	**(250)**
Disposals	(172)	-	-	(10)	-	-	(182)	-
Business combination	(11,143)	(1)	-	-	-	-	(11,144)	-
Amortisation	(3,524)	(3)	-	-	-	-	(3,527)	(250)
Impairment	-	-	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-	-	-
Other changes	458	-	-	-	-	-	458	-
GROSS CLOSING BALANCES	**24,454**	**61**	**-**	**1,474**	**-**	**-**	**25,989**	**2,661**
Final reduction in value	(16,427)	(8)	-	-	-	-	(16,435)	(2,222)
NET CLOSING BALANCES	**8,027**	**53**	**-**	**1,474**	**-**	**-**	**9,554**	**439**

Increases in the year are mainly due to the merger of the subsidiary doSolutions and to new software developments, mainly related to the management application of non-performing positions.
The decreases in the year are essentially attributable to the amortisation charge for the period.

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT

(€/000)

	Buildings	Furniture	Electronic Systems	Other	Total	Total
					12/31/2020	12/31/2019
Gross opening balances	**19,701**	**2,115**	**1,248**	**735**	**23,799**	**3,785**
Initial reduction in value	(5,309)	(1,599)	(1,077)	(260)	(8,245)	(2,084)
Net opening balances	**14,392**	**516**	**171**	**475**	**15,554**	**1,701**
Initial adjustments	-	-	-	-	-	11,750
Increases	**561**	**1**	**591**	**9,946**	**11,099**	**8,264**
Purchases	1,029	1	230	4,689	5,949	4,058
ow: Right of Use	1,023	-	-	4,126	5,149	4,014
Business combination	27	-	888	4,814	5,729	-
Capitalised expenditure on	-	-	-	-	-	-
Writebacks	-	-	-	-	-	-
Others changes	(495)	-	(527)	443	(579)	4,206
Decreases	**(4,973)**	**(130)**	**(389)**	**(6,541)**	**(12,033)**	**(6,161)**
Disposals	-	-	(7)	(1,483)	(1,490)	-
Business combination	(27)	-	(583)	(3,641)	(4,251)	-
Amortisation	(5,043)	(130)	(92)	(2,059)	(7,324)	(4,440)
ow: Right of Use	(4,719)	-	-	(1,557)	(6,276)	(3,922)
Impairment	-	-	-	-	-	-
Transfers to assets held for sale	-	-	-	-	-	-
Others changes	97	-	293	642	1,032	(1,721)
GROSS CLOSING BALANCES	**20,262**	**2,116**	**1,832**	**9,198**	**33,408**	**23,799**
Final reduction in value	(10,282)	(1,729)	(1,459)	(5,318)	(18,788)	(8,245)
NET CLOSING BALANCES	**9,980**	**387**	**373**	**3,880**	**14,620**	**15,554**

During the year, doValue recorded net decreases in assets of €0.9 million mainly due to the effect of the sale to Dock Joined in Tech (controlled by IBM) of the doSolutions business unit as described in the Report on Operations, as well as from the accrual of the relevant portion of depreciation.
Please see note 20 for more details on changes in right-of-use assets.

NOTE 3 – **EQUITY INVESTMENTS**

	Company name	Headquarters and Registered Office	Administrative Office	Type of Relationship (1)	Owner relationship		Voting rights % (2)
					Held by	Holding %	
1	doValue S.p.A. (già doBank S.p.A.)	Verona	Italia		Holding		
2	Italfondiario S.p.A.	Roma	Italia	1	doValue S.p.A.	100%	100%
3	doData S.r.l.	Roma	Italia	1	doValue S.p.A.	100%	100%
4	doValue Hellas Credit and Loan Servicing S.A.	Atene	Grecia	1	doValue S.p.A.	100%	100%
5	Altamira Asset Management S.A.	Madrid	Spagna	1	doValue S.p.A.	85%	85%
6	Altamira Asset Management Portugal, Unip. Lda. (Portugal)	Lisbona	Portogallo	1	Altamira Asset Management S.A.	100%	100%
7	Altamira Asset Management Cyprus Limited	Nicosia	Cipro	1	Altamira Asset Management S.A.	100%	100%
8	doValue Cyprus Limited	Nicosia	Cipro	1	doValue S.p.A. + Altamira AM S.A.	94%+6%	94%+6%
9	doValue Greece Loans and Credits Claim Management Société Anonyme	Moschato	Grecia	1	doValue S.p.A.	80%	80%
10	doValue Greece Real Estate Services Single Member Société Anonyme	Moschato	Grecia	1	doValue S.p.A.	100%	100%

Notes

(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

Change
(€/000)

Description	Opening balance	Business combination	Purchases Establishments	Other changes (Gross balances) (+/-)	Total
ITALFONDIARIO	3,671	-	-	-	**3,671**
DODATA	539	-	-	-	**539**
DOSOLUTIONS	220	(220)	-	-	**-**
DOVALUE HELLAS	488	-	-	745	**1,233**
DOVALUE CYPRUS LIMITED	1	-	-	-	**1**
DOVALUE GREECE HOLDING	-	(98,150)	98,150	-	**-**
DOVALUE GREECE	-	115,348	22,700	497	**138,545**
ALTAMIRA ASSET MANAGEMENT S.A.	231,318	-	-	(22,909)	**208,409**
DOVALUE GREECE REAL ESTATE SERVICES	-	-	2,000	-	**2,000**
CLOSING BALANCES	**236,237**	**16,978**	**122,850**	**(21,667)**	**354,398**

As reported in section on significant events for the period in the Report on Operations, 2020 saw the entry of new foreign companies located in Southern Europe.
Specifically, on June 5, 2020, doValue purchased 80% of the share capital of Eurobank Financial Planning Services (FPS), now doValue Greece.
This acquisition took place through a company set up in May 2020 - doValue Greece Holding - wholly owned by doValue which was incorporated into doValue Greece at the end of the year through a reverse merger transaction.
On November 17, 2020, doValue Greece Real Estate Services was incorporated as a wholly owned subsidiary of doValue.
On November 19, 2020, the merger of doSolutions into doValue became legally effective, with the accounting and tax effects taking effect on January 1, 2020.
Finally, during the period, there was a reduction in the value of the investment in Altamira Asset Management (€22.9 million) following the new estimate of the earn-out liability.

NOTE 4 – FINANCIAL ASSETS

The following table reports financial assets other than cash and cash equivalents, held at December 31, 2020 and December 31, 2019.

(€/000)

	12/31/2020	12/31/2019
Non-current financial assets	**234,171**	**174,075**
Financial assets measured at fair value through profit or loss	**63,595**	**33,542**
Units in collective investment undertakings	26,855	28,923
Debt securities	36,740	4,619
Financial assets measured at amortised cost	**170,576**	**140,533**
Loans to customers	170,576	140,533
Current financial assets	**77,336**	**35,539**
Financial assets measured at amortised cost	**77,336**	**35,539**
Loans to customers	77,336	35,539
TOTAL	**311,507**	**209,614**

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

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

The additional change (€1.3 million) relates to 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. In particular, this negative variation is mainly due to the reduction in the nominal outstanding amount recorded in the period due to the collection of the notes.
The increase in the item Loans to customers reported under Non-current financial assets is attributable for €79.4 million to the non-current portion of the residual value at amortised cost of the intercompany loan granted to the subsidiary doValue Greece in the year 2020 offset by the decrease of €36.4 million in the non-current portion of the loan granted to the subsidiary Altamira due to repayments made during the year. In addition, collections of €7.1 million were recorded against a non-performing portfolio acquired in 2019 as part of an opportunistic and non-recurring transaction, the residual value of which was then classified in these Financial Statements under current assets (for €5.9 million).

With regard to Current financial assets, there was an increase in the item Loans to customers, of which €35.3 million is represented by the current portion of the residual value at amortised cost of the intercompany loan granted to the subsidiary doValue Greece in 2020 and €5.9 million by the classification under current assets of the residual portion of the aforementioned investment, since it is expected that the full disposal will take place in the first part of 2021.

NOTE 5 – 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, doValue exercised the option to retain the possibility of converting deferred tax assets into tax credits pursuant to Art. 11 of Legislative Decree No 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 the data at December 31, 2020 took into account the forecasts for the period 2021-23 stressed due to COVID, which showed a capacious tax base that is confirmed to be able to absorb the deferred tax assets recorded.
In the year ended December 31, 2020, there was an overall increase in DTAs of €0.6 million.

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

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

IRES and IRAP taxation has been calculated by applying the tax rates established by the laws in force, adopting the 24% rate for IRES purposes.

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

Deferred tax assets
Breakdown

(€/000)

	12/31/2020	12/31/2019
Writedowns of loans (P&L)	49,330	49,330
Tax losses carried forward (P&L)	6,900	5,874
Provisions recognised through Equity	524	487
Provisions for risks and charges (P&L)	4,319	4,669
Property, plant and equipment / intangible assets (P&L)	83	101
Administrative expenses (P&L)	39	32
Other assets / liabilities (P&L)	43	112
TOTAL	**61,238**	**60,605**

Change

(€/000)

	Income Statement	Recognised in equity	Total 12/31/2020	Total 12/31/2019
Opening balance	**60,118**	**487**	**60,605**	**79,969**
Initial adjustments	**158**	**-**	**158**	**-**
Increases	**2,807**	**37**	**2,844**	**3,571**
Deferred tax assets recognised during the year	2,644	33	2,677	2,538
- In respect of previous years	35	-	35	-
- Due to changes in accounting policies	-	-	-	-
- Writebacks	-	-	-	-
- Other	2,609	33	2,642	2,538
New taxes or increases in tax rates	-	-	-	-
Other changes	-	-	-	88
Business combination	163	4	167	945
Decreases	**(2,369)**	**-**	**(2,369)**	**(22,935)**
Deferred tax assets derecognised during the year	(2,369)	-	(2,369)	(22,935)
- Reversals of temporary differences	(2,369)	-	(2,369)	(13,389)
- Writedowns of non-recoverable items	-	-	-	-
- Due to changes in accounting policies	-	-	-	-
- Other	-	-	-	(9,546)
Reduction in tax rates	-	-	-	-
Other changes	-	-	-	-
TOTAL	**60,714**	**524**	**61,238**	**60,605**

Deferred tax liabilities
Breakdown

(€/000)

	12/31/2020	12/31/2019
Provisions recognised through Equity	20	20
TOTAL	**20**	**20**

Change

(€/000)

	Income Statement	Recognised in equity	Total 12/31/2020	Total 12/31/2019
Net opening balances	**-**	**20**	**20**	**1**
Initial adjustments	-	-	-	-
Increases	**-**	**-**	**-**	**19**
Deferred tax liabilities recognised during the year	-	-	-	-
- In respect of previous years	-	-	-	-
- Due to changes in accounting policies	-	-	-	-
- Other	-	-	-	-
New taxes or increases in tax rates	-	-	-	-
Other changes	-	-	-	19
Business combination	-	-	-	-
Decreases	**-**	**-**	**-**	**-**
Deferred tax liabilities derecognised during the year	-	-	-	-
- Reversals of temporary differences	-	-	-	-
- Due to changes in accounting policies	-	-	-	-
- Other	-	-	-	-
Reduction in tax rates	-	-	-	-
Other changes	-	-	-	-
TOTAL	**-**	**20**	**20**	**20**

NOTE 6 – OTHER ASSETS

The following table provides a breakdown of other current and non-current assets at December 31, 2020 and at December 31, 2019.

(€/000)

	12/31/2020	12/31/2019
Other non-current assets	**261**	**85**
Other current assets	**8,705**	**9,552**
Accrued income / prepaid expenses	2,067	1,675
Items for employees	1,475	617
Receivables for advances	4,789	5,441
Tax receivables	181	180
Other items	193	1,639
TOTAL	**8,966**	**9,637**

In the item Other current assets, the increase in the item “Items for employee” essentially refers to the formation of the receivable from INPS for the wage guarantee fund (*cassa integrazione*) in support of employers and employees as a result of the Covid emergency.
The decrease in the item Other items is due to the recognition in relation to the increase in the purchase price of the doValue Greece investment, of the transaction costs incurred in the previous year in connection with the acquisition of this company.

NOTE 7 – INVENTORIES

As at December 31, 2020, the item amounted to €55 thousand (€137 thousand at December

31, 2019) and refers to the Company's real estate portfolio, consisting of the value of 2 properties. During 2020, 3 properties were sold with a reduction in inventories of €82 thousand from their value as at December 31, 2019.

NOTE 8 – TRADE RECEIVABLES

(€/000)

	12/31/2020	12/31/2019
Receivables	**63,603**	**89,925**
Receivables accruing (Invoices to be issued)	44,942	72,878
Receivables for invoices issued but not collected	18,661	17,047
Provisions	**(236)**	**(519)**
Provisions for expected losses on receivables	(236)	(519)
TOTAL	**63,367**	**89,406**

Trade receivables arise in respect of invoices issued and accruing revenues mainly connected with servicing activities and real estate services under mandate and therefore mainly relating to the revenue item "revenues from contracts with customers".

The reduction during the year in accruing receivables is connected with contingent circumstances that reduced revenues.

NOTE 9 – TAX ASSETS AND TAX LIABILITIES

The composition of tax assets and tax liabilities at December 31, 2020 and December 31, 2019 is shown below.

Tax assets

(€/000)

	12/31/2020	12/31/2019
Current tax assets	6,029	-
VAT asset	416	-
TOTAL	**6,445**	**-**

The item Current tax receivables includes the amount of net direct current tax receivables, the balance of which is not included in the comparative column as the Company had a liability with respect to this phenomenon as at December 31, 2019, so the related exposure was presented in the balance sheet liabilities.

Tax liabilities

(€/000)

	12/31/2020	12/31/2019
Current tax liabilities	-	866
Withholding taxes and others	2,129	2,132
TOTAL	**2,129**	**2,998**

The decrease in Tax liabilities is due mainly to the reduction in payables to tax authorities for withholding taxes on employees to be paid, for an amount of €0.2 million, and to lower net payables for current taxes, for an amount of €0.9 million, due to lower current taxes accrued in the year.

NOTE 10 - CASH AND CASH EQUIVALENTS

The balance of €40.5 million, representing a decrease of €32.6 million compared with the €73.1 million reported at December 31, 2019, represents the liquidity available at the end of the financial year. For information on subsequent developments, reference should be made to the paragraph on Net Financial Position in the Report on Operations.
For an analysis of changes in cash and cash equivalents, please see the cash flow statement.

NOTE 11 – ASSETS HELD FOR SALE AND RELATED LIABILITIES

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

(€/000)

	12/31/2020	12/31/2019
NON-CURRENT ASSETS:		
Non-current financial assets	30	10
Total non-current assets	**30**	**10**
TOTAL ASSETS HELD FOR SALE	**30**	**10**

Liabilities and **equity**

NOTE 12 – **SHAREHOLDERS' EQUITY**

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

Other reserves break down as follows:

(€/000)

	12/31/2020	12/31/2019
Reserves from allocation of profits or tax-suspended reserves	**60,783**	**18,594**
Legal reserve	8,256	8,256
Reserve art. 7 Law 218/90	2,305	2,305
Tax-suspended reserve from business combinations	3	3
Reserve from FTA IAS art. 7 par. 7 Lgs. Decree 38/2005	8,780	8,780
Reserve from FTA IAS IFRS 9	1,126	1,126
Reserve from retained earnings IAS art. 6 par. 2 Lgs. Decree 38/2005	(9,145)	(9,145)
Reserve from retained earnings	38,507	-
Reserve established in by laws for purchase of treasury shares	103	184
Reserve from retained earnings - Share Based Payments	10,848	7,085
Other reserves	**121,227**	**120,724**
Extraordinary reserve	102,970	102,970
Reserve, Lgs. Decree no. 153/99	6,103	6,103
Legal reserve for distributed earnings	44	44
Reserve art. 7 Law 218/90	4,179	4,179
Reserve from business combinations	1,746	579
Share Based Payments Reserve	6,185	6,849
TOTAL	**182,010**	**139,318**

Overall, the item shows an increase of around €42.7 million due to the combination of the following main elements:
- €38.5 million increase in the **retained earnings reserve** as a result of the retention of the earnings achieved in 2019 as resolved by the Shareholders' Meeting of May 26, 2020;

- €3.0 million due to the net increase in the **Share Based Payments** reserves accounted for pursuant to IFRS 2 in implementation of the post-IPO remuneration policy, which provides for the grant of shares as remuneration to certain categories of managers; the remuneration policy mentioned led to a reduction of the treasury shares that were used to pay remuneration in final balance shares. The reduction for the period amounts to €81.1 thousand;

- €1.2 million due to the creation of the merger reserve resulting from the incorporation of the subsidiary doSolutions.

The **Valuation reserves** as at December 31, 2020 stood at -€382 thousand (- €249 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.

Origin, utilisability and distributability of shareholders' equity items

(€)

	Amount	Possibility of use (*)	Available portion	Summary of utilisation in last three financial years	
				To cover losses	For other reasons
Reserves from allocation of profits or tax-suspended reserves	**41,280,000**				
Reserves from allocation of profits or tax-suspended reserves	**70,914,254**		**59,202,185**		**(142,987)**
Legal reserve	8,256,000	B	8,256,000		-
Reserve art. 7 Law 218/90	2,304,451	A, B, C	2,304,451		-
Tax-suspended reserve from business combinations	2,421	A, B, C	2,421		-
Reserve from FTA IAS art. 7 par. 7 Lgs. Decree 38/2005	8,780,082		-		-
Reserve from FTA IAS IFRS 9	1,126,135		-		-
Reserve from retained earnings IAS art. 6 par. 2 Lgs. Decree 38/2005	(9,145,318)		-		-
Reserve from retained earnings	38,506,880	A, B, C	38,506,880		-
Reserve established in by laws for purchase of treasury shares	103,192		-		(142,987)
Reserve from retained earnings - Share Based Payments	10,847,978		-		-
Extraordinary reserve	10,132,433	A, B, C	10,132,433		-
Other reserves	**111,095,495**		**104,910,479**		**-**
Extraordinary reserve	92,837,974	A, B, C	92,837,974		-
Reserve, Lgs. Decree no. 153/99	6,103,231	A, B, C	6,103,231		-
Legal reserve for distributed earnings	43,862	A, B, C	43,862		-
Reserve art. 7 Law 218/90	4,179,106	A, B, C	4,179,106		-
Reserve from business combinations	1,746,306	A, B, C	1,746,306		-
Share Based Payments Reserve	6,185,016		-		-
Valuation reserves	**(381,879)**		**429,146**		**-**
Monetary revaluation reserves Law 413/91	429,146	A, B, C (1)	429,146		-
Reserve for actuarial gains (losses) on defined benefits schemes	(465,787)		-		-
Reserve for hedging expected cash flows	(345,238)		-		-
TOTAL	**222,907,870**		**164,541,810**		**-**
Portion non-distributable	**-**		**8,256,000**		**-**
Residual distributable portion	**-**		**156,285,810**		**-**

Legenda:

(*): A: for capital increase; B: to cover losses; C: for distribution to shareholders

(1) In the case these reserves are used to cover losses for the financial year, profits cannot be distributed until the reserves have been added to or reduced in a corresponding measure. The reduction must be resolved by the Extraordinary Shareholders' Meeting without observance of paragraphs 2 and 3 in Article 2445 of the Civil Code. If the reserve is not recognised to equity, it can only be reduced with observation of provisions 2 and 3 under article 2445 of the Civil Code.

NOTE 13 – LOANS AND OTHER FINANCING

(€/000)

	Interest Rate %	Due Date	12/31/2020	12/31/2019
Non-current loans and other financing			**456,670**	**284,944**
Bank loans	1,75%	03/22/2024	203,198	284,944
Bonds	5%	08/04/2024	253,472	-
Current loans and other financing			**86,372**	**79,683**
Bank loans	2,5%	12/31/2025	80,998	79,683
Bonds	5%	12/31/2025	5,374	-
TOTAL			**543,042**	**364,627**

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

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

In order to cover the interest rate risk, the exposure had been hedged with a cash flow hedge 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 14 – OTHER FINANCIAL LIABILITIES

(€/000)

	12/31/2020	12/31/2019
Other non-current financial liabilities	**18,245**	**8,910**
Lease liabilities	5,626	8,853
Earn-out	12,405	-
Hedging derivatives	214	57
Other current financial liabilities	**23,037**	**45,082**
Lease liabilities	5,309	4,961
Earn-out	17,489	39,811
Hedging derivatives	239	310
TOTAL	**41,282**	**53,992**

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 20 for information on changes in lease liabilities during the period.
The **Earn-out** liability recorded under other current financial liabilities relates to the share of the acquisition price of Altamira (€17.5 million) while that recorded under non-current liabilities, €12.4 million, relates to the debt arising from the acquisition of doValue Greece and is linked to the achievement of certain EBITDA targets over a ten-year period and any payments will not be due before 2024.
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 13 "Loans and other financing". The IRS in question are amortising, with a notional initial total value of €311 million and residue of €217.9 million as at December 31, 2020.
The fair value of the derivatives is negative and totals €0.5 million. Since the hedging conditions of the derivatives were met for the underlying loans, they qualified for *hedge accounting*, with recognition of changes in fair value in the cash flow hedge reserve in equity. This value is entirely allocated to the equity reserve as the position always met the conditions for the adoption of hedge accounting.

Net financial indebtedness

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

(€/000)

Note			12/31/2020	12/31/2019
10	A	Cash on hand	4	4
10	B	Cash at banks and short-term deposits	40,523	73,098
-	C	Trading securities	-	-
	D	**Liquidity (A)+(B)**	**40,527**	**73,102**
4	**E**	**Current financial assets**	**77,336**	35,539
13	F	Current bank debt	-	-
13	G	Current portion of non-current debt	(86,372)	(79,683)
14	H	Other current financial debt	(23,037)	(45,082)
	I	**Current financial indebtness (F)+(G)+(H)**	**(109,409)**	**(124,765)**
	J	**Net current financial indebtness (I)+(E)+(D)**	**8,454**	**(16,124)**
13	K	Bank loan, non-current	(203,198)	(284,944)
13	L	Bond Issued	(253,472)	-
14	M	Other non-current financial debt	(18,245)	(8,910)
4	N	Receivables for non-current loans	169,964	126,926
	O	**Non-current financial indebtness (K)+(L)+(M)+(N)**	**(304,951)**	**(166,928)**
	P	**Net financial indebtness (J)+(O)**	**(296,497)**	**(183,052)**

Compared with the Net Financial Position of €255.2 million reported in the Company's Report on Operations, to which reference should also be made for information on subsequent developments, this table includes the items reported under letters H and M, for a total of €41.3 million.
The following table reconciles the two different representations:

(€/000)

		12/31/2020	12/31/2019
A	**Net financial indebtness**	**(296,497)**	**(183,052)**
B	Other current financial debt	23,037	45,082
C	Other non-current loans	18,245	8,910
	Current financial assets	-	-
D	**Items excluded from the Net financial position**	**41,282**	**53,992**
E	Deposits from customers	-	-
F	**Items included in the Net financial position and excluded from the Net financial indebtness**	**-**	**-**
G	**Net financial position (A)+(D)+(F)**	**(255,215)**	**(129,060)**

NOTE 15 – **EMPLOYEE BENEFITS**

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

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

Tasso di sconto	0,50%
Tasso di incremento salariale	2,60%
Tasso di inflazione	0,90%
Mortalità	IPS55
Invalidità	Social Security Rates
Anticipazione del TFR	1,5% annuo in aggiunta ai tassi di turnover utilizzati
Età di pensionamento	In accordo ai requisiti previsti dall'Assicurazione Generale Obbligatoria
Pensionamento anticipato	In accordo ai requisiti previsti dall'Assicurazione Generale Obbligatoria

The following table shows changes in the period for the provision for the TFR payment scheme at December 31, 2020 and at December 31, 2019.

(€/000)

	12/31/2020	12/31/2019
Opening balance	**7,199**	**4,806**
Increases	**1,222**	**4,017**
Provisions for the year	67	120
Others changes	1,155	3,897
Decreases	**(2,404)**	**(1,624)**
Benefits paid	(1,492)	(1,412)
Others changes	(912)	(212)
CLOSING BALANCE	**6,017**	**7,199**

"Other decreases" include changes related to the sale to Dock Joined in Tech (controlled by IBM) of the doSolutions business unit as described in the Report on Operations.

NOTE 16 – **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 12/31/2020	Total 12/31/2019
Opening balance	**8,580**	**332**	**4,239**	**-**	**-**	**12,819**	**5,982**	**18,801**	**17,203**
Initial adjustments	-	-	-	-	-	-	-	**-**	151
Increases	**1,612**	**340**	**3,176**	**-**	**-**	**4,788**	**3,359**	**8,147**	**12,492**
Provisions for the year	1,653	339	3,124	-	-	4,777	2,674	**7,451**	9,840
Changes due to the passage of time and changes in the discount rate	(41)	1	(12)	-	-	(53)	5	**(48)**	(6)
Business combination	-	-	-	-	-	-	680	**680**	-
Other changes	-	-	64	-	-	64	-	**64**	2,658
Decreases	**(2,272)**	**(337)**	**(1,279)**	**-**	**-**	**(3,551)**	**(6,007)**	**(9,558)**	**(11,045)**
Reallocations of the year	(922)	(7)	(1,171)	-	-	(2,093)	(373)	**(2,466)**	(2,336)
Utilisation for payment	(1,350)	(330)	(69)	-	-	(1,419)	(5,634)	**(7,053)**	(8,164)
Other changes	-	-	(39)	-	-	(39)	-	**(39)**	(545)
CLOSING BALANCE	**7,920**	**335**	**6,136**	**-**	**-**	**14,056**	**3,334**	**17,390**	**18,801**

The item **Legal and tax disputes** primarily reports provisions in respect of the risks of litigation brought against the Company concerning its core activities. It decreased by €0.7 million 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 includes provisions for risks for which no litigation has currently been undertaken.
This provision shows a net increase of €1.9 million during the year, mainly as a result of provisions on estimated liabilities for risks arising from indemnification obligations under a specific Settlement Agreement and the release of residual previous provisions for possible risks related to the conduct of business, in the absence of legal proceedings, which are now no longer applicable.

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 €2.6 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 Company operates in a legal and legislative context that exposes it to a vast range of possible litigation connected with the core business of servicing loan recovery under mandate, potential administrative irregularities and labour litigation.
The associated risks are assessed periodically in order to quantify a specific allocation to the "Provision for risks and charges" whenever an outlay is considered probable or possible on the basis of the information that becomes available, as provided for in the specific internal policies.

NOTE 17 – TRADE PAYABLES

(€/000)

	12/31/2020	12/31/2019
Payables to suppliers for invoices to be received	12,703	12,542
Payables to suppliers for invoices to be paid	2,310	3,950
TOTAL	**15,013**	**16,492**

The decrease in trade payables, despite the inclusion in the year of the values of the merged company doSolutions amounting to €8.5 million, shows a progressive improvement in the efficiency of working capital management with a reduction in average payment terms in line with the shortening of collection times of trade receivables, which also show a downward trend.

NOTE 18 – OTHER CURRENT LIABILITIES

The composition of Other current liabilities, which mainly include payables to personnel and related social security contributions, is shown in the following table.
The increase of €3.2 million compared to December 31, 2019 is mainly due to the combined effect of the recognition of payables of €5.4 million for collections related to the aforementioned investment made at year-end 2019 on a portfolio of non-performing loans and the reduction of payables related to employees of €1.7 million.

(€/000)

	12/31/2020	12/31/2019
Amounts to be paid to third parties	(14)	76
Amounts due to personnel	2,673	4,341
o.w. employees	*2,673*	*4,341*
Amounts due to pension and social security institutions	2,667	2,806
Items being processed	7,888	2,502
Other items	1,910	2,056
Accrued expenses / deferred income	54	159
TOTAL	**15,178**	**11,940**

NOTE 19 – 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.
doValue 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 Company applies ex-post correction mechanisms (malus and claw-back clauses) defined in accordance with the provisions of the applicable national collective bargaining agreements, where applicable, or any individual agreements/mandates.
For more details on the mechanisms and terms of attribution of the shares, please refer to the information documentation published on the internet website of doValue www.dovalue.it ("Governance/Remuneration" section).

The amount recognised in profit or loss for the part pertaining to 2020 net of releases (€0.7 million) amounts to €2.6 million, with a corresponding amount reflected in a specific equity reserve, which also includes the portion of own shares held by foreign subsidiaries (€0.5 million) recorded under Equity Investments.

NOTE 20 – **LEASES**

The Company 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 Company may not sublet its leased assets to third parties. Most of the leases include renewal or cancellation options typical of property leases, while none envisage variable payments.
The following table reports the carrying amounts of right-of-use assets and changes in the period:

(€/000)

	Buildings	Furniture	Electronic system	Other tangible assets	Total 12/31/2020	Total 12/31/2019
Opening balance	**13,247**	**-**	**-**	**474**	**13,721**	**11,750**
Initial adjustments	-	-	-	-	-	-
Increases	**1,023**	**-**	**-**	**4,159**	**5,182**	**6,371**
Purchases	1,023	-	-	4,126	5,149	4,014
Other changes	-	-	-	33	33	2,357
Decreases	**(5,118)**	**-**	**-**	**(1,586)**	**(6,704)**	**(4,400)**
Amortisation	(4,719)	-	-	(1,557)	(6,276)	(3,922)
Other changes	(399)	-	-	(29)	(428)	(478)
CLOSING BALANCE	**9,152**	**-**	**-**	**3,047**	**12,199**	**13,721**

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

(€/000)

	12/31/2020	12/31/2019
Opening balance	**13,813**	**11,599**
Increases	**3,167**	**6,473**
New liabilities	2,818	3,946
Financial expenses	316	266
Others changes	33	2,261
Decreases	**(6,045)**	**(4,259)**
Payments	(4,532)	(3,774)
Others changes	(1,513)	(485)
CLOSING BALANCE	**10,935**	**13,813**
o.w.: Non-current lease liabilities	5,626	8,853
o.w.: Current lease liabilities	5,309	4,960

The amounts recognised in profit or loss are provided in the following table:

(€/000)

	12/31/2020	12/31/2019
Amortisation of right-of-use assets	6,276	3,922
Financial expenses from lease liabilities	316	266
TOTAL	**6,592**	**4,188**

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

(€/000)

	12/31/2020
Costs for short-term leases (within 12 months)	(3)
Leasing costs for low-value assets	(249)
Total	**(252)**

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

INFORMATION ON THE **INCOME STATEMENT**

NOTE 21 – REVENUE FROM CONTRACTS WITH CUSTOMERS

(€/000)

	12/31/2020	12/31/2019
Servicing services	36,004	100,885
Servicing for securitisations	89,651	92,574
TOTAL	**125,655**	**193,459**

Overall, the item decreased by 35% compared to the same period in 2019 as a result of lower performance fees on recoveries on management contracts, consequent to a decline in collections recorded in the period, and the absence of transfer compensation, which was present in the comparative period.

Performance obligations

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

NOTE 22 – OTHER REVENUES

(€/000)

	12/31/2020	12/31/2019
Administrative Servicing / Corporate Services Provider	12,584	13,961
Recovery of expenses	1,645	3,312
Due diligence & Advisory	1,241	366
Other revenues	1,741	1,927
TOTAL	**17,211**	**19,566**

The item **Other revenues** shows, compared to the previous period, a decrease of 12% mainly due to lower revenues from administrative services and recovery of expenses partially offset by the increase in revenues from Due Diligence & Advisory activities.
Specifically, the decrease in the item related to recovery of expenses compared to 2019 is mainly due to the absence of expense recoveries from the foreign branch merged into doValue Hellas.

NOTE 23 – COSTS FOR SERVICES RENDERED

(€/000)

	12/31/2020	12/31/2019
Costs for management of agency contracts	(7,940)	(14,182)
Costs for services	(239)	(135)
TOTAL	**(8,179)**	**(14,317)**

This item, which includes the fees payable to the network dedicated to recovery, decreased by 43% compared to the previous period, consistent with the decline in servicing revenues deriving from lower performance fees linked in particular to the effects of the ongoing pandemic and in line with the strategy to reduce the use of outsourcing services.

NOTE 24 – PERSONNEL EXPENSES

(€/000)

	12/31/2020	12/31/2019
Payroll employees	(71,033)	(82,392)
Members of Board of Directors and Board of Auditors	(4,462)	(7,206)
Other personnel	(300)	(197)
TOTAL	**(75,795)**	**(89,795)**

Average number of employees by category

	12/31/2020	12/31/2019
Payroll employees	**1,064**	**1,051**
a) Executives	38	37
b) Managers	435	438
c) Other employees	591	575
Other staff	**12**	**12**
TOTAL	**1,076**	**1,063**

Personnel expenses showed an overall decrease of 16% compared to the previous year. This decline, which was however partially offset by the incremental effect of the merger of doSolutions with effect from January 1, 2020, was due mainly to lower charges attributable to variable remuneration of €6.8 million compared with the comparative period as a result of the negative, albeit temporary, impact of the Coronavirus on the performance achieved by employees compared with the targets set, as well as the mitigating effects of the wage guarantee fund (*cassa integrazione*) to support employers and employees in the Covid emergency for €2.5 million.
In addition, there was a decrease in ordinary remuneration of €0.8 million relating to the personnel of the foreign subsidiary of doValue, which was subsequently demerged into doValue Hellas.

Personnel expenses include charges related to early termination incentives that will be paid to employees (€2.5 million) who have adhered to the plan launched by the company, in line with the objectives of the 2020-2022 Business Plan.

Details of the cost of employee benefits included in this item are provided in Note 14 - Employee benefits.

NOTA 25 – ADMINISTRATIVE EXPENSES

(€/000)

	12/31/2020	12/31/2019
External consultants	(7,591)	(5,292)
Information Technology	(11,556)	(19,188)
Administrative and logistical services	(5,636)	(9,994)
Rentals, building maintenance and security	(853)	(2,768)
Insurance	(1,706)	(1,439)
Indirect taxes and duties	(1,984)	(1,975)
Postal services, office supplies	(562)	(25)
Indirect personnel expenses	(422)	(1,128)
Debt collection	(3,785)	(2,116)
Utilities	(795)	(846)
Advertising and marketing	(110)	(331)
Other expenses	(274)	(249)
TOTAL	**(35,274)**	**(45,351)**

This item decreased by 22% compared to the previous period, 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 26 – OTHER OPERATING CHARGES/INCOME

(€/000)

	12/31/2020	12/31/2019
Reductions in assets	225	(297)
Other expenses	(137)	(302)
TOTAL	**88**	**(599)**

NOTE 27 – AMORTISATION, DEPRECIATION AND IMPAIRMENT

(€/000)

	12/31/2020	12/31/2019
Intangible assets	**(3,527)**	**(250)**
Amortisation	(3,527)	(250)
Property, plant and equipment	**(7,324)**	**(4,440)**
Amortisation	(7,324)	(4,440)
Financial assets measured at amortised cost	**10**	**(51)**
Writedowns	-	(66)
Writebacks	10	15
Inventories	**-**	**(20)**
Impairment	-	(20)
Trade receivables	**(1)**	**(333)**
Writedowns	(1)	(333)
TOTAL	**(10,842)**	**(5,094)**

The increase recorded in 2020 with respect to the same period of the previous year was significantly affected by the amortisation of assets resulting from the merger of doSolutions, as well as those resulting from the capitalisation and consequent amortisation of several expenses incurred with the current IT outsourcer.

NOTE 28 – PROVISIONS FOR RISKS AND CHARGES

(€/000)

	12/31/2020			12/31/2019		
	Provisions	Reallocations	Total	Provisions	Reallocations	Total
Legal and tax disputes	(1,612)	922	**(690)**	(1,971)	228	**(1,743)**
o.w. Employee disputes	(340)	7	**(333)**	*(248)*	-	***(248)***
Out-of-court disputes	(3,112)	1,170	**(1,942)**	(2,239)	1,812	**(428)**
TOTAL	**(4,724)**	**2,092**	**(2,632)**	**(4,210)**	**2,040**	**(2,170)**

The item consists of operational changes in provisions, with the exception of those for employee benefits (classified under personnel expenses), allocated to meet legal and contractual obligations that are presumed will require an outflow of economic resources in subsequent years.
As at December 31, 2020 the item showed a negative balance of €2.6 million, an increase of 21% compared to the same period of the previous year.

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

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

As regards releases (€1.2 million) they mainly arise as a result of the release of previous residual provisions that faced possible risks that no longer exist in the absence of legal action.

NOTE 29 – FINANCIAL (EXPENSE)/INCOME

(€/000)

	12/31/2020	12/31/2019
Financial income	**6,788**	**3,892**
Income from financial assets measured at fair value through P&L	429	568
Income from financial assets measured at amortised cost	6,359	2,824
Other financial income	-	500
Financial expense	**(19,872)**	**(7,698)**
Expense from financial liabilities measured at amortised cost	(17,809)	(6,748)
Expense from hedging derivatives	(323)	(193)
Other financial expenses	(1,740)	(757)
Net change of other financial assets and liabilities measured at fair value through P&L	**(1,558)**	**1,737**
Debt securities	(986)	688
Units in collective investment undertakings	(572)	1,049
TOTAL	**(14,642)**	**(2,069)**

Financial income mainly includes revenues accrued on the loan granted to Altamira (€5.0 million) and on the loan originally granted to the subsidiary doValue Greece Holding for the acquisition of FPS, now doValue Greece, (€1.3 million) as well as revenues from the Romeo and Mercuzio ABS securities, which decreased compared to the previous year due to the gradual repayment of the outstanding value.
Financial expenses are mainly related to the loan taken out at the end of June 2019 for the

acquisition of Altamira (€10.4 million), to which the expenses from hedging derivatives, relating to an Interest Rate Swap (IRS) on the same loan also refer, and to the related loan (initially in the form of a bridge loan and subsequently as a guaranteed senior bond issued in August 2020 to repay the bridge) for the acquisition of FPS, now doValue Greece, (€7.4 million).
Other financial expenses regard interest calculated in accordance with IFRS 16.
The category **Net change of other financial assets and liabilities measured at fair value through profit or loss** includes both the negative effect of securities from the Cairo securitisations, acquired during the year, the fair value of which, in accordance with IFRS 9, resulted in a total negative valuation of €1.4 million, and the negative effect of €0.6 million from the valuation of CIU units. Italian Recovery Fund based on the NAV of the transaction as of December 31, 2020.

NOTE 30 – PROFIT (LOSS) FROM EQUITY INVESTMENTS

The item includes the profit from the sale to Dock Joined in Tech (controlled by IBM) of the doSolutions business unit, as described in the specific paragraph of the Report on Operations.

NOTE 31 – DIVIDENDS AND SIMILAR INCOME

This item, amounting to €12.1 million, includes dividends received from the investee doData for €1.5 million and from the investee Altamira Asset Management for €10.6 million.

NOTE 32 – INCOME TAX EXPENSE

(€/000)

	12/31/2020	12/31/2019
Current tax	(580)	(6,800)
Changes in prior year taxes	411	5,266
Changes in deferred taxes assets	276	(20,489)
TOTAL	**107**	**(22,023)**

Income taxes for the period were positive and quantified on an accrual basis at €0.1 million, a clear decrease compared to the same period of the previous year, also in consideration of the particular ratio between the pre-tax result and the dividends accrued in the period, amounting to €12.1 million and falling under the participation exemption regime with taxability at 5%.

Below is a reconciliation between the tax charge recorded in the financial statements at 12/31/2020 and the theoretical tax charge, determined on the basis of the theoretical tax rates in force in Italy:

(€/000)

	12/31/2020	12/31/2019
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**7,724**	**60,530**
Theoretical tax rate	**24%**	**24%**
Theoretical computed taxes on income	**(1,854)**	**(14,527)**
- Non-taxable income - permanent differences	2,787	1,165
- Non-deductible expenses - permanent differences	(693)	(220)
- IRAP (regional business tax)	(580)	(4,100)
- Prior years and changes in tax rates	-	(4,341)
- Other differences	447	-
Income tax recognised in income statement	**107**	**(22,023)**

For this reconciliation, IRAP tax is not taken into consideration since it has a taxable basis that is different from the result before tax of continuing operations. Theoretical income taxes are therefore calculated by applying only the tax rate in effect ("IRES"), equal to 24.0%, on the result before tax of continuing operations.

NOTE 33 – EARNINGS PER SHARE

(€/000)

	12/31/2020	12/31/2019
Profit (loss) for the period attributable to the Shareholders of the Parent Company [A]	**7,831**	**38,507**
Weighted average number of shares outstanding for the purposes of calculation of profit (loss) per share		
basic [B]	79,049,423	78,673,251
diluted [C]	79,049,423	78,673,251
Earnings (loss) per share (in euro)		
basic [A/B]	0.10	0.49
diluted [A/C]	0.10	0.49

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

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

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

INTRODUCTION

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

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

It is envisaged that the Corporate Control Functions include in their respective activity plans, each for its own mission, checks and/or consultancy activities at a consolidated level aimed at ascertaining the compliance of the conduct of the Subsidiaries with the guidelines provided by doValue in the context of management and coordination as well as the specific regulations applicable to them.

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

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

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

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

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

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

Board of Directors and Supervisory Body

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

Board of Statutory Auditors

The Board of Statutory Auditors monitors the comprehensiveness, appropriateness and functionality of the internal control system and the risk management and control processes, ensuring the adequacy of the 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, doValue's Board of Statutory Auditors also performs the functions of the Supervisory Committee pursuant to Legislative Decree 231/2001.

Internal Control Department

The Internal Control Department ensures the uniform coordination of risk governance - in accordance with the lines of strategic development being pursued by doValue - 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

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

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

Anti-Money Laundering

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

Financial Reporting Officer

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

Compliance & DPO

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

Operational Risk Management

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

Financial risks

CREDIT RISK

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

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

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

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

LIQUIDITY RISK

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

The two main factors that determine the Company'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 Company 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 Company 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 Company to meet its requirements for investment, working capital management and repayment of debt as it falls due.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual, undiscounted payments.

(€/000)

As at December 31, 2020

	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Loans and other financing	**-**	**5,374**	**80,998**	**456,670**	**-**	**543,042**
Bank loans	-	-	80,998	203,198	-	284,196
Bonds	-	5,374	-	253,472	-	258,846
Other financial liabilities	**-**	**-**	**23,037**	**13,654**	**4,592**	**41,283**
Lease liabilities	-	-	5,309	5,626	-	10,935
Earn-out	-	-	17,489	7,813	4,592	29,894
Hedging derivatives	-	-	239	215	-	454
Trade payables	**1,102**	**1,194**	**12,717**	**-**	**-**	**15,013**
Other current liabilities	**4,180**	**3,164**	**7,834**	**-**	**-**	**15,178**
TOTAL	**5,282**	**9,732**	**124,586**	**470,324**	**4,592**	**614,516**

As at December 31, 2019

	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Loans and other financing	**-**	**-**	**79,683**	**284,944**	**-**	**364,627**
Bank loans	-	-	79,683	284,944	-	364,627
Other financial liabilities	**-**	**-**	**45,082**	**8,301**	**609**	**53,992**
Lease liabilities	-	-	4,961	8,244	609	13,814
Earn-out	-	-	39,811	-	-	39,811
Hedging derivatives	-	-	310	57	-	367
Trade payables	**455**	**3,431**	**12,606**	**-**	**-**	**16,492**
Other current liabilities	**4,494**	**4,511**	**2,935**	**-**	**-**	**11,940**
CLOSING BALANCES	**4,949**	**7,942**	**140,306**	**293,245**	**609**	**447,051**

MARKET RISK - INTEREST RATE RISK

Market risk is the risk that the fair value of the future cash flows of a financial instrument will change due to changes in the market price. Market price includes three types of risk: interest rate risk, currency risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and other financing, deposits, debt and equity instruments and derivative financial instruments.

The Company, which uses external financial resources in the form of debt and uses available liquidity in bank deposits, is exposed to interest rate risk, which is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is related to long-term debt with variable interest rates.

In order to neutralise the exposure to the risk of interest rate fluctuations, the Company has entered into Interest Rate Swaps (IRSs), whereby the Company agrees to exchange, at defined intervals, the difference in amount between the fixed rate and the variable rate calculated with reference to an agreed amount of notional principal. These swaps are designated to hedge the underlying indebtedness.

The fair value delta of the derivative instruments at December 31, 2020, amounting to -€66 thousand, was directly recognised under the other components of the statement of comprehensive income. The interest rate subject to hedging is 6M Euribor and the details of the financial instruments being hedged are set out under Note 13 “Loans and Other Financing” while the details of the hedging instruments are set out under Note 14 “Other financial liabilities”.

With reference to the sensitivity of the interest rate, if one were to consider a reasonably possible change of 50 basis points in the cost of borrowing and lending, there would be no effect on the result for the year.

SECURITISATIONS

On September 30, 2016, the sale of doValue's non-performing portfolio was finalised to the securitisation vehicle Romeo SPV S.r.l. ("Romeo") set up 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. ("Mercutio") and at the same time the issuance of ABS securities by both SPVs was completed with a single tranching of securities.

doValue, as originator, subscribed a nominal portion of notes equal to 5% of the total securities issued, to comply with the provisions of the retention rule under Regulation (EU) No. 575/2013 (CRR).

In both transactions, doValue plays the role of Servicer.

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

In December 2020, mezzanine and junior ABS securities from the Relais securitisation of lease receivables disposed of by UniCredit were also subscribed. However, these notes were sold in February 2021, while the doValue Group retained the roles of Master Servicer (carried out by Italfondiario) and Special Servicer (carried out by doValue) in the transaction.

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 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 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, consistently with the approach outlined 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, doValue 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.

Capital management

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

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

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

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

(€/000)

	12/31/2020	12/31/2019
Loans and other financing (Note 13)	543,042	364,627
Other financial liabilities (Note 14)	41,282	53,992
Trade payables (Note 17)	15,013	16,492
Other liabilities (Note 18)	15,178	11,940
Less: cash and cash equivalents (Note 10)	(40,527)	(73,102)
Net debt (A)	**573,988**	**373,949**
Equity	230,636	218,672
Equity and net debt (B)	**804,624**	**592,621**
Gearing ratio (A/B)	**71%**	**63%**

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

The table below reconciles the **Net debt** figure shown in the previous table with the **Net financial indebtedness** presented in Note 14 of the "Information on the balance sheet".

(€/000)

	12/31/2020	12/31/2019
Net financial indebtness (Note 14)	296,497	183,052
Trade payables (Note 17)	15,013	16,492
Other liabilities (Note 18)	15,178	11,940
Current financial assets (Note 4)	77,336	35,539
Other non-current loans (Note 4)	169,964	126,926
Net debt (A)	**573,988**	**373,949**

SEGMENT REPORTING

For Segment Reporting, reference should be made to the representation in the Consolidated Financial Statements of the doValue Group as at December 31, 2020, as the Group uses the Region as a dimension of analysis, for these Corporate Financial Statements, the representation corresponds to that reported in the Consolidated Financial Statements for Italy.

BUSINESS COMBINATIONS RELATING TO COMPANY ENTERPRISES OR BRANCHES

Business combinations completed **in the period**

For this section, please refer to the doValue Group's Consolidated Financial Statements for the year ended December 31, 2020.

RELATED PARTIES
TRANSACTIONS

INTRODUCTION

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

Pursuant to IAS 24, significant related parties for doValue 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.

INFORMATION ON THE COMPENSATION OF KEY MANAGEMENT PERSONNEL

Information on the compensation of key management personnel for the year 2020 is provided below.
The definition of key management personnel, according to IAS 24, includes those who have the power and responsibility, directly or indirectly, for planning, managing and controlling the Company's activities. This category includes the members of the Board of Directors, including the Chief Executive Officer, the Statutory Auditors, as well as the other executives with strategic responsibilities identified in the "Relevant Personnel" area.

(€/000)

	12/31/2020
Short term benefits	3,865
Post-employment benefits	119
Share-based payments	2,562
Total	**6,546**

RELATED PARTIES TRANSACTIONS

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

Group and at market or standard conditions.

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

(€/000)

Financial Transactions	Parent Company	Consolidated subsidiaries	Associates	Joint ventures	Key management personnel	Other related parties	Total
Property, plant and equipment	-	-	-	-	-	1,172	1,172
Non-current financial assets	-	169,964	-	-	-	3,370	173,334
Current financial assets	-	71,438	-	-	-	-	71,438
Trade receivables	-	4,249	-	-	-	3,991	8,240
Other current assets	-	2	-	-	-		2
TOTAL ASSETS	**-**	**245,653**	**-**	**-**	**-**	**8,533**	**254,186**
Trade payables	-	1,766	-	-	-	44	1,810
Other non-current financial liabilities	-	-	-	-	-	109	109
Other current financial liabilities	-	-	-	-	-	1,216	1,216
Other current liabilities	-	4	-	-	-	-	4
TOTAL LIABILITIES	**-**	**1,770**	**-**	**-**	**-**	**1,369**	**3,139**

(€/000)

Costs/Revenues	Parent Company	Consolidated subsidiaries	Associates	Joint Ventures	Key management personnel	Other related parties	Total
Revenue from contracts with customers	-	-	-	-	-	8,372	8,372
Other revenue	-	8,021	-	-	-	1,352	9,373
Administrative expenses	-	(3,277)	-	-	-	(426)	(3,703)
Staff expenses	-	448	-	-	-	-	448
Financial (Expense)/Income	-	6,353	-	-	-	395	6,748
Depreciation, amortisation and impairment	-	-	-	-	-	(1,326)	(1,326)
Provisions for risks and charges	-	-	-	-	-	(2)	(2)
Dividends	-	12,108	-	-	-	-	12,108
TOTAL	**-**	**23,653**	**-**	**-**	**-**	**8,365**	**32,018**

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 Italian Civil Code.

The main relations with **Subsidiaries** relate to:
- doData: costs for land registry services and other services of €2.7 million, as well as net revenues from seconded personnel of €0.5 million were incurred. In addition, dividends of €1.5 million were collected;
- Italfondiario: costs of €0.5 million were accrued for ancillary expenses for due diligence as well as net revenues from seconded personnel of €0.1 million;
- Altamira: project consulting costs of €0.1 million, net seconded personnel costs of €0.2 million and dividends collected of €10.6 million. In addition, there is a loan granted by the Company for a residual €126.6 million at the end of the year which generated financial income of €5 million;
- doValue Greece: this is the loan granted by the Company for a residual amount of €114.8

million at the end of the year and which led to the accrual of financial income of €1.3 million.

With the aforementioned subsidiaries there are relationships for the supply of services for corporate activities and for the control functions carried out by doValue, on the basis of which revenues of €7.4 million and reimbursement of general expenses of €0.6 million were accrued. The trade receivables and payables shown in the above table essentially refer to the aforementioned service relationships.

The main relations with **other related parties** relate to:

- Securitisation SPV: the Company performs activities as an "authorised entity" in the context of credit securitisation transactions and structuring services for securitisation transactions, regulated by Law 130/1999. Some of the vehicles underlying these transactions, in particular those linked to Softbank, fall within the scope of related parties and for 2020 the amount of revenues from contracts with customers in this category amounted to €8.2 million, while other revenues amounted to €0.4 million with corresponding trade receivables of €2.8 million at December 31, 2020; for the Romeo SPV and Mercuzio Securitisation vehicles, for which doValue owns ABS notes, there were also €3.4 million in financial assets and €427 thousand in financial income;
- Torre SGR S.p.A.: the company rents doValue certain properties for one of the main offices in Rome. This contract is accounted for in accordance with IFRS 16, with amortisation/depreciation of €1.3 million and financial expense of €32 thousand). During the year, administrative costs connected with those buildings amounted to €426 thousand. The balancing entries are recorded under property, plant and equipment (€1.2 million), under other financial liabilities (€1.3 million), and under trade payables (€44 thousand);
- FIG LLC: doValue carries out due diligence services for the company and during 2020 accrued revenues of €627 thousand and trade receivables of €696 thousand at the end of the year;
- ReoCo: doValue manages property assets for certain ReoCo (real estate owned companies), with revenue from contracts with customers and other revenue during the year of €332 thousand and trade receivables of €280 thousand.

ANNEXES

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

(€)

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

PUBLIC DISTRIBUTIONS PURSUANT TO LAW 124/2017

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

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

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

(€)

Type of grant	Amount
Employment Fund	77,500
Training contributions to the Banking Fund	167,176
Contribution relief for work-life balance	92,960
Total	**337,636**

PROPOSED ALLOCATION OF NET PROFIT FOR THE YEAR

Proposed allocation of net profit for the year

Dear Shareholders,

the draft financial statements for the year ended on 31 December 2020 were approved by the Board of Directors on 30 March 2021.

Prior to the Shareholders' Meeting you will have access to the opinion expressed by the independent auditing company and the Report of the Board of Statutory Auditors with the opinion on the proposal for the allocation of the profit for the year and distribution of dividend.

The individual financial statements as at 31 December 2020, closed with a Profit (loss) for the period equal to €7,830,689.

The consolidated financial statements, also approved by the Board of Directors at the meeting held on 30 March, closed with a Profit (loss) for the period (negative) of €23,144,267.

With reference to the allocation of net profit, taking account the financial solidity and the liquidity of the Group, even after COVID, and also considering improving business conditions following COVID vaccine deployment, Shareholders are proposed to proceed with the distribution of a dividend in an amount corresponding to 100% of the consolidated "Profit (loss) for the period attributable to the Shareholders of the Parent Company excluding non-recurring items", for €20,806,648, as indicated below:

	12/31/2020
Profit (loss) for the period	(23,144,267)
Profit (loss) for the period attributable to Non-controlling interests	(1,201,653)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	**(21,942,614)**
Non-recurring items included in Profit (loss) for the period	(47,871,651)
Non-recurring items included in Profit (loss) for the period attributable to Non-controlling interest	(5,122,389)
Non-recurring items included in Profit (loss) for the period attributable to the Shareholders of the Parent Company	**(42,749,262)**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY EXCLUDING NON-RECURRING ITEMS	**20,806,648**
Dividend (payout 100%)	***20,806,648***

The dividend per outstanding ordinary share - net of treasury shares corresponding to 0.814% of share capital - would be equal to €0.262.

For the purpose of this distribution, the profit for the year drawn from the separate financial statements will be fully used, as well as a portion of the Reserve for retained earnings to the extent of €12,975,959.

The dividend will be payable as of August 11, 2021 (with ex-dividend date of August 9, 2021 and record date of August 10, 2021).

The dividend distribution will be preceded by a verification on the absence of any impedimental stemming from the compliance with the terms of the Senior Facility Agreement (covenant).

The aforesaid verification will be carried out by the Board of Directors which will disclose the outcome of it by August 4, 2021.

Rome, March 30, 2021 The Board of Directors

CERTIFICATIONS AND REPORTS ON THE FINANCIAL STATEMENTS

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

1. The undersigned

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

2. We also certify that:

2.1. the 2020 Annual Financial Statements:

a) have been prepared in compliance with the applicable international accounting standards recognized in the European Community pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) corresponds to the results of the books and accounting records;

c) is suitable for providing a true and correct representation of the equity, economic and financial situation of the issuer and of all the companies included in the consolidation;

2.2. the management report includes a reliable analysis of the management trend and result, as well as the situation of the issuer and the group of companies included in the consolidation, together with the description of the main risks and uncertainties to which they are exposed.

Rome, March 30, 2021

Andrea Mangoni

Chief Executive Officer

Elena Gottardo

Financial Reporting Officer

Building a better
working world

doValue S.p.A.

Bilancio d'esercizio al 31 dicembre 2020

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

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

Agli Azionisti di doValue S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

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

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

Elementi alla base del giudizio

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

Aspetti chiave della revisione contabile

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

EY S.p.A.
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Abbiamo identificato i seguenti aspetti chiave della revisione contabile:

Aspetto chiave	Risposte di revisione
Stima della quota in maturazione dei ricavi relativi ai contratti di *servicing* e dei connessi obblighi contrattuali La Società opera nella gestione e recupero di crediti, prevalentemente *non performing*, a favore di banche e istituzioni finanziarie ed i relativi ricavi vengono rilevati per competenza, tramite l'utilizzo di procedure informatiche gestionali e di complessi processi di consuntivazione dell'attività svolta, tenendo conto delle differenti specificità contrattuali di ciascun mandato. Tali ricavi, iscritti nel conto economico alla voce Ricavi da contratti con i clienti, sono riconducibili per circa il 71% del totale all'attività di *servicing* per operazioni di cartolarizzazione e per la porzione residua a servizi di gestione e recupero crediti su mandati. I suddetti contratti prevedono altresì articolate clausole di diritti e doveri in capo alla Società nei rapporti con le controparti, che possono generare anche passività potenziali derivanti da eventuali mancati assolvimenti di obblighi contrattuali. A fine esercizio, parte di tali ricavi è determinata dagli amministratori con un complesso procedimento di stima delle competenze maturate nel periodo, considerando le articolate pattuizioni contrattuali, la dinamica dei recuperi effettivamente operati, nonché le eventuali indennità contrattuali da riconoscere in relazione a particolari eventi o specifiche circostanze. Alla data di chiusura dell'esercizio, la quota di ricavi di *servicing* privi di una manifesta accettazione della controparte ammonta al 54% del totale fatture da emettere e al 17% del Totale Ricavi del conto economico. Per tali ragioni, la stima dei ricavi relativi ai contratti di *servicing* e dei connessi obblighi contrattuali è stata da noi ritenuta un aspetto chiave ai fini dell'attività di revisione. L'informativa di bilancio relativa alle commissioni di gestione e recupero di crediti e alle modalità adottate per la loro stima è riportata nelle parti "Politiche contabili",	Le nostre procedure di revisione in risposta all'aspetto chiave hanno incluso, tra l'altro: • la comprensione del processo di determinazione dei ricavi da contratti di *servicing* con i clienti e degli oneri previsti contrattualmente e dei relativi controlli chiave; • l'effettuazione di sondaggi di conformità sul processo di determinazione dei ricavi e conseguente fatturazione; • la verifica dell'appropriatezza della metodologia e della ragionevolezza delle assunzioni valutative utilizzate, nonché lo svolgimento di procedure di conformità sui controlli chiave della relativa stima contabile delle competenze maturate; • lo svolgimento di procedure di validità aventi per oggetto la corretta applicazione della metodologia di stima e delle relative assunzioni nel determinare i ricavi, sia per la componente fissa che variabile; • il confronto delle stime dell'esercizio precedente con i dati successivamente consuntivati e l'analisi degli scostamenti al fine di supportare l'attendibilità del processo di stima. Infine, abbiamo esaminato l'adeguatezza dell'informativa fornita nella nota integrativa.

"Informazioni sullo stato patrimoniale" e "Informazioni sul conto economico" della nota integrativa.

Valutazione delle partecipazioni

Le partecipazioni in società controllate al 31 dicembre 2020 ammontano a Euro 354,4 milioni e rappresentano il 40,7% del totale attivo.

La Società valuta almeno annualmente la presenza di indicatori di impairment per ciascuna partecipazione e, qualora si manifestino, le assoggetta a impairment test.

I processi e le modalità di valutazione e determinazione del valore recuperabile di ciascuna partecipazione sono basate su assunzioni a volte complesse che per loro natura implicano il ricorso al giudizio degli amministratori, in particolare con riferimento alla previsione della loro redditività futura. In tale ambito, ai fini della stima dei flussi finanziari futuri, la direzione aziendale ha utilizzato i dati del Budget 2021 e i dati previsionali relativi ai contratti di *servicing* delle singole società partecipate, recentemente rivisti per riflettere l'attuale contesto di incertezza sull'evoluzione del quadro macroeconomico determinato dal diffondersi della pandemia da Covid-19.

In considerazione del giudizio richiesto e della complessità delle assunzioni utilizzate nella stima del valore recuperabile delle partecipazioni abbiamo ritenuto che tale tematica rappresenti un aspetto chiave della revisione.

Nell'ambito delle politiche contabili riportate nella parte A della nota integrativa individuale sono descritti i criteri di iscrizione e valutazione delle partecipazioni, nonché i rischi e le incertezze legati all'utilizzo delle stime che sottendono al processo valutativo.

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

- l'analisi della procedura e dei controlli chiave posti in essere dalla Società in merito alla identificazione di eventuali perdite di valore e alla valutazione delle partecipazioni;
- l'esame che della valutazione effettuata dalla direzione in merito alle perdite di valore delle partecipazioni eventualmente identificate sulla base della stima dei flussi finanziari futuri previsti dal Budget 2021 e dei dati previsionali relativi ai contratti di *servicing* delle singole società partecipate e analisi dei principali scostamenti;
- la valutazione dell'appropriatezza della metodologia e della ragionevolezza delle assunzioni formulate dagli amministratori in relazione alla determinazione del valore recuperabile, con l'ausilio di nostri esperti in valutazioni d'azienda, nonché la verifica dell'accuratezza matematica dei calcoli e l'analisi di sensitività sulle assunzioni chiave.

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

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli *International Financial Reporting Standards* adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. 28 febbraio 2005, n. 38 e dell'art. 43 del D. Lgs. 18 agosto 2015, n. 136, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti od eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori e della relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati ad un livello appropriato come richiesto dai principi di revisione internazionali (ISA Italia), tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di *governance* anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di *governance*, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio d'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) n. 537/2014

L'assemblea degli azionisti di doValue S.p.A. ci ha conferito in data 17 giugno 2016 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2016 al 31 dicembre 2024.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) n. 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al collegio sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

Building a better working world

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58

Gli amministratori di doValue S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari di doValue S.p.A. al 31 dicembre 2020, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58, con il bilancio d'esercizio di doValue S.p.A. al 31 dicembre 2020 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio di doValue S.p.A. al 31 dicembre 2020 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, c. 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Dichiarazione ai sensi dell'art. 4 del Regolamento Consob di attuazione del D. Lgs. 30 dicembre 2016, n. 254

Gli amministratori di doValue S.p.A. sono responsabili per la predisposizione della dichiarazione non finanziaria ai sensi del D. Lgs. 30 dicembre 2016, n. 254. Abbiamo verificato l'avvenuta approvazione da parte degli amministratori della dichiarazione non finanziaria.

Ai sensi dell'art. 3, comma 10, del D. Lgs. 30 dicembre 2016, n. 254, tale dichiarazione è oggetto di separata attestazione di conformità da parte nostra.

Verona, 7 aprile 2021

EY S.p.A.

Marco Bozzola
(Revisore Legale)

REPORT BY THE BOARD OF STATUTORY AUDITORS
to the Shareholders' Meeting of doValue S.p.A.
in accordance with Article 153 of Italian Legislative Decree 58/1998 and Article 2429, paragraph 2 of the Italian Civil Code

Dear Shareholders,

In this report, drafted in accordance with Art. 153 of Italian Legislative Decree 58/1998 and Article 2429, paragraph 2 of the Italian Civil Code, the Board of Statutory Auditors of doValue S.p.A. (hereinafter also the "Company" or the "Parent Company") illustrates the supervisory activities it has performed in 2020 financial year and their results, in accordance with the requirements of CONSOB Communication no. DEM/1025564 of April 6, 2001 as amended.

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting on April 19, 2018 in accordance with the applicable legal and regulatory provisions and with the Articles of Association, also taking into account the provisions on gender balance, and will remain in office until the present Shareholders' Meeting.

In line with the governance model adopted by the Company, and taking into account the current legal and regulatory provisions, on April 19, 2018 the Board of Directors assigned to the Board of Statutory Auditors the functions of Supervisory Body pursuant to Italian Legislative Decree no. 231/2001.

During the year ended December 31, 2020, the Board of Statutory Auditors carried out its official tasks in compliance with the Italian Civil Code, Italian Legislative Decrees no. 58/1998 ("Consolidated Law on Finance") and no. 39/2010 as amended, and the provisions issued by the Authorities carrying out supervisory and control activities. The Board of Statutory Auditors also complied with the standards of conduct of the Board of Statutory Auditors recommended by the Italian Board of Chartered Accountants as well as the indications contained in the Code of Conduct of the Corporate Governance Committee for listed companies.

During the financial year, the Board of Statutory Auditors:

- held 23 board meetings at which all members in office participated;
- attended, usually collegially, 14 meetings held by the Board of Directors;
- attended, with the presence of the Chairman of the Board of Statutory Auditors and/or other auditors, 12 meetings held by the Risks and Transactions with Related Parties;
- attended, with the presence of the Chairman of the Board of Statutory Auditors and/or other auditors, 9 meetings held by the Remuneration Committee;
- attended, with the presence of the Chairman of the Board of Statutory Auditors and/or other auditors, 5 meetings held by the Appointments Committee;
- attended the annual Shareholders' Meeting of May 26, 2020;
- maintained a constant information channel and held regular meetings with the Audit Firm, for the purpose of promptly exchanging relevant information and data for carrying out their respective duties;

- maintained a constant information channel and held regular meetings with the Company Control Departments;
- participated in the periodic exchange of information with the Boards of Statutory Auditors of the subsidiaries under Italian laws, facilitated by the presence of two auditors of the Parent Company in the Control Bodies of said companies.

During the Board of Directors' meetings, the Board of Statutory Auditors was informed by the Directors on the activity performed by the Company and by the Group, which it heads, as well as on the most significant economic, financial and capital operations performed by the Company and by the Group, also in conformity with Article 150, paragraph 1 of the Consolidated Law on Finance. The Board of Statutory Auditors also acknowledges that the Directors communicated in advance, in accordance with Article 2391 of the Italian Civil Code, where applicable, operations that are believed to be in conflict of interests and were resolved upon in compliance with specific regulations.

Information instrumental to the exercise of its institutional duties was also acquired through meetings with the CEO of the Company and the Heads of Department, as well as by examining information flows originating from the company structures, the Audit Firm and the Boards of Statutory Auditors of the Group companies.

The constant liaison with the Company Control Departments and the other department with control responsibilities, guaranteed an important and continuous flow of information which, supplemented by direct observations and specific supervisory activity, allowed the Board of Statutory Auditors to express adequate assessments on the various issues subject to the supervision and controls under its remit.

All that granted, we provide below the information, inter alia, cited in CONSOB Communication no. DEM/1025664 of April 6, 2001, as amended.

1. Considerations on the most significant economic, financial and capital operations performed by the Company and on their conformity with the Law and the Deed of Incorporation

Based upon the information received, also through participation in meetings of the Board of Directors, the Board of Statutory Auditors has monitored the most significant economic, financial and capital operations resolved upon and implemented by the Bank and by the Group in 2020. At the outcome of the analyses conducted, the Board of Statutory Auditors can reasonably state that the operations resolved upon and implemented are compliant with the Law and the Articles of Association and with the principles of correct administration, they are not manifestly imprudent, risky, in potential conflict of interests, in contrast with the resolutions made by the Shareholders' Meeting or likely to compromise the integrity of the company assets and assisted, where necessary, by structured analysis and assessment processes also with the support of third party experts.

With particular reference to significant events occurring in the period, the Report on Operations highlights the following:

Start of management of new credit portfolios

During the year, the main transactions on the managed portfolio saw the acceptance and / or signature of approximately €13 billion in new mandates. In particular, the Group took on more than €8.6 billion of new contracts, including new clients - banks and investors - in all major markets, including, in Italy, a new contract for the management of a multi-originator UTP portfolio and a new agreement for the management, including real estate, of non-performing assets from leasing contracts. In addition, the Managed Portfolio benefited from €4.4 billion of new flows from existing long-term contracts.

Acquisition of Eurobank Financial Planning Servicing (FPS), now doValue Greece

On June 5, 2020 the doValue S.p.A. Board of Directors announced that it had completed the acquisition of an 80% stake in the capital of Eurobank Financial Planning Services (FPS), now doValue Greece. The remaining 20% is still held by Eurobank.

This acquisition occurred through a vehicle company - doValue Greece Holding - wholly owned by doValue S.p.A.; it was subsequently merged by incorporation into doValue Greece at the end of December 2020, through a reverse merger transaction.

The actual consideration paid by doValue S.p.a. is approximately €211 million, with an earn-out of up to €50 million (€40 million for the 80% acquired from doValue S.p.a.), based on the achievement of some EBITDA targets over a ten-year time frame. Any earn-out payments will not be due before 2024 and will be related to the achievement of a performance higher than the current business plan expectations.

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

Bond Issue

On August 4, 2020, doValue S.p.A. completed the issuance of its first guaranteed senior bond for an aggregate principal amount of €265 million at a fixed rate of 5.00% per annum, with an issue price of 98.913%, reserved for institutional investors (the "Bonds"). The Bonds have been admitted to listing on the Euro multilateral trading facility (MTF) organised and managed by the Luxembourg Stock Exchange.

The proceeds from the issue of the Bonds were used by doValue S.p.a. for the total early repayment of the bridge loan of €265 million (and accrued interest) referred to above. The Bonds are guaranteed by Altamira Asset Management ("Altamira") and doValue Greece Loans and Credits Claim Management Société Anonyme. The Bonds are also secured by accessory guarantees consisting of pledges on equity investments and disposals for the purpose of securing the Company's receivables arising from certain intercompany loans.

Outsourcing of functions to IBM

On July 3, 2020, the Company announced that it had reached an agreement with IBM for the launch of a project concerning technological innovation and the management of ICT and back office processes for its Italian operations, which firstly involved the sale to Dock Joined in tech S.r.l., an IBM subsidiary, of the doSolutions S.p.a. business unit, the IT & Operations company of the doValue group, dedicated to IT and back office services. As part of the same transaction, on November 19, 2020, the deed of merger by incorporation of the subsidiary doSolutions S.p.A. into doValue S.p.A., whose merger project had been approved by the respective Boards of Directors on September 7, 2020, was registered with the competent Company Registers. As a result of the merger, the incorporating company doValue S.p.A. took over all the legal assets and liabilities of doSolutions S.p.A. The accounting and tax effects, on the other hand, started on January 1, 2020.

Execution of a merger by incorporation agreement of doValue Greece Holding into doValue Greece

According to the plans, the execution of a merger by incorporation agreement of the subsidiary doValue Greece Holding Single Member Société Anonyme ("HoldCo") into doValue Greece Loans and Credits Claim Management Société Anonyme ("doValue Greece", formerly Eurobank FPS Loan and Credit Claim Management Company S.A.) took place on December 11, 2020.

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

As a result of the aforementioned merger, with its registration in the Greek register of companies, doValue S.p.A. became the direct shareholder (with an 80% interest) of doValue Greece, which, as acquiring company and universal successor, took over automatically pursuant to law in all legal assets and liabilities pertaining to HoldCo with accounting and tax effects starting from September 1, 2020.

2. Indication of any existence of atypical and/or unusual transactions, including intergroup or with related parties

The Board of Statutory Auditors has not identified or received information from the Audit Firm, the Head of Internal Audit, the Head of the Control Management department, the top management of the Company, the Boards of Statutory Auditors of the subsidiaries under Italian laws, about any atypical and/or unusual transactions, even intergroup or with related parties.

3. Intergroup or related party transactions

Transactions with related parties are governed by the "Policy for the management of transactions with related parties and transactions in conflict of interest of the doValue Group" ("OPC Policy"), prepared pursuant to Consob Regulation no. 17221/2010 and approved by the Board of Directors, in its most updated version, on February 13, 2020.
The significant activity of reviewing the policy, which began in 2019 in view of the changed regulatory reference context and the ongoing reorganization, was completed with the aforementioned February update, during which some steps were taken, in particular, on the deliberative procedure to be applied to all Group Subsidiaries, regardless of their geographical location, providing for specific powers in the case of Major Transactions and Minor Transactions that are not ordinary by nature and/or conditions.
In the Annual Financial Report, the Board of Directors has provided full details of transactions carried out with related parties, explaining their economic, equity and financial effects, as well as the methods of determining the amount of all related fees, and stating that they were carried out in the interests of the Company and on an arm's length or standard basis.

By attending at meetings of the Board of Directors, the Board of Statutory Auditors acknowledges that, in conformity with the Group policy, on a quarterly basis the Chief Executive Officer provided periodic information on the transactions completed with related parties by the Company and by Group companies. In terms of procedural correctness, the Directors with an interest (including a potential or indirect interest) in the transaction have informed the Board of Directors of the existence and nature of that interest.

For its part, the Board of Statutory Auditors has not identified violations of the provisions of Law and the articles of association or transactions implemented by the Directors which are manifestly imprudent or risky, in contrast with the resolutions made by the Shareholders' Meeting or in any case likely to compromise the integrity of the company assets.

Insofar as the Board of Statutory Auditors is aware, those transactions were concluded in the Company's interest and do not require any observations on their congruity, as they fall within the Company's ordinary operations.

4. **Comments and proposals on findings and on recalls on disclosure contained in the Report of the Audit Firm**

The Audit Firm EY S.p.A. (“E&Y”) has issued on today's date the following Reports:

- the auditing report in accordance with Art. 14 of Italian Legislative Decree 39/2010 and Art. 10 of Regulation EU no. 537/2014, certifying that the financial statements of doValue S.p.A. and the Consolidated Financial Statements of the doValue Group are compliant with International Financial Reporting Standards (IFRS), as well as the measures issued in implementation of Art. 9 of Italian Legislative Decree 38/2005 and Art. 43 of Italian Legislative Decree 136/2015, are drafted with clarity, and represent truthfully and correctly the capital and financial situation, economic result and cash flows of the Company and of the Group;
- the additional report, in accordance with Article 11 of Regulation EU no. 537/2014, issued to the Board of Statutory Auditors in the capacity of Internal Control and Accounts Audit Committee, which illustrates the results of the statutory accounts audit carried out and includes the declaration on independence indicated in Article 6, paragraph 2 letter a) of the cited Regulation.

The Audit Firm has also certified that the Report on Operations and the information of the Corporate Governance and Ownership Report indicated in Art. 123-bis, paragraph 4 of the Consolidated Law on Finance, are coherent with the financial statements and the Consolidated Financial Statements of the Group, and are drafted in conformity with the Law.

With reference to the Report on Operations, EY has confirmed, as regards the presence of any significant errors, that is has nothing to declare.

The audit reports, which do not contain any requests for information or findings, indicate the "key issues" that emerged during the course of the audit in accordance with International Auditing Standard (ISA Italia) 701, already reported to the Board during the periodic meetings, and represented by the estimate of the portion of revenues accruing from servicing contracts and related contractual obligations, as well as the impairment test of equity investments and intangible assets.
With regard to the audit report on the Consolidated Financial Statements, EY also mentioned, among the "key aspects", the accounting of the business combination of FPS, now doValue Greece, due to its significance for the consolidated financial statements as a whole as well as the subjectivity of the assumptions in determining the purchase price allocation (“PPA”).

During the meetings and contacts held with the Audit Firm no censurable facts for the Directors emerged.

In accordance with the provisions of Italian Legislative Decree 254/2016 implementing Directive 2014/95/EU, on March 30, 2021, the Company's Board of Directors approved the Consolidated Declaration of Non-Financial Nature relating to the 2020 financial year. The Audit Firm has issued its report today, noting that no evidence has emerged to suggest that the aforementioned Declaration has not been prepared, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of the Decree and the GRI Standards, as regards the GRI standard selection. The Board of Statutory Auditors oversaw the process of preparing the Declaration, in line with existing regulatory provisions.

5. **Indication of any submission of reports pursuant to Art. 2408 of the Italian Civil Code, any initiatives undertaken and the respective outcomes**

In 2020 and until the date of this Report, the Board of Statutory Auditors has not received any reports pursuant to Article 2408 of the Italian Civil Code.

6. **Indication of any submission of petitions, any initiatives undertaken and the respective outcomes**

In 2020 and up to the date of this Report, no complaints have been received to be reported to the Shareholders' Meeting.

7. **Indication of any granting of further assignments to the Audit Firm and to entities linked to the company instructed to perform the audit and respective costs**

The Board of Statutory Auditors notes that, attached to the financial statements and the consolidated financial statements at December 31, 2020 the Directors provided analytical information on the remuneration attributed to the Audit Firm and the entities belonging to the network of the Audit Firm, as reported in the table below:

(€)

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

(*) BDO for € 25,500.00

(**) BDO for € 4,000.00

In light of the changes introduced by Directive 2014/56/EU, implemented in Italy by Legislative Decree 135/2016, which amended Legislative Decree 39/2010, as well as EU Regulation no. 537/2014, containing a number of measures to the statutory audit and some provisions Internal Control Committee and the audit in Public Interest Entities (PIE), the Board of Directors, at the Board's recommendation, at its meeting of January 31, 2020, approved a new Group procedure aimed at governing the management of contractual relationships with the Audit Firm and its network as well as the assignment of audit and non-audit services ("NAS"). In 2020, in compliance with the aforementioned provisions on legal auditing, the Board of Statutory Auditors approved in advance – after having checked the potential risks arising from independence and the safeguard measures adopted - the assignments other than the legal audit entrusted to EY and to the companies belonging to its network.

In accordance with Art. 19 of Italian Legislative Decree 39/2010, in 2020 the Board of Statutory Auditors verified and monitored the independence of the Audit Firm EY. In that regard, the Board of Statutory Auditors notes that no critical aspect emerged and confirms that it has received the declaration of confirmation of its independence from the doValue Group.

8. Indication of the existence of opinions issued in accordance with the Law during the financial year

In 2020, the Board of Statutory Auditors has issued its opinion - where mandatory - in compliance with provisions of Law, the Articles of Association and the Supervisory Regulations.

The opinions expressed and the comments made in compliance with supervisory provisions or requests include:

- comments on the planning of and reporting on the functions in charge in accordance with CONSOB Resolution 17297 dated April 28, 2010;
- comments on the planning of and reporting on the activities of the Financial Reporting Officer.

9. Comments on respect of the principles of correct administration

The Board of Statutory Auditors has overseen respect of the principles of correct administration by attending at meetings of the Board of Directors and the Board's Committees, meetings with the Heads of the Control Departments, the Chief Executive Officer, as well as the other supervisory activities cited above.

From the supervisory activity and the information obtained, the Board of Statutory Auditors can reasonably state that the activity of the aforementioned Committees and Bodies was based upon compliance with the principles of a fair administration, with an awareness of the risks and effects of the carried out transactions. As regards risks in particular, reference should be made to the disclosure provided by the Directors in the Management Report on Operations and in the Notes to the Financial Statements, in the paragraph "Information on risks and the related hedging policies".

As regards the decision-making processes of the Board of Directors, the Board of Statutory Auditors has overseen their compliance with the Law and the Articles of Association and has verified that the management decisions were compliant with applicable regulations, adopted in the Company's interest, adequately supported by information, analysis and verification processes, also obtaining, where necessary, advisory activity of committees and external professionals.

10. Comments on the adequacy of the organisational structure

As is known, in June 2019 doValue concluded a significant corporate reorganisation process that saw the Company take the form of a company governed by Article 115 T.U.L.P.S., resulting in the disappearance of the banking group. In this context, the Company continued the process of internationalisation of the Group, represented by the acquisition, in June 2019, of 85% of the capital of Altamira Asset Management, in November 2019, of 96% of doValue Cyprus Limited, and, finally, the completion, in early June 2020, of the acquisition of 80% of the FPS capital (now "doValue Greece").

In this context, in order to support the Group's international development, in the second half of 2020 a further revision of the organizational structure was carried out, which led to the reorganization of the business activities no longer divided into customer segments, but rather into homogeneous geographical areas, called "Regions", and thus identified as "Italy", "Iberia" and "Greece and Cyprus”. At the same time, some Group departments were set up to coordinate inter-departmental activities in certain areas (e.g. definition and implementation of business development strategies and management of corporate processes), as well as alignment with the Group's strategic objectives, thus achieving a renewed model of management and coordination of the Parent Company with respect to the entire Group perimeter.

In addition, as mentioned in the paragraph on the most significant economic, financial and equity transactions, in July 2020 the sale of the business unit of the subsidiary doSolutions S.p.a. to the external provider Dock Joined in tech S.r.l. was finalised, resulting in the outsourcing to the IBM Group of the ICT and back-office services related to the doValue Group's servicing processes in Italy.

Also in 2020, review activities of the internal control system continued, as discussed below, all aimed at accompanying the organisational development and the international growth of the Group and in particular to strengthen the coordination of control activities in the areas concerned, at Group level, while ensuring the effectiveness of the tools available to the Corporate Bodies in order to fulfil their supervisory tasks of the overall internal controls and risk management system.

Taking the above into account, the Company has mapped the relevant regulations for all the subsidiaries which has allowed for a distinction among the areas that can be characterised by a centralised management and monitoring, and the areas where the Parent Company can play a coordinating role, providing the subsidiaries with general principles, guidelines and instructions that each country will have to customise in order to comply with the regulations in force at local level. In this context, in 2020 the Company started a wide-ranging project activity, to be implemented according to a priority logic and with a deadline set out by 2021, concerning the updating of the body of internal regulations, the definition of the missions of local and Group functions and structures as well as the related decision-making processes and the consequent thresholds of competence, the review of intercompany contracts and information flows in line with the new organisational model.

The Board of Statutory Auditors has acknowledged the positive opinion on the adequacy of the organizational structure of the Company and the Group as expressed by the Risk and Transactions with Related Parties Committee on March 29, 2021, as well as by the Board of Directors on April 7, 2021.

On the basis of the supervisory activities carried out, the Board of Statutory Auditors believes that there are no particularly significant critical issues to be raised with regard to the Company's organizational structure, without prejudice to the need to continue to monitor the continuation and completion of the Group's extensive reorganization project. No particular deficiencies or situations to be reported here have been ascertained in relation to the actual functioning of the Bodies, company functions, systems and procedures. The Board of Statutory Auditors also reports on the continuation of the activities aimed at aligning the body of internal regulations with the new organisational and corporate structure, as well as with the evolution of reference regulations.

The Board of Statutory Auditors has verified the correct application of the criteria and assessment procedures adopted by the Board of Directors to assess the independence of its members. The Board of Statutory Auditors has also verified the existence of the independence requirements in conformity with the provisions laid down by the combined rules of Articles 147-ter paragraph 4 and 148 paragraph 3 of the Consolidated Law on Finance and in accordance with the Corporate Governance Code.

In compliance with the "Rules of Conduct of the Board of Statutory Auditors of listed companies" issued by the Italian Board of Chartered Accountants, in 2020 the Board of Statutory Auditors carried out a self-assessment process by drawing up, completing and discussing a questionnaire concerning the analysis of the subjective profiles of its members (quantitative and qualitative composition) as well as the functioning of the body as a whole (meetings, activities carried out by the Chairman, information flows, control and supervisory role and tasks). At the end of the process, the Board of Statutory Auditors drew up a Self-Assessment Report, which was submitted to the Board of Directors at its meeting of December 17, 2020, as indicated in the Corporate Governance Report, and from which no critical issues emerged either with regard to the individual members or with regard to the composition and functioning of the Board.

With regard to the Self-Assessment Process carried out by the Board of Directors, the Board of Statutory Auditors acknowledges that for the year 2020 this was carried out with the support of the independent advisor Spencer Stuart and the Appointments Committee, through the completion of a specific questionnaire and direct interviews with the Directors on the effectiveness, size, composition and functioning of the Board with the aim of thoroughly analysing the effectiveness of the Board of doValue S.p.a. from an operational point of view and to identify, if necessary, areas for improvement, in order to better perform the role of guidance and control of a complex and constantly evolving reality. As described in detail in the Corporate Governance Report, also in view of the renewal of the administrative body at this Shareholders' Meeting, the areas for improvement identified at the end of the above-mentioned process concern, in particular (i) the need to ensure the presence of an adequate expertise of the Internal Board Committees, in particular of the Risk Committee; (ii) the guarantee that the members of the administrative body as a whole are complementary in terms of professional background and competences; (iii) the structuring of an induction plan for newly appointed directors; (iv) the continuation of the activities related to the succession plan for the Managing Director.
With regard to this last point, the Board acknowledges that it was discussed and approved by the Board of Directors at the meeting of March 30, 2021, upon proposal of the Appointments Committee.

The Board of Statutory Auditors has reviewed the Remuneration Report approved by the Board of Directors at its meeting of March 30, 2021 upon proposal of the Remuneration Committee and has verified its compliance with legal and regulatory requirements, clarity and completeness of information with regard to the remuneration policy adopted by the Company.

11. Comments on the adequacy of the internal control system, particularly on the activity performed by those in charge of the internal control, highlighting any corrective actions undertaken and/or those still to be taken

As indicated in the Corporate Governance and Ownership Report, the Internal Controls System of the doValue Group is based upon control bodies and functions, information flows and methods of involvement between the entities involved and Group governance mechanisms.

The above-mentioned review of the organisational structure, implemented in 2020, also entailed – as mentioned in the previous paragraph - some changes to the Group's control system which, taking into account the international expansion, pursue the objective of strengthening the coordination of control activities at Group level. In accordance with the operating model introduced in Italy in 2019, the main impacts on the Group's internal control system concerned the establishment, effective from January 2021, of the following Group functions:

- Group Control Office, reporting hierarchically to the Parent Company's Board of Directors. It is responsible for coordinating, for the areas of its competence, control activities aimed at ensuring a constant and independent evaluation of the overall system of internal controls and risk management, giving periodic information to the Corporate Bodies, as well as ensuring the adoption of homogeneous methodological approaches and operating models by the Group's Internal Audit and Anti-money Laundering Functions in compliance with the requirements of independence and autonomy established by local regulations;
- Group Internal Audit, reporting hierarchically to the Chief Group Control Officer. It is responsible for defining a shared methodology for carrying out internal audit activities, identifying common tools for performing controls, structuring a common reporting system for the bodies and the management of the various Group components and ensuring its adoption by the various local Internal Audit Functions that functionally report to it;
- Group AML, reporting hierarchically to the Chief Group Control Officer. It is responsible for issuing Group guidelines and policies on the prevention of money laundering risk and for developing a common methodological approach to manage the same, as well as a common reporting for the Bodies and management of the different Group components, supervising its adoption by the various Anti-money Laundering Functions established at the local level that functionally report to it;
- Compliance & Global DPO, reporting hierarchically to the Group General Counsel. It is responsible for developing a uniform compliance framework at Group level with the aim of ensuring compliance with regulations within the relative scope (e.g., Market Abuse, Related Parties, Consob Regulations, Anti-corruption, Privacy) through the definition of common guidelines and policies, regulatory monitoring and the implementation of the necessary interventions to ensure compliance with applicable regulations, as well as the introduction of specific intra-group information flows. The Global DPO defines the Group's data protection organisational model and a common DPO control framework and its main function is to coordinate the data protection activities, receive information flows from the local DPOs and, consequently, report to the doValue Board of Directors. Limited to any processing carried out at corporate level, the Global DPO also carries out control tasks of the data processing activities, as a point of contact with the Authority and the interested parties involved in the processing activities as well as for information and consultancy.

That said, the Internal Control System continues to be structured as follows:

- the primary responsibility for the completeness, adequacy, functionality and reliability is held by the governance bodies and in particular by the Board of Directors, the Chief Executive Officer who is also the Director responsible for overseeing the functionality of the internal control and risk management system, pursuant to the Corporate Governance Code, and by the Board of Statutory Auditors;
- the third level controls are entrusted to the Internal Audit Functions which, as part of the renewed Internal Controls and Risk Management System, have been set up at the Parent Company and the main subsidiaries (i.e. Altamira Asset Management and doValue Greece). They are also responsible for the direct management of internal audit activities, aimed at

periodically assessing the completeness, functionality, adequacy and reliability in terms of efficiency and effectiveness of the Internal Control System in relation to the nature and intensity of the risks of business needs, without prejudice to the powers and responsibilities of the respective Corporate Bodies.

- the second level 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. In the new organisational model, the structure of the Group Functions responsible for overseeing said areas is directly influenced by the structure of the business processes implemented in the different geographical contexts that comprise it, and by the nature and relevance of the risks associated therewith, as well as by the presence of specific regulatory requirements on risk governance.
- the first-level controls seek to ensure the proper performance of operations and are carried out by the company functions responsible for business/operating activities, which, within the scope of their daily operations, are called upon to identify, measure, monitor and mitigate risks deriving from day-to-day company business, in compliance with the risk management process and the applicable internal procedures.

The adoption of an internal control and risk management system is also consistent with the provisions of the Borsa Italiana Corporate Governance Code, which the Parent Company has decided to adopt, aware that one of the crucial elements of the governance of a listed company is precisely its internal control system.

On the basis of the information acquired and the analyses carried out in the 2021 Business Plans, approved by the Board of Directors, the Board of Statutory Auditors acknowledges the completed implementation of an integrated architecture of the internal control system in line with the new connotation of the international Group, which includes all legal entities. In particular, the 2021 Audit Plan and the three-year 2021-2023 Audit Plan reflect the results of a risk assessment activity carried out on the entire Audit Universe of the doValue Group, developed on the basis of a mapping of the processes in its various components and with the involvement, starting from the second half of 2020, of the Internal Audit function of the Parent Company and those set up at the foreign subsidiaries, as well as with the application of a common risk assessment methodology. Similarly, the 2021 Activity Plans in the areas of anti-money laundering and DPO take into account, in an organic manner, all the activities performed by the respective control functions as they apply to the entire group, according to a logic of priority of the identified risks mitigation.

In the period of reference, the Board of Statutory Auditors has overseen the system of internal controls by way of regular meetings with the Control functions and by analysing the information flows originating from the same and it has taken steps to request further investigations or to stimulate interventions, particularly with reference to the issue of absorbing the findings identified by the Control Functions. In this regard, the Board of Statutory Auditors acknowledges that in 2020 the Company continued to strengthen its control systems, despite the difficulties linked to the impacts deriving from the health emergency and the physiological operational discontinuity generated by the outsourcing of ICT and back office services to the IBM group.

As highlighted in the introduction, the Board of Statutory Auditors has also been assigned the functions of Supervisory Board pursuant to Italian Legislative Decree 231/2001. In 2020, the Company continued with the activities included in the "231 Project" launched at the end of 2019, concerning the updating of the Organizational Models in light of the new regulatory context and the changed organizational structure of the Group, as well as the analysis of the risk of transferring the 231 liability from foreign subsidiaries to the Parent Company. In December 2020, 231 Project was completed with the approval, by the respective administrative bodies, of the Organisational Models pursuant to Legislative Decree 231/01 of the Group's Italian companies and with the approval, by the Parent Company's Board of Directors, of the update of the Code of Ethics - valid for the entire Group, subsequently implemented, in the early months of 2021, by the administrative bodies of the foreign companies. Finally, with regard to the analysis of the risks of rising responsibilities towards the Parent Company for offences committed by foreign subsidiaries, at the end of the in-depth study carried out, in December 2020 a list of areas needing a strengthening of the controls was defined and presented to the Board of Directors of doValue S.p.A. on the implementation of which the Supervisory Board will carry out monitoring activities in 2021.

The Board of Statutory Auditors also acknowledged the continuation, in 2020, of the process of adapting and strengthening the management framework at Group level in the area of data protection, with the launch of two main projects: (i) implementation of a GDPR tool for the centralised, organic and historicised management of the main obligations required by the GDPR; (ii) updating of the Data Management Organisational Model at Group level, which led to the approval of the new Group Data Protection Policy in December 2020 and the introduction of a framework of group controls shared by all legal entities, effective from 2021, which will allow for uniform reporting. In this respect, the Board of Statutory Auditors hopes that the projects will be completed on schedule.

The Board of Statutory Auditors has reviewed the Report for the year 2020 of the Head of the Internal Audit Function which, based upon the assessment of the results of the auditing assignments and also taking account of the evolving context which has further affected the Group in 2020, assessed overall the internal controls system as adequate, albeit in the presence of areas for improvement.

On the whole, from the analyses carried out and the information acquired as part of the supervisory activity, the Board of Statutory Auditors acknowledges that in the definition and application of the internal control and risk management system, also taking into account the current development context, no elements have emerged for not deeming this system to be overall adequate, effective and efficiently operational.

12. Comments on the adequacy of the administration-accounting system and its reliability to represent the management facts correctly

The Board of Statutory Auditors has overseen the adequacy of the administrative-accounting system and its reliability to provide a correct representation of the management facts, as well as for the duties attributed to the same on the process of financial reporting, by way of: (i) periodic meetings with the Chief Executive Officer, the CFO, the Manager in charge of preparing the corporate accounting documents, Management of the Administration, Finance & Control structure; (ii) acquiring information from management; (iii) periodic meetings for the purposes of information exchange with the Audit Firm; (iv) analysing the results of the activities performed by the Audit Firm.

In accordance with the IFRS 3 "Business Combinations" accounting standard, in the financial statements the Company has provided detailed information on the business combinations carried out in 2020. With particular regard to the acquisition of FPS, the Company has carried out a

provisional purchase price allocation ("PPA") valuation exercise, which will be completed within one year of the execution of the business combination transaction, i.e. on June 5, 2021.
With regard to the intangible assets reported in the financial statements, mainly attributable to intangible fixed assets and goodwill deriving from the acquisitions of Altamira and FPS, the Group has carried out impairment tests taking into account the forward-looking information in accordance with the most recent scenario assumptions based on the current healthcare emergency context, and the calculations made did not show any impairment losses.
The Board of Statutory Auditors has monitored the PPA process and the impairment tests, as well as the related methodological framework, through periodic meetings with the company's management and with the Independent Auditors, which did not identified any anomalies or critical issues. The Board also acknowledges that in 2020 the Company has formalized the procedure concerning the impairment test, in compliance with IAS 36.

The main companies of the Group are subject to audit for the purposes of the consolidated financial statements (of a different scope depending on the individual specificity of each company) by the Auditing Firms belonging to the EY network, with the exception of Italfondiario S.p.A., which in 2019 appointed BDO Italia S.p.A. to audit the financial statements for each of the nine years ending from December 31, 2019 to December 31, 2027, as the previous legal audit appointment of EY S.p.A. had expired.

The Board of Statutory Auditors acknowledges that, in the Report on Operations and in the Notes to the Financial Statements, the Company has described in detail the measures adopted to contain the spread of the Covid-19 epidemic in the workplace and has provided an analysis of the impact of the event on the Group's economic and financial results, as well as on strategic planning, estimates and assumptions underlying the financial trajectories, financial position and cash flows.

With reference to the obligations set out in Italian Law 262/2005, the Board of Statutory Auditors reports on the strengthening and extension of the scope of coverage of the internal control system within the scope of financial reporting. In particular, in consideration of the Group's international expansion, in 2020 the Parent Company's Board of Directors has approved the updating of the reference regulatory corpus, with particular regard to the Manual on Group Accounting Rules and Principles as well as the Rules applied to the Financial Reporting Officer Function, and the related Methodology. Based on the defined framework, the doValue Group has provided that the Financial Reporting Officer shall be supported by a team of resources dedicated to carrying out the activities involved, in order to cover all the entities of the Group, and composed as follows:

- Head of the Activities at the Subsidiary on behalf of the Financial Reporting Officer, if appointed, normally identified in the Chief Financial Officer (CFO) of the represented entity, who performs at local level, for the represented entity and any other specifically selected direct and indirect subsidiaries, the coordination and attestation activities expected of the Financial Reporting Officer;
- Management 262 (Italy), which carries out the controls required for 262 activities in Italy and for consolidation;
- Management 262 (local), if appointed, who carries out the controls required for 262 activities, based on their expertise.

The Board of Statutory Auditors has acknowledged the certifications issued by the Chief Executive Officer and the Financial Reporting Officer as regards the financial statements and the consolidated financial statements at December 31, 2020 in compliance with Art. 81-ter of the Issuers' Regulation, approved by CONSOB with Resolution 11971/1999 as amended. The Board of Statutory Auditors also reviewed the annual report of the Financial Reporting Officer on the certification campaign

pursuant to Law 262/05 of the consolidated and individual financial statements as of December 31, 2020, approved by the Board of Directors on March 30, 2021, from which no critical issues have emerged such as to make the accounting and financial information unreliable.
At the end of the 262 control campaign, a plan of corrective actions was defined. Its execution will be monitored by the Board of Statutory Auditors, together with an assessment of the strengthening of the control framework applied to the foreign subsidiaries, with particular regard to doValue Greece which has been included in the scope of the companies for the Financial Reporting Officer starting from the FY20 session, in relation to which areas of improvement have emerged that highlighted the opportunity to launch a reorganization project aimed at defining new control systems to integrate the existing ones, in order to adequately monitor the risks on financial reporting.

13. Comments on the adequacy of the provisions imparted to the Subsidiary Companies in accordance with Art. 114 of the Consolidated Law on Finance

The Board of Statutory Auditors has monitored the adequacy of the instructions given by the Company to its subsidiaries pursuant to Art. 114, paragraph 2 of the Consolidated Law on Finance, ensuring, on the basis of the information provided by the Company, that they were able to provide the information required to comply with the disclosure obligations laid down by law, without exception.

To this end, the Board acknowledges that the Company's Board of Directors has approved on February 11, 2019 the updated version of the Policy of the Group for internal management and external communication of inside information and for the Registries record-keeping which was further updated in August 2019 to reflect the debanking carried out as well as the international development of the Group. In particular, also with reference to the disclosure obligations pursuant to Art. 114, paragraph 2 of the Consolidated Law on Finance, the updated text of the Policy has clarified the further purpose of the Policy which is to define the provisions necessary for the Italian and foreign subsidiaries in order to promptly provide all the information required to comply with the disclosure obligations laid down by the law.

14. Comments on significant aspects emerging during meetings held with the auditors in accordance with Art. 150, paragraph 3 of the Consolidated Law on Finance

In conformity with the provisions of Art. 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors, in the capacity of Internal Control and Accounts Audit Committee, has overseen the process of financial reporting, the effectiveness of the internal control system of quality, internal auditing and risk management, the annual and consolidated statutory accounts audit and the independence of the Audit Firm.

As already stated in this Report, the Board has met the Audit Firm periodically, activating a profitable exchange of information in conformity with the provisions of Art. 150 of the Consolidated Law on Finance. During the meeting in December 2020, the Board of Statutory Auditors has discussed with EY the auditing plan for the 2020 financial statements and consolidated financial statements, the methodological system, the auditing approach used for the different significant areas and the application of the accounting standards. The Board informed the Audit Firm of its activity and reported on the significant facts of which it was aware.

Overall, from the information exchange with the Audit Firm, no anomalies, criticalities or omissions emerged.

15. Company's adhesion to the Corporate Governance Code of the Corporate Governance Committee

Following the listing, in July 2017, the Company joined the Corporate Governance Code for listed companies of the Corporate Governance Committee, and the Board of Statutory Auditors oversaw the methods of actual application of the respective corporate governance rules.

The Board of Statutory Auditors acknowledged the information provided in the annual corporate governance and ownership report, drafted according to the instructions of the Organised Market Regulation managed by Borsa Italiana and the Consolidated Law on Finance, and approved by the Board of Directors on March 30, 2021. The afore-mentioned Report gives an account of the recommendations of the Code which the Board of Directors has decided not to implement, providing its reasons and describing any alternative behaviour adopted.

With regard to the review of the Corporate Governance Code and its new version that will be applicable as of 2021, the afore-mentioned Report indicates that the Board of Directors, at its meeting of February 25, 2021, has evaluated the recommendations received from the Corporate Governance Committee in its communication of December 22, 2020, and has concluded that doValue is already in "compliance" with most of the Committee's recommendations and, on the other hand, with regard to the recommendations on the issue of sustainability, has already initiated the most appropriate actions to achieve a substantial alignment process.

16. Conclusive assessment in relation to the supervisory activity performed as well as on any omission, censurable facts or irregularities identified

Dear Shareholders,

In reference to the contents of this Report, following the activity performed and the information obtained, no censurable facts, irregularities or omissions have emerged that must be mentioned in this Report. Based upon the information acquired through its supervisory activity, the Board of Statutory Auditors has not become aware of transactions implemented that were not based upon respect of the principles of correct administration or resolved or implemented not in conformity with the Law or the Articles of Association, in contrast with the resolutions made by the Shareholders' Meeting, manifestly imprudent or risky, or likely to compromise the integrity of the company assets.

Through its supervisory activity, the Board of Statutory Auditors has ascertained respect of the rules of Law on the preparation and structure of the financial statements and consolidated financial statements of the Group and the respective Directors' Reports, including the consolidated declaration of non-financial nature. Both the financial statements and the consolidated financial statements were prepared in the perspective of business continuity and without making recourse to derogations in applying the accounting standards and assessment criteria.

The Audit Firm, in its reports issued pursuant to Art. 14 of Italian Legislative Decree no. 39 of January 27, 2010, has expressed a positive opinion on the separate financial statements and consolidated financial statement of the Group, without findings, objections and/or references to disclosure, both on the financial statements and on the consolidated financial statement and, insofar as it is responsible, has expressed, in relation to the Report on Operations, a positive opinion on the coherence of the same with the financial statements and the conformity to the rules of Law.

The certifications issued by the Financial Reporting Officer and the CEO, as required by Art. 154-bis of the Consolidated Law on Finance, are attached to the separate and consolidated financial statements, without any remarks or identified problems and/or anomalies.

Taking into account all of the above, based on the activities carried out during the year, the Board of Statutory Auditors does not deem that the prerequisites exist that make it necessary to exercise the right to make proposals to the Shareholders' Meeting pursuant to Art. 153, paragraph 2, of Italian Legislative Decree no. 58/1998 regarding the approval of the Financial Statements at December 31, 2020 and the matters within its area of competence, not finding any reasons to prevent the approval of the Financial Statements at December 31, 2020, including the proposal for the distribution of dividends formulated by the Board of Directors.

Rome, April 7, 2021

On behalf of the Board of Statutory Auditors

The Chairman

Ms Chiara Molon

Chiara Molon

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