LVenture GROUP

Annual Fiancial Report /2020

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

Contents

Letter from the Chairman

Dear Shareholders,

The global emergency due to the spread of COVID-19, which still persists, has severely affected our habits, and we have all been forced to quickly re-plan our lifestyles to adapt them to the new context.

Although the pandemic impacted our activities too, the Company as a whole has been able to react positively at all levels. In this regard, I would like to thank all the Board members, and the manager in charge, who, out of solidarity, gave up three months' pay, and also showed their willingness to “give back” to our community, with a donation of PPE to the Bambino Gesù Pediatric Hospital. as well as to the LVenture team, which contributed to all cost containment actions, without losing enthusiasm.

The multiple actions taken would have led to a profit for 2020, had it not been for a different accounting of the financial instrument investments, as illustrated in the notes to the Financial Statements.

In a complex context, the Company has shown great vitality, achieving major results, starting from the operation to exit from the startup LybraTech, carried out in the midst of the pandemic, receiving a total of around one million Euros, a return 4.25 times our initial investment.

The new reserved increase in capital subscribed by LUISS, which strengthens our partnership with the University, together with new financing transactions, 90% guaranteed by the State, allowed business to carry on with a positive cash flow statement. The strategic agreements with CDP Venture Capital Sgr and Lazio Innova strengthened the financial pipeline to support the growth of the startups in the Acceleration phase and in the subsequent phases: also by virtue of these important partnerships, the portfolio startups collected €24.1 million (€2.5 million invested by CDP Venture Capital), with significant growth in terms of development and turnover. Results, determination, adaptability and speed in changing the business model: this is the attitude that we transmit every day and what unites the Founders of our startups. For this reason, we continue to invest in them and support their growth.

The Framework Agreement signed with Chinastone Group, one of the principal industrial services companies in China, strengthens the company’s internationalisation prospects and will accelerate the development of our startups on the Chinese market, and lead to replicating our Acceleration-Investments model in China as soon as the health conditions permit.

The expansion of our HUB at Termini Station, with the fourth floor, has allowed us to host more and more startups and important corporates such as Merck, strengthening our ecosystem, also thanks to the partnership with innovative international coding school 42 Roma Luiss, which will launch the developers of tomorrow, essential for the activities of our portfolio companies.

As recently stated by the Rector of the Politecnico di Milano, our country must multiply physical places in which to combine financial skills, talents and new professionals to compete at international level and I can proudly say that LVenture has long since paved the way.

The digital transition "forced" by the pandemic has seen startups play a leading role in everyday life and the corporate world is paying great attention to the acquisition of the products and services of startups as well as to the startups themselves. The optimal positioning of LVenture Group on this market trend opens up very interesting prospects in the “new normal” digital scenario.

History shows that it is precisely in situations of greatest difficulty that the values of a company emerge and we, I say it with pride, have at our disposal enormous potential that combines technology with creativity and human capital: together we can face and overcome the great challenges ahead of us.

Stefano Pighini
Chairman

Company Information

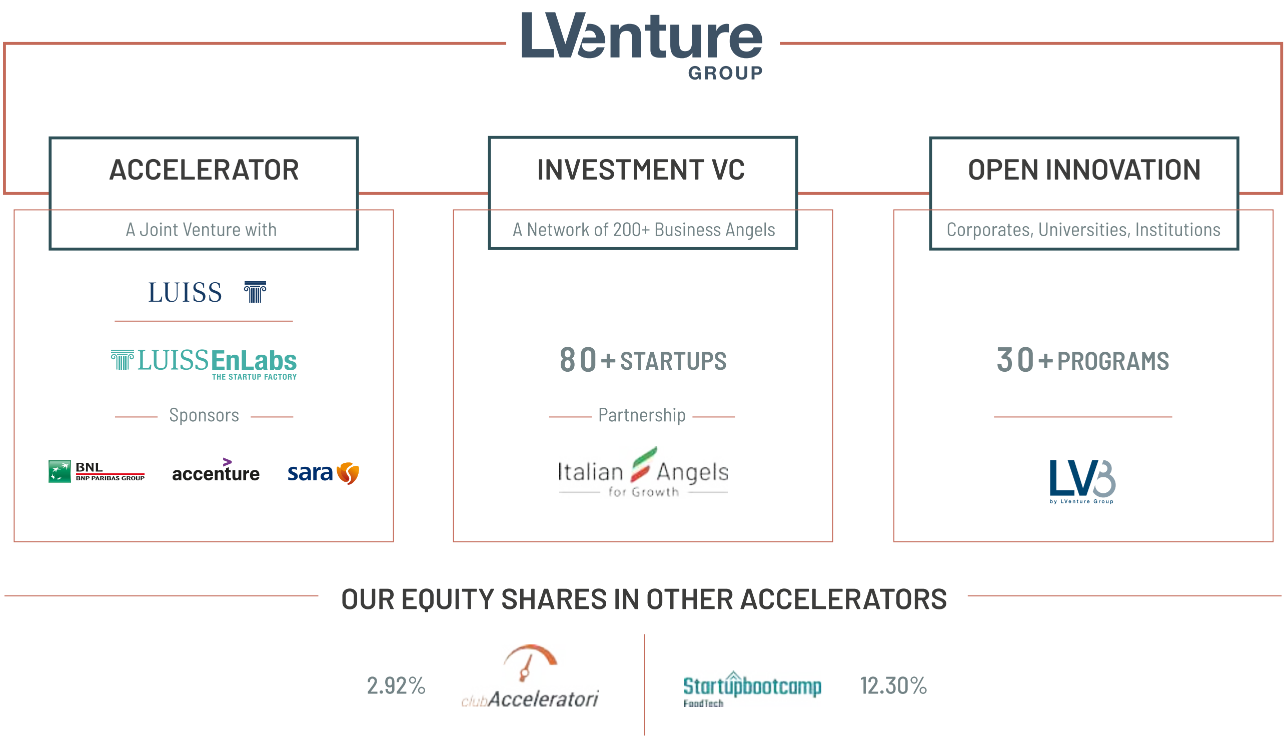
Registered Office

LVenture Group S.p.A.
Via Marsala 29h
00185 ROMA
Tel. +39 06 4547 3124

Legal Information

Subscribed and paid-up share capital €14,507,401
Tax Code and Rome Business Reg. no.: 81020000022
VAT no.: 01932500026
Rome Chamber of Commerce Economic and Administrative Index no. 1356785
Enrolled in the special section of the Rome Chamber of Commerce reserved for the CERTIFIED INCUBATORS AND ACCELERATORS
LEI Code 8156001F4745B0CB0760
Certified email: lventuregroup.pec@legalmail.it

Corporate Structure as at 31.12.2020



Corporate Offices

Board of directors in office until approval of the 2020 financial statements

ROLE	NAME AND SURNAME
Chairman	Stefano Pighini
Deputy Chairman and Chief Executive Officer	Luigi Capello
Director	Roberto Magnifico
Director	Valerio Caracciolo
Independent Director	Claudia Cattani
Independent Director	Maria Augusta Fioruzzi
Independent Director	Marco Giovannini
Independent Director	Maria Mariniello
Independent Director	Pierluigi Pace

Board of statutory auditors in office until approval of the 2021 financial statements

ROLE	NAME AND SURNAME
Chairman	Fabrizio Palma
Standing Auditor	Giovanni Crostarosa Guicciardi
Standing Auditor	Giorgia Carrarese

INTERNAL CONTROL SYSTEM DIRECTOR

Luigi Capello

CONTROL AND RISK AND RELATED PARTY TRANSACTIONS COMMITTEE

Claudia Cattani (Presidente)

Maria Mariniello

Maria Augusta Fioruzzi

REMUNERATION COMMITTEE

Claudia Cattani (Presidente)

Marco Giovannini

Maria Mariniello

SURVEILLANCE BODY

Bruno Piperno (Presidente)

Cristiano Cavallari

Giorgia Carrarese

INDEPENDENT AUDITORS ENGAGED UNTIL APPROVAL OF THE 2021 FINANCIAL STATEMENTS

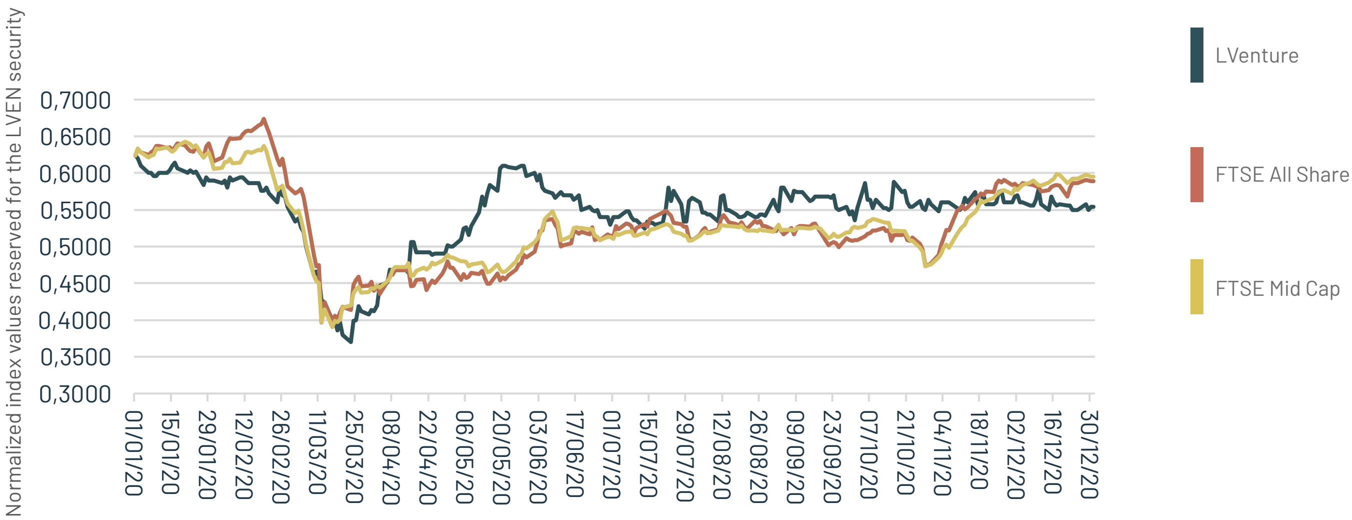
Baker Tilly Revisa Spa

CORPORATE OFFICER IN CHARGE OF PREPARING THE ACCOUNTING DOCUMENTS

Francesca Bartoli

LVenture Group on the Stock Exchange

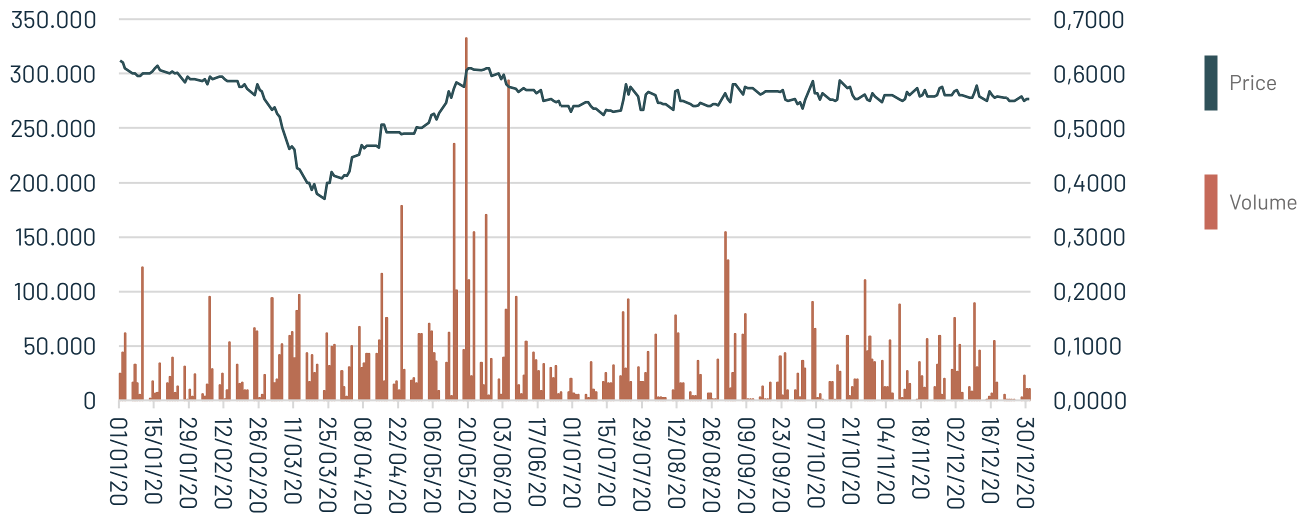
Performance of the stock compared to the indexes: FTSE Italia All Share and FTSE Italia Small CAP



Source: Banca Finnat

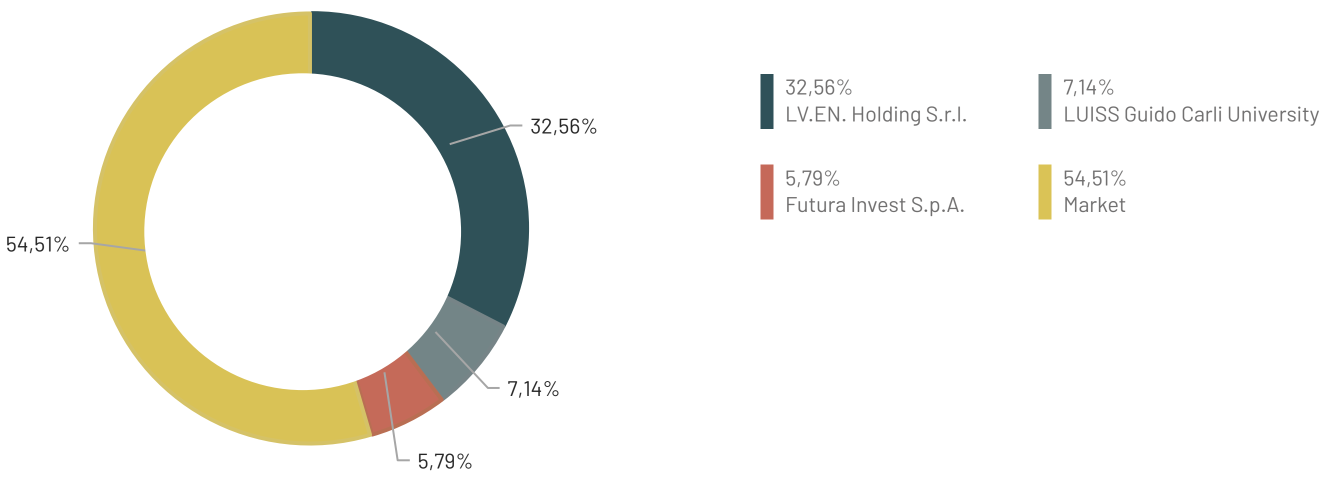
MAIN STOCK EXCHANGE INDICATORS (EURO)	
Official price as at 1-Jan-2020	0.6240
Official price at 30-Dec-2020	0.5540
Minimum price during the year	0.3700
Maximum price during the year	0.6240
Stock market capitalisation 1-Jan-2020	27,843,810
Stock market capitalisation 31-Dec-2020	25,495,906
No. of shares in circulation at 1-Jan-2020	44,621,491
No. of shares in circulation as at 31-Dec-2020	46,021,491

Performance of the LVEN share in 2020



Source: Banca Finnat

Breakdown of the Share Capital of LVenture Group at 31.12.2020



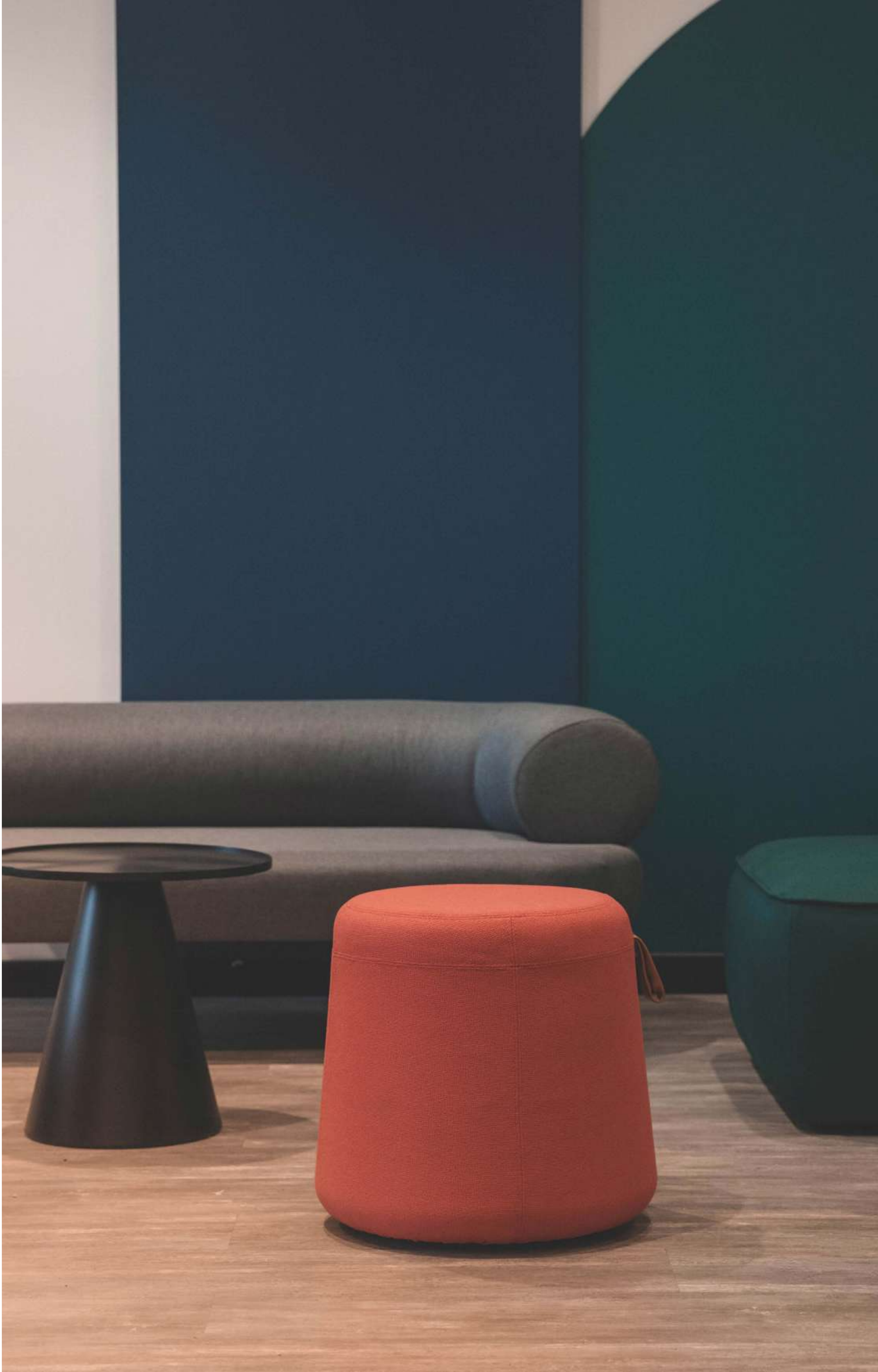
Risults of LVenture Group

€99M	€19M	€80M	100+	80+	8
INVESTED IN STARTUPS	INVESTED IN STARTUPS	BY OTHER INVESTORS	ACCELERATED STARTUPS	STARTUPS IN OUR PORTFOLIO	EXITS

€42M(E)	1500+	2	80%
REVENUES from our portfolio	JOB POSITIONS created by our startups	ACCELERATION PROGRAMS every year	SUCCESS RATE

200+	50+	15+	9K	300+
INVESTORS	CORPORATES	UNIVERSITIES AND INSTITUTIONS in our network	SQUARE METRES DEDICATED TO INNOVATION	EVENTS PER YEAR, GATHERING 20K GUESTS

€24,6M	€27,2M	-€0,3	+€2,2
PORTFOLIO valued by IFRS	PORTFOLIO valued by IAP	EBITDA at December 31, 2020	EBITDA after IAP evaluation



One Company

One Company: a single enterprise that gives more value

Our value is to amplify the value of others.
Of those we choose every day, to redefine together the new digital entrepreneurship.

We are a holding company listed on the Italian Stock Exchange, **the first and only Venture Capital One Company.**

Ours is a full-stackinvestment philosophy, which follows startups from the beginning to the exit: on the one hand with vertical integration along their entire life cycle, and on the other with the horizontal offer of services to support their business.
We cultivate ideas from the very beginning, through individual and team entrepreneurial training courses, aimed at creating real startups.
We then select the most convincing ones for our Acceleration Programmes, supporting them with pre-seed funding.
At the end of the Programme, the best of these new companies receive further investments and above all constant and global support from all the departments of LVenture Group.
We put together transversal and complementary skills, gained by managing one of the largest portfolios of investments in early stage startups in Italy, with the ultimate aim of amplifying their value.

Our commitment does not end with a batch, a round or an agreement, but remains strong in all stages of the journey together. We are on the side of entrepreneurs, because we are first and foremost entrepreneurs ourselves, and we invest directly in the companies we believe in, paving the way for all other investors.

We focus on talent

We value teams and increase their potential through our LUISS EnLabs Accelerator, which makes the difference between vision and market reality.
Each selected startup knows that with us it will find the means to come to fruition, because our Accelerator is VC backed, and is able to offer a unique deal, made up of cash, services and human capital.
In five months we track every aspect, supporting the startup in its work with intense planning, measuring the results of the strategies with clear metrics, to scale in an organic and exponential way.
We consolidate each startup with a complete path, in a cycle of workshops that explore every facet of its business.
We immerse it in a thriving ecosystem, where its people can meet other founders, advisors and investors on a daily basis.

We empower change

Because we believe that accelerating is a crucial part of the journey. But we are aiming further.
After the Programme, becoming part of our portfolio means becoming a more focused and ambitious company, capable of establishing itself globally.
We constantly monitor each startup and support it in money management, with a series of tailored investments.
We support it with a proactive and hands-on approach, placing it at the centre of a network that increases its value, encouraging it to structure its team with new talents.
We transform startups into companies capable of dealing with corporations and investors, including international ones, and to chart their own path towards their ultimate goal: transforming the market.
We follow them in all subsequent rounds, up to the exit.

We amplify the fusion

We believe that even the most consolidated major company need a startup mentality. This is why we get them to work together, with vertical platforms where they can truly enrich one another.
Because not only do the major companies in our network have an irreplaceable value for startups, but each one that joins a full-stack business like ours - which oversees every stage of the innovation chain - knows it is getting a win-win deal.
To facilitate an excellent fusion, we provide them with our most valuable assets: our portfolio of young companies with their technologies, the know-how of Venture Capital, and a unique methodology resulting from our experience in selecting and accelerating startups.
To promote Intrapreneurship, we favour an entrepreneurial approach and mindset in the teams and internal projects of the Corporate companies, so that they are able to make the innovative momentum of the startups their own, for the benefit of the entire ecosystem.

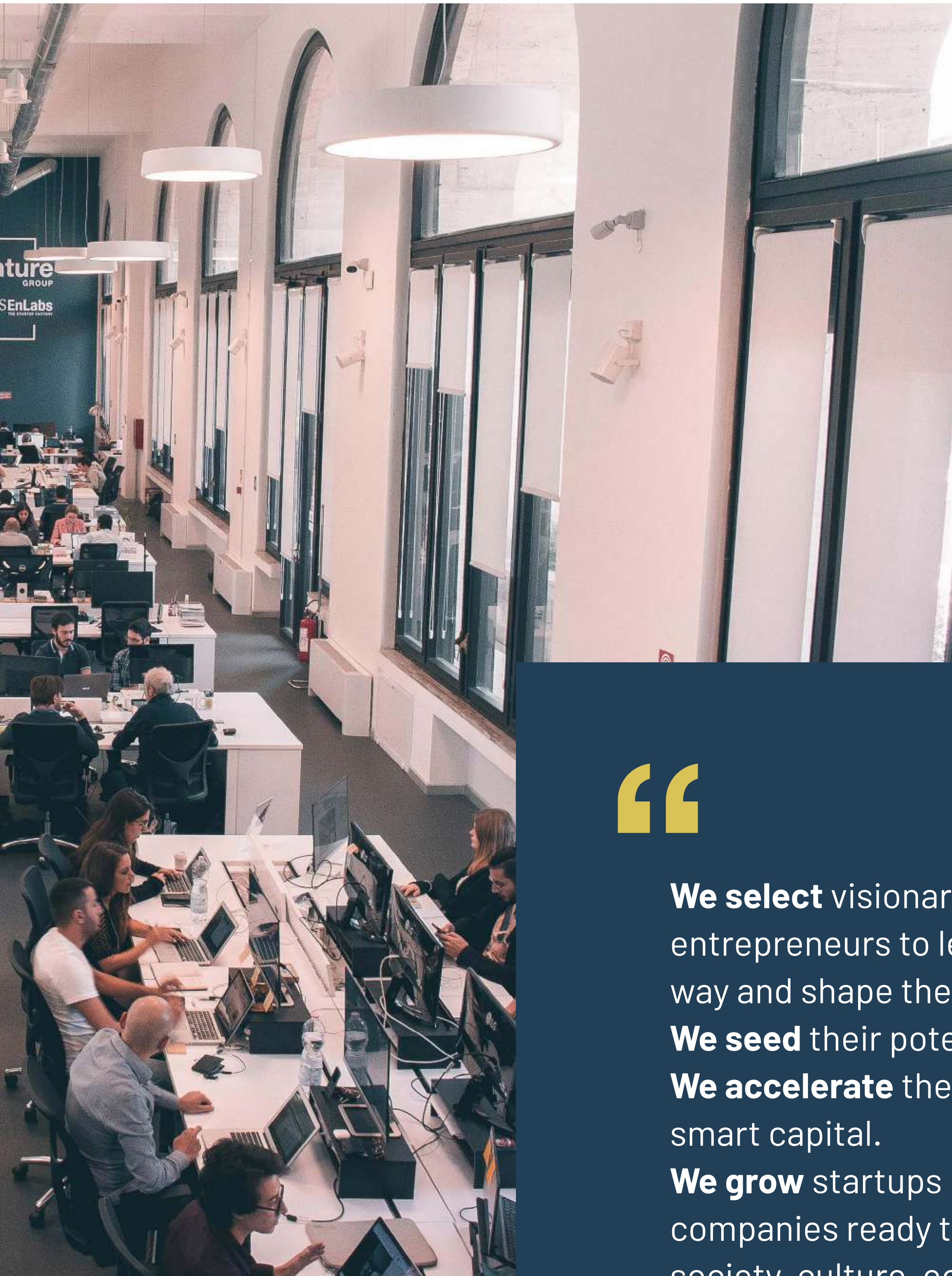
We kick-start evolution

Because we are convinced that digital transformation is inevitable and desirable for every business, but that it should not be the same for everyone.
We accompany enterprises - large or small - in the digitalisation process that bring them into the world, which breaks down all physical boundaries and allows them to reach new markets, new horizons of possibilities, with the right tools to scale to international level.

We give space to relationships

We have created a functional and welcoming hub, enhancing the enormous architectural potential of Termini Station, with two floors dedicated entirely to innovation.
We host more than 300 events every year, with over 2,000 visitors from all over the world.
We know that in recent years the work is taking new forms, more fluid and versatile, which no longer correspond only to an office or a workstation, but are increasingly enriched by experiences and exchanges.
Those who come here will find an ecosystem and a shared mentality, not just a physical place.
We are convinced that people need a safe, beautiful and bright environment to work better, just as paradigms need the right time and space to evolve. We are certainly not the only ones who think so: for years we have hosted the offices of academic and entrepreneurial realities that are already international examples, such as Facebook's Binario F or LUISS 42.

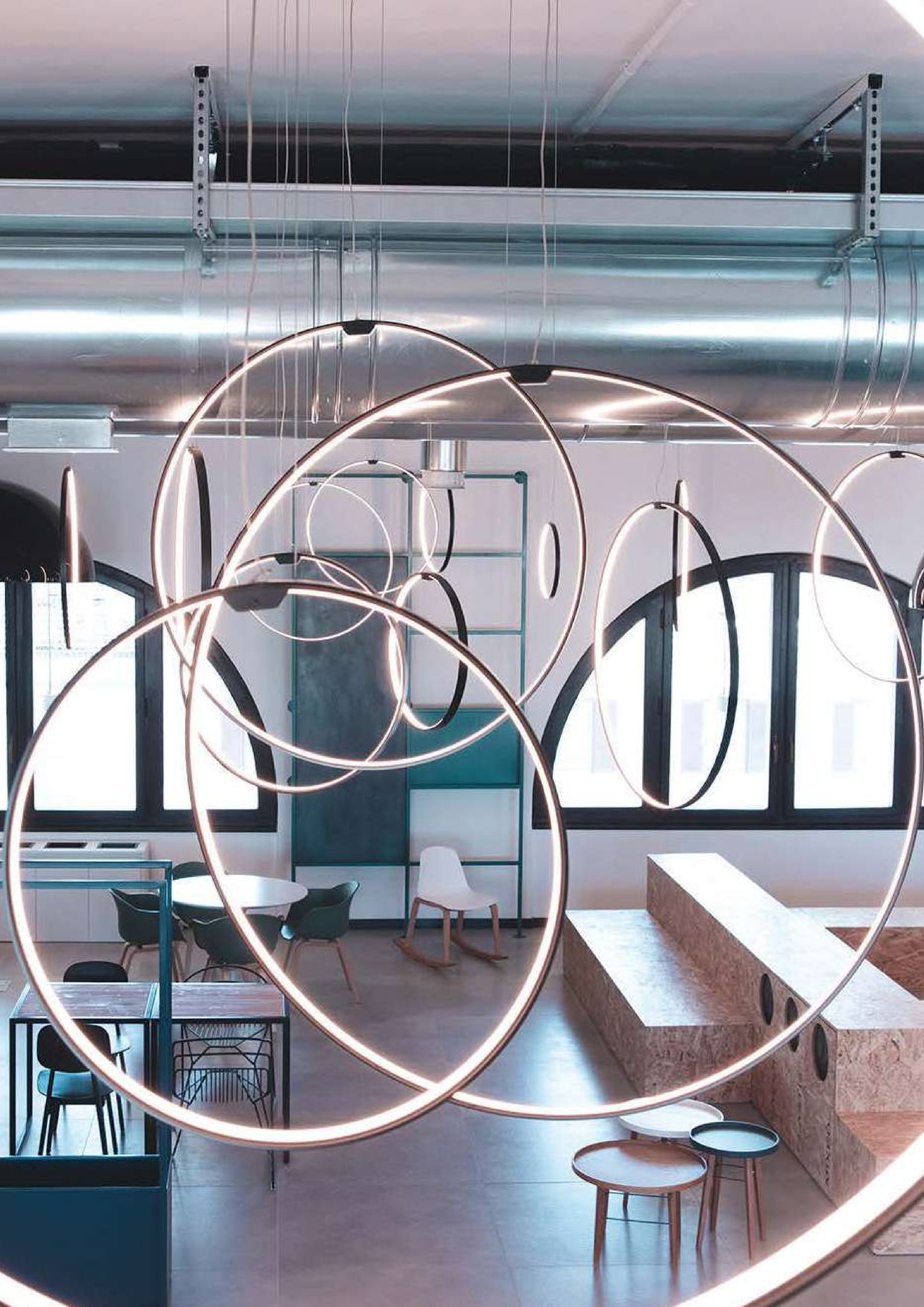
Because our value is to amplify the value of those who choose us.



“

We select visionary entrepreneurs to lead the way and shape the world.
We seed their potential.
We accelerate them with smart capital.
We grow startups into companies ready to change society, culture, economy and to meaningful **exits.**

”



Directors' Report

Directors' Report

Introduction

The Directors' Report on operations is based on the Separate Financial Statements of LVenture Group at 31 December 2020, prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the IASB and endorsed by the European Union on the same date, based on the going concern assumption. The IFRSs also include all the revised international accounting standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The Report should be read in conjunction with the Financial Statements and the related Notes, which are an integral part of the 2020 Separate Financial Statements. These documents include the additional disclosures required by CONSOB, based on the measures issued in implementation of art. 9 of Italian Legislative Decree 38/2005 (resolutions 15519 and 15520 of 27 July 2006 and communication DEM/6064293 of 28 July 2006), as well as any subsequent financial reporting communications.

In order to provide stakeholders with an alternative measure for Portfolio performance, the financial reporting was supplemented with an Alternative Performance Indicator (API), which represents the Portfolio value on the basis of the most recent capital transactions taking place in the reference period, also considering the issue of hybrid financial instruments. For the purposes of accuracy, this indicator is a useful parameter to provide an indicative Portfolio valuation, in line with sector best practices, but it does not replace IAS/IFRS valuation criteria applied to determine the value of the investment Portfolio recognised in the Separate Financial Statements (Note 9 of the Notes "Securities and equity investments").

In 2020, the "Net income from investment management" was reclassified under the Gross Operating Margin, similar to the main European competitors. The "Net income from investment management" includes the revaluations and write-downs from the measurement at fair value of the startup portfolio, as well as the capital gains/losses realised (€76 million). The data of the previous year were reclassified. The 2020 Gross Operating Margin presents a loss of €331 thousand (a profit of €1,126 thousand as at 31 December 2019); this result incorporates the Net income from investment management that, as at 31 December 2020, amounted to €1,032 thousand (€2,011 thousand as at 31 December 2019).

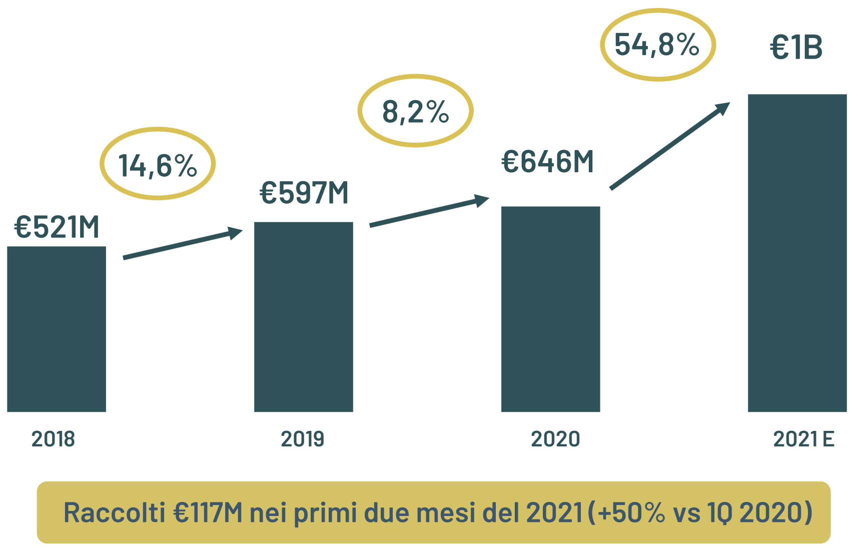
The Separate Financial Statements have been prepared based on the assumption of the Company's ability to continue as a going concern. The Company is not aware of any profit and loss, balance sheet, cash flow or organisational indicators (as defined in paragraph 25 of IAS 1) such as to cast significant doubt on the Company's ability to continue as a going concern. The Separate Financial Statements were approved by the Board of Directors of LVenture Group on 11 March 2021.

The reference market

LVenture Group is a listed Venture Capital holding that invests in digital startups in the initial stages and accelerates their growth with its LUISS EnLabs accelerator, born from a joint venture with Luiss University.
2020 was a year heavily impacted by the global health crisis that forced most of the world to have to manage various lockdowns to minimize the risk of contagion. This has led to a radical change in the purchasing behaviour of consumers and in human interactions, which have become based on remote communications, and still are. In this scenario, digital transformation has necessarily had to accelerate in order to enable and improve teaching and working. COVID-19 has allowed the digital economy to achieve an essential role in today's society, making it the principal factor in economic evolution.

Italy has seen an acceleration of its digitalisation, and in months changes have occurred that in normal periods would have taken place over many years (such as smart working and e-learning). This made it possible for Italy to leap forward by six positions in the Digital Economy and Society Index 2020.
A study presented by Venture Capital Monitor conducted by AIFI ("VeM") shows that 2020 ended with Venture Capital investments of €646 million compared to €597 million the previous year. They fell by 30% during the first six months of 2020 compared to the same period in the previous year, but saw a strong growth in the second half, exceeding all expectations. In 2021, further growth in the amount of investments is expected: in fact, the first two months of the year recorded investments of €117 million , an increase of 50% compared to the same period in 2020.

Italian VC Market Forecast



Source: Il Sole 24ore

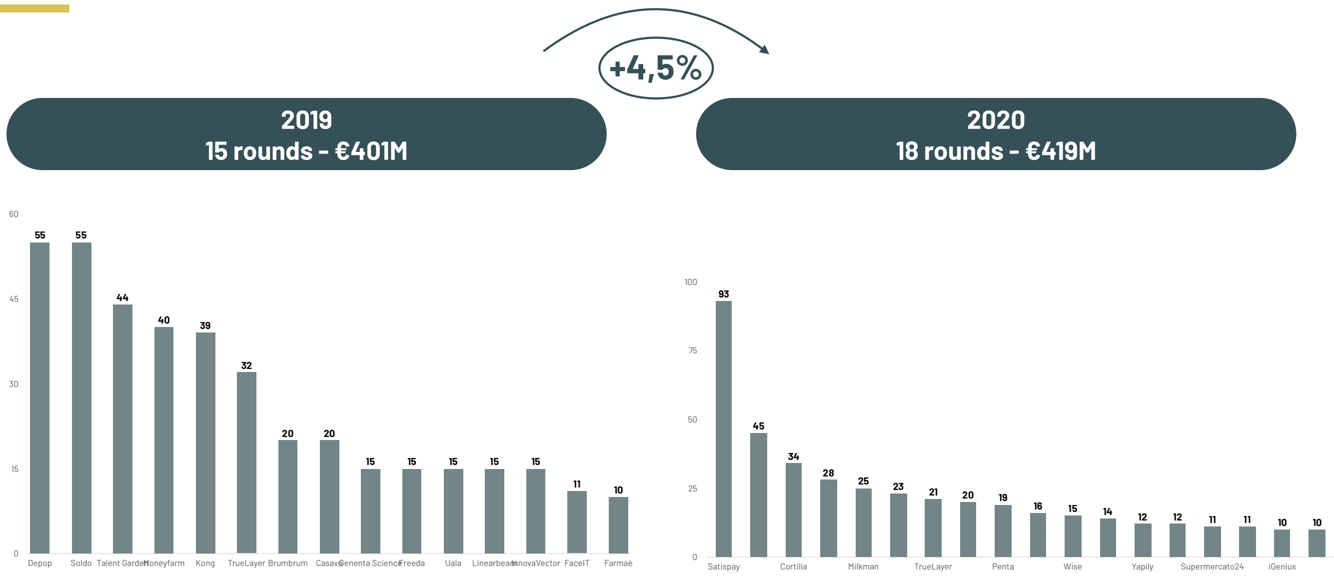
Although the amount of investments increased, the amount of the rounds remained in line with the previous year, while 18 rounds exceeding €10 million were carried out in 2020, for total funding of €419 million (compared to the 15 rounds of 2019 which collected €401 million).

Furthermore, according to the Ministry of Economic Development, the number of innovative startups continued to grow throughout 2020 (+10.4%), exceeding the threshold of 12,000 startups. In this regard, the growth in the number of innovative startups in the Corporate Venture Capital investor portfolio is of considerable interest, up by 40.3% since 2018.

The measures that have contributed to the growth of the Italian Venture Capital ecosystem include:

- an increase in available capital from institutional investors, including CDP Venture Capital SGR S.p.A. (hereinafter referred to as "CDP VC"), which has earmarked €1.65 billion for a series of initiatives involving direct investments and venture capital funds with the goal of making it a cornerstone of the country's economic development and innovation, creating the conditions for an overall sustainable growth of the ecosystem. Among the initiatives to be counted, the Fondo Acceleratori for the creation of vertical accelerators and the Fondo dei Fondi for investment in new Venture Capital funds;
- the Relaunch Decree of August 2020 made available additional resources to support the ecosystem, including €200 million managed by CDP VC with the Relaunch Fund to continue supporting the numerous initiatives in favour of the world of innovative startups and SMEs.

Italian Venture Capital - Rounds of 10M+, 2019 vs 2020



Source: AIFI - Venture Capital Monitor


THE HUB
LVenture
GROUP

The impact of COVID-19
On the Economic Performance of the Company

In March 2020, the Coronavirus health emergency spread extensively and the Company, right from the outset of the emergency, managed the situation proactively on various fronts:

- a Cash Flow Committee ("Committee") was set up, in which the Chief Executive Officer, the CFO, the HR Manager and the Controller participate. Said Committee immediately took concrete action, directing activities also through the preparation of economic and financial simulations of the effects of the crisis and of the measures taken by the Government. The Committee is supported by the Management Committee, composed of all division managers: its job is to constantly monitor the situation, identify measures for supporting and developing the Company's activities and guaranteeing constant information to employees;
- it has quickly allowed the use of smart working, enabling almost all workers to perform their jobs remotely and leaving only supervisors in the offices to oversee said workers;
- it optimised the layout of physical spaces to take account of the social distancing guidelines applicable from May 2020, on the return of workers and co-workers to offices;
- it has published a Company Anti-Virus Protocol and made it available to the entire company population, containing the principles and rules adopted and to be adopted;
- appointed a Committee to monitor the application of and compliance with the protocol and the regulation of measures to combat and contain the spread of the COVID-19 virus in the workplace;
- it has acquired the necessary personal protective equipment, distributed masks and hand gel to the company population and installed spray dispensers in the offices. It has arranged for sanitisation of work environments in coordination with the company doctor, the responsible authorities and Heads of Safety;
- it has evaluated the adequacy of the measures adopted and their compliance with the principles of the privacy legislation.

Disclosures have been provided to the corporate control bodies and the Internal Board Committees on the initiatives implemented, also in order to acknowledge the guidelines for the direction of the strategies to be adopted, both in the onset of the epidemic emergency and at the phase of preparation of the gradual return of workers to offices.

In addition to the actions indicated, the Company has implemented a number of initiatives targeted at containing the impacts on its results deriving from the health emergency (and from the measures to contain said emergency) and safeguard its own economic-financial profile. To this end, the Company:

- implemented actions to contain and reduce operating costs, including through the renegotiation of contracts and the revision of tariffs, and cancelled all the physical events planned in the hub;
- received the partial waiver of their pay from the Board of Directors and the Manager;
- took steps to reduce employment costs through the use by personnel of accumulated holidays and by recourse to the exceptional wage guarantee fund (Cassa Integrazione in Deroga), as well as by suspending remuneration and recruitment policies.

These measures made it possible to cut costs by approximately 15% compared to the 2020 Budget.

Finally, the Company has taken a targeted and precise approach to optimising working capital (with specific actions targeted at customers and suppliers).

In addition, with respect to the various business activities:

- Acceleration: it has restructured the acceleration programme in progress and the Demo Day in digital format;
- Investments: the plan of investments was maintained, also in order to support high-performing startups in the portfolio;
- Open Innovation e LV8: the necessary actions have been implemented to restructure the courses already under way in remote mode. Training webinars have been added, replacing the in-person events;
- CoWorking: a discount plan has been implemented to meet the needs of customers.

Company Operations

LVenture Group is a holding company listed on the Borsa Italiana S.p.A. MTA market and which operates in the Venture Capital sector. The majority shareholder of LVenture Group is LV.EN. Holding S.r.l. which, at 31 December 2020, holds 32.56% of its share capital. Currently, however, LVenture Group has full decision-making autonomy and is not subject to management and coordination by LV.EN. Holding S.r.l.

The company has its registered office in Rome and mainly handles investments in digital startups in the seed and pre-seed phases, supporting their growth through direct and ongoing support. In addition to the necessary financial resources, the Company provides these new companies with two other fundamental assets:

- know-how and a network of advisors to support the strategy and business development of startups;
- assistance in searching for potential investors and commercial contacts.

LVenture Group's mission is to enable talents and startups with high scalability potential to reach the exit stage and thus produce value for their shareholders.

The Company's strategy, in this sense, is to increase the success rate of startups, mitigating investment risk through the following main actions:

- limited initial investments, working alongside any option rights for subsequent share capital increases of the startups;

- broad diversification of the Investment Portfolio;

- shareholder agreements to protect the Company's investment in startups, through the signing of investment agreements with specific clauses such as veto rights on extraordinary operations, liquidation preferences and clauses protecting the Company's exit;

- search for co-investors through a network of important relationships with a large number of investors including Business Angels and Venture Capitalists;

- support and assistance for startups at every stage of the development of their relative business activities.

In order to achieve its objective, the Company has developed a business model based on three fundamental pillars: Accelerator, Capital and ecosystem and Know-how.

Accelerator

The LUISS EnLabs Accelerator, developed by LVenture Group in joint venture with Luiss University, and sponsored by BNL BNP Paribas Group, Accenture and Sara Assicurazioni, has become a true benchmark for innovation in Italy.

Since 2014, LUISS EnLabs has been a part of the Global Accelerator Network (GAN), the largest global network of accelerators that share international best practices and set global standards in terms of assessment criteria and Term Sheet.

Acceleration activities are broken down into two Acceleration Programmes, one for each half of the year. Each Acceleration Programme is divided into the following stages:

- "*Scouting & Selection*": the period in which the new business projects are found and selected;
- "*Acceleration Programme*": the period of 5 months during which the business idea is developed with the help of the Accelerator;
- "*Demo Day*": the concluding day of the Acceleration Programme during which the startups selected by the Company present their project to potential investors.

In 2020, the Acceleration Programme adapted and evolved to better meet the needs of the market and the challenges that startups will have to face in the coming years, also thanks to the adoption of the "full-stack" approach to investments. To enable greater support to startups, the acceleration team was strengthened with the entry of new figures with heterogeneous skills. In addition, the offer of services to support entrepreneurs was renewed with the integration of the work of other business units of LVenture Group during the Acceleration Programme ("One Company").
Deal flow management has also evolved with the creation of a business unit (which includes resources from the Acceleration, Open Innovation and Investments teams) for scouting and sharing candidacies between departments. Thanks to this approach, approximately 1,130 projects were examined for entry to the Acceleration Programmes in 2020, an increase of 35.17% compared to the previous year.

In the deal flow process, 3 reference market lines were delineated in the choice of investments (Digitalisation, Sustainability, Deep Tech) and 6 sub-categories (Content Moderation, Purchase Experience, New Financial Services, Future of Work, Future of Tourism, EdTech and new frontiers for Education). A brief description of the investment sectors indicated is provided below.

Digitalisation

Since the foundation of LVenture Group, the Company has believed that digitalisation is an unstoppable phenomenon that brings non-quantifiable benefits to people. New digital tools, models and products replace old habits and, today, these changes are taking place at an increasingly rapid pace. The consolidation of the digitalisation trend is growing again thanks to the renewed confidence in software and technological means that was found in 2020.

Sustainability

The environmental impact is now considered a priority for Italian financial and political institutions. We are looking for startups capable of creating sustainable solutions that can positively influence companies, industry and people's lifestyles. For LVenture Group, investing in solutions that have this value at heart is not only an opportunity but also a need to contribute to the survival of the planet thanks to technological solutions.

Deep tech

LVenture Group has always invested in high-tech startups. Artificial Intelligence solutions, Quantum Computing, Drones, Robotics, Augmented and Virtual Reality will be the basis of the next technological wave. The Company will continue to support ambitious and extreme projects because we strongly believe in science in all its possible applications.

Content Moderation

In the last decade, the web has been flooded with online content: it is inundated with news, reviews, comments and posts on all social networks, published by users of any kind. The management of information is becoming an urgent need, for this reason solutions are being sought to solve the problem of fake news and manipulated content to increase trust in online services and media.

Purchase Experience

The shopping experience was turned completely upside down by the 2020 pandemic. Because of the restrictions, physical shops were forced to close and were almost completely replaced by e-commerce and online platforms in all steps of the value chain. All the models - B2B, B2C, B2G, C2C, D2C - must be remodelled around a new way of interaction between supply and demand.

New Financial Services

Existing fintech solutions have changed the way consumers interact with financial institutions. LVenture Group seeks new solutions that can positively impact the management of finances with the aim of simplifying financial processes and "making life easier" for consumers: from managing and accessing credit, to how we interface with the many financial operators. Many sectors and industries can benefit from this new way of interacting with finance and finances.

Future of Work

In the last 10 years the way people work has changed drastically, with a further acceleration in 2020 because of the impact of COVID-19. New jobs and new ways of working have been created, and on the horizon there are new challenges to combat unemployment, unemployability and the skillgap between what companies need and what is on the job market. Technology will be at the centre of the revolution.

Future of Tourism and Hospitality

Travel and hospitality are inexorably disappearing and changing. People have always though that human beings are naturally inclined to explore, travel and share experiences. So LVenture is interested in solutions that are able to meet the new challenges of the sector by integrating the most modern technologies to offer an increasingly digital and sustainable experience.

EdTech and new frontiers for Education

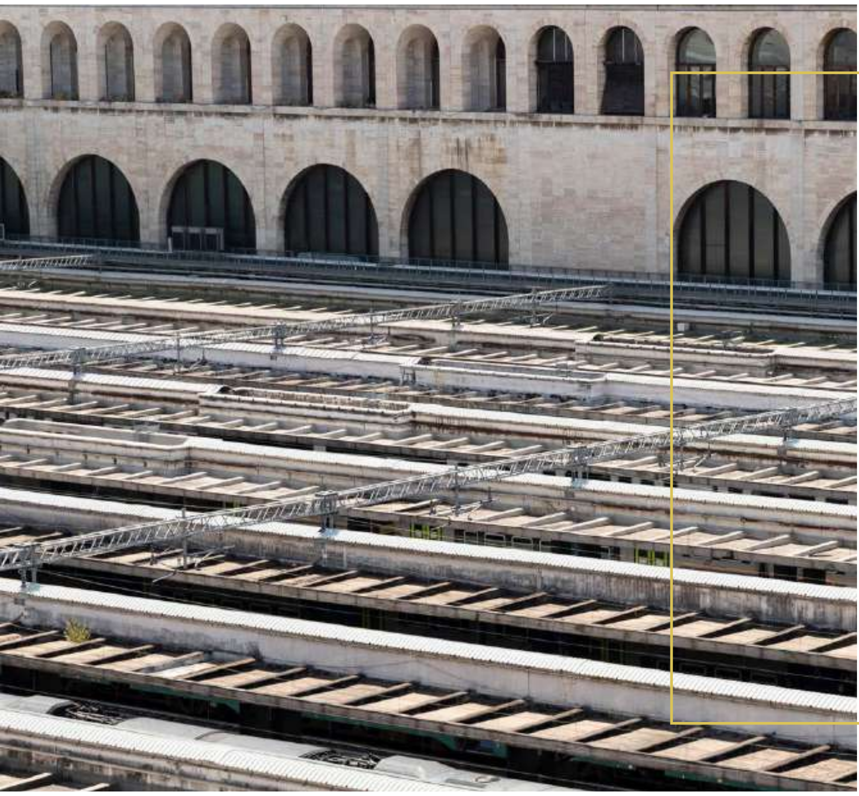
Having more efficient and effective technological solutions for training means laying the foundations so that every problem in the world can be solved in the future. Allowing access to the best education to as many people as possible means creating a more open and integrated society that leads to a more efficient economy. LVenture is interested in all the solutions that, thanks to technology and communication tools, can build increasingly customised, diverse, quality and accessible training courses.

Starting from 2013, 114 digital startups have participated in its Acceleration Programmes. Of these, 104 startups (including 6 startups on the current Programme) have received funding from the Company, of which 82 completed the Programme. LVenture Group has ensured adequate financial investment and a network of corporate and new investors to support them.

The second batch of the year 2020 was characterised by the presence of the co-investor Innova Venture (Lazio Innova Fund) with which a framework agreement has been signed to regulate co-investments. In the second half of 2020, 3 startups out of 8 members of the batch concluded a co-investment agreement with Innova Venture.

Historically, around 80% of the startups that successfully complete the Acceleration Programme and access the Demo Day complete the first round of fund raising.

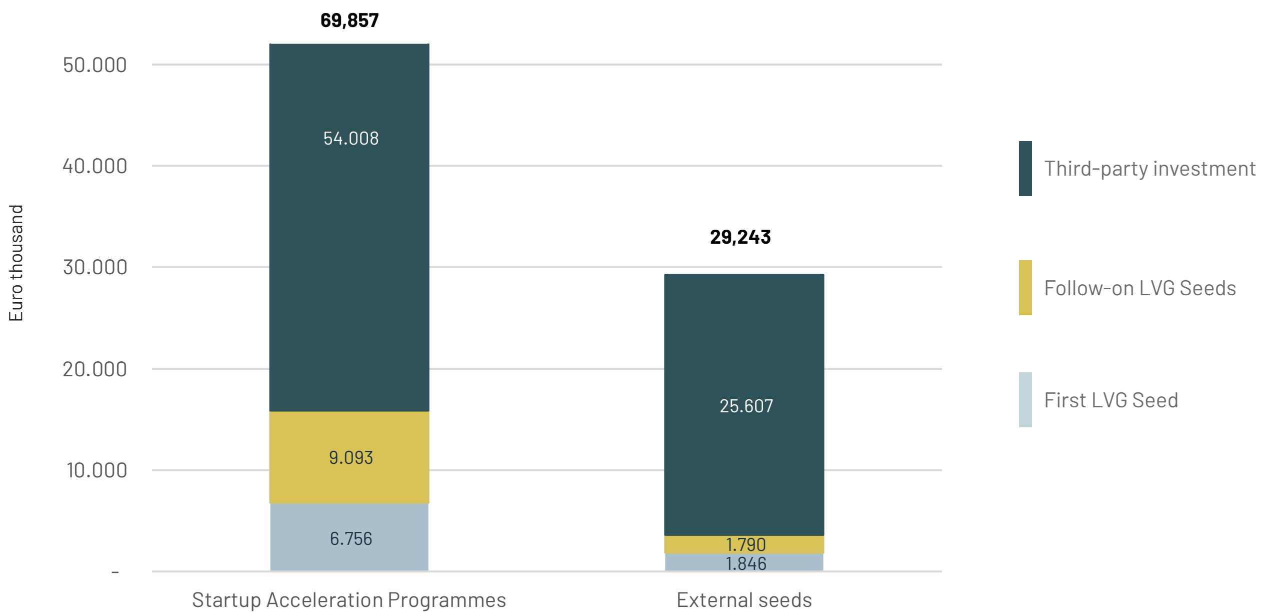
In June and November 2020, the Demo Days of the Winter 2019-2020 and Summer 2020 Programmes were streamed. These events were attended by investors, corporations and the press, to get to know the most promising startups that had completed the Programme. The CEOs of the companies presented five-minute pitches outlining their project and the results they have achieved over the last five months. At the end of the live recording, the startups were able to meet privately with institutional investors and business angels.



Capital

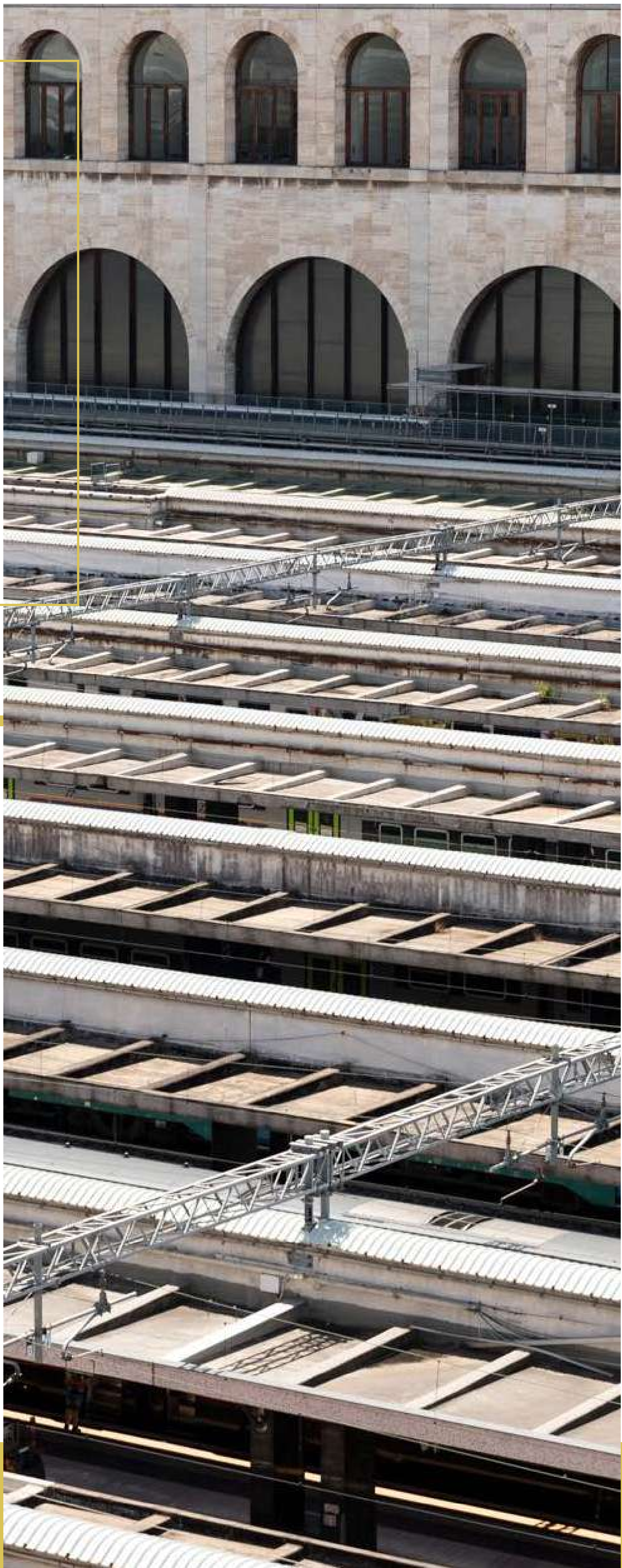
LVenture Group invests initial financial resources in the startups on the Acceleration Programme and if they achieve measurable results, also in the subsequent phases. The resources invested during the Programme are necessary for the development of the first business metrics, while the subsequent follow-on investment is needed to support the startups in the development phase. A seed investment may also be made in startups that have not taken part in the Acceleration Programme, provided that they are in the same phase of development and present at least equivalent results.

Total Investements 2013-2020



The investments made in 2020 are described in more detail in the section "2020 results".

From 2013 until 31 December 2020, the Company invested €19 million of capital in more than 120 startups and attracted numerous co-investors for €80 million, for an overall total of €99 million. The chart below illustrates the capital invested by the Company and by third-party investors, divided between capital invested in the startups that participated in the Acceleration Programmes and those that did not participate, and further broken down among the various types ofSeed Stage:



Ecosystem & Know-how

Over the years LVenture Group has developed an ideal Ecosystem for the development and growth of its startups, consisting of collaborations and relationships with investors, companies, business and digital economy experts, universities, sponsors and partners.

A diagram of the Ecosystem created by the Company is provided below.

Ecosystem

Key Partners

Sponsors LUISS EnLabs

Partners & Corporates

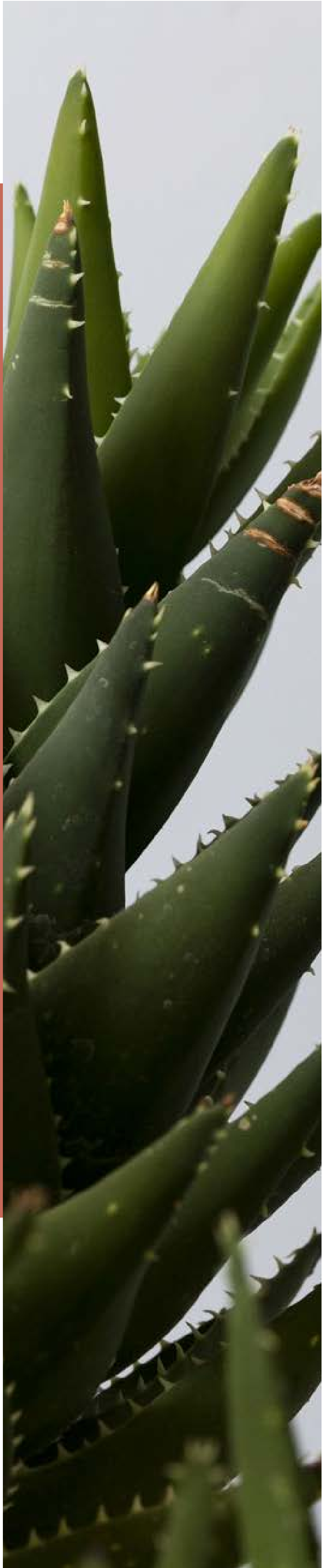
Universities & Institutional Bodies

Investors Network

Advisors

50+ INTERNATIONAL MANAGERS & EXPERTS

Special Projects



It has also developed the following innovation-linked support activities for corporates and startups:

Open Innovation

The Open Innovation programmes are aimed at offering advisory services to Corporations, supporting them in the process of opening to the Italian startup ecosystem by using our know-how and leveraging the network of stakeholders that we have built over the years. Specifically, Open Innovation activities give startups the opportunity to be immediately exposed to the attention of corporations.
Open Innovation services include:

- Strategic Partnership:
  activities for the strategic positioning of the partner in the world of innovation with services that include: branding to raise the partner's exposure in the ecosystem, value-added Open Innovation services and an on-site physical presence in our Rome HUB.
- Internal Open Innovation:
  programmes aimed at stimulating the development of a business culture in the organisation through modular formats, that cover various phases of development of the project, from conception of the idea until validation on the market. The Company's internal innovation programmes are designed to involve human resources at all levels, from top management to talented young people, in order to make the people involved genuine pivots of innovation within the organisation.
- External Open Innovation:
  Incubation and Pre-Acceleration programmes aimed at creating and supporting the development of digital startups, also on the verticals defined. These initiatives are carried out in partnership with Corporations, Institutions and Universities.
- Tailored Innovation Roadmap:
  innovation plan designed ad hoc for Corporations that aims to deliver transformative medium/long-term activities, such as: triggering processes of Digital Transformation, creating Business Accelerators in partnership, structuring Corporate Venture Capital activities within partner organisations.

In the first half of 2020, the Open Innovation team launched major new collaborations with players like ANIA, ENI, Merck and Telepass, while its relations with Lazio Innova, Invitalia, Sapienza, SKS365, and Unindustria Reggio Emilia proceeded. In the last year, the strategic partnerships with LUISS, LUISS Business School, Sara Assicurazioni, and BNL BNP Paribas were strengthened.

Furthermore, the Company has been running a programme called Growth-LV8 for some years now, to provide marketing and technological development support to assist startups post-acceleration and to speed up their growth.

Institutional and Corporate Events at the Hub

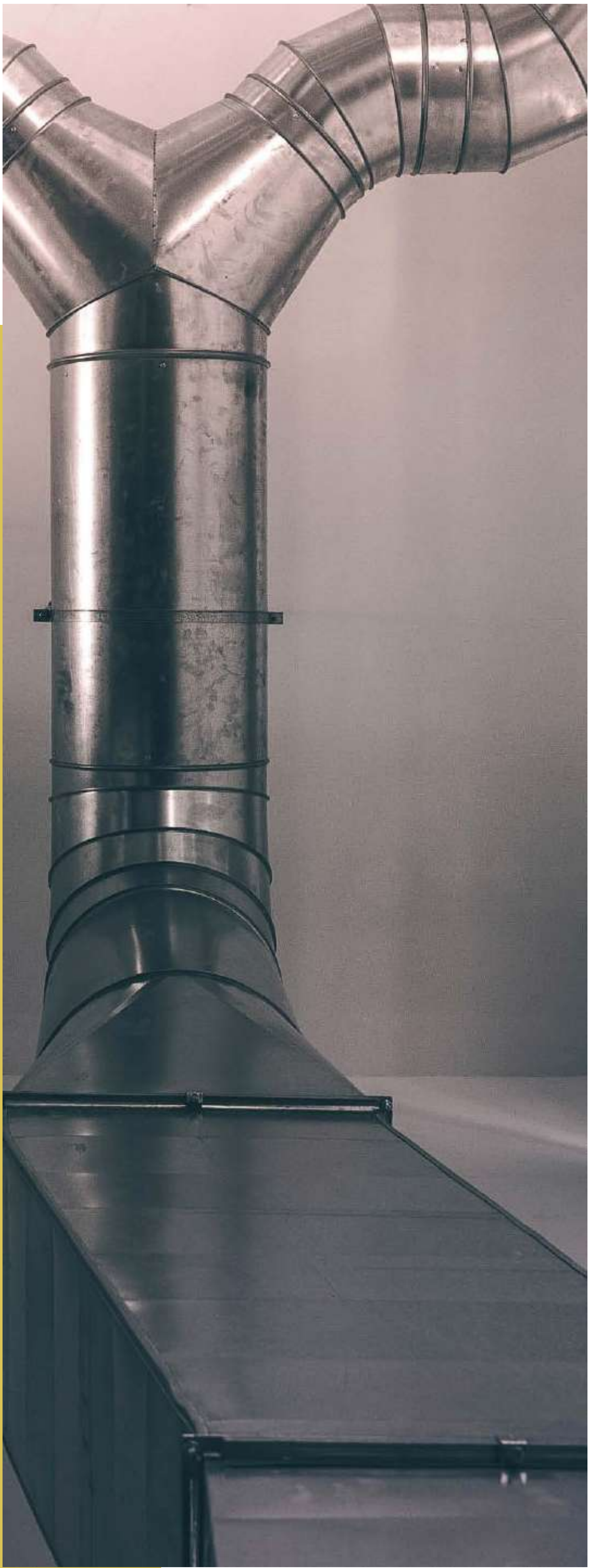
During 2020, the Company developed new formats to combine face-to-face and remote methods. A model that in fact represented an evolution of the offer, and not just an emergency solution, with the possibility of combining physical events - managed in strict compliance with the anti-COVID19 guidelines - with the potential of digital, all sharing the same careful direction of the set-ups and multimedia contents.
Innovating the formula meant an opportunity to extend participation, involve the audience more and allow live interaction.

Among the online formats to keep the community active and support the ecosystem, in addition to the now consolidated event of Pills for Growth, two have aroused particular interest:

- **The Hubinar by LVenture Group**: 7 online appointments for training, updating and sharing best practice, case studies and tools for startups and corporations.
- **Hubout**: 7 interviews live on Instagram and Facebook for the protagonists of the ecosystem of innovation, startups, corporations and Venture Capital, including:
  - **Massimiliano Magrini** - Co-founder & Managing Partner of United Venture.
  - **Giorgio Pinci** - Director Strategy & Innovation of Merck.
  - **Massimiliano Bianco** - Amministratore Delegato of IREN.
  - **Davide Cervellin** - Chief Marketing and Data Officer of Telepass.

Press & Media Relations

During the year, around 2,000 news items appeared in the media regarding the Company's activities and the objectives reached by the portfolio startups. For the second consecutive year, the Company was also named by the Financial Times as one of the 1,000 European companies with the highest growth rate in an article published on 23 March, and by the Global Finance Magazine as one of the best 34 "Financial Innovation Hubs" in the world, in an article published on 12 June.
The significant exit operation concluded on startup LybraTech was analysed in-depth in articles which appeared on 1 and 25 May respectively, in the national newspapers Corriere della Sera and La Repubblica Affari & Finanza. Corriere della Sera also highlighted the role played by the Company as a valuable asset for development of the city of Rome, in an article published on 12 February.
The ability of the LVenture Group startups to adapt to crisis situations and the speed in developing business models in the post COVID-19 scenario was analysed in articles which appeared on 11 April in La Repubblica, and on 20 April and 27 September in Corriere della Sera. On 29 June, the CEO, Luigi Capello, described the ecosystem developed in the Company's HUB in an interview with "La Repubblica Affari & Finanza", in an interview on the workspaces of the future.
The strategic partnership signed with Chinastone Group was examined in detail in the articles published on 1 and 13 September in ItaliaOggi and in the Economy section of Corriere della Sera, while the major round of investments concluded by the Vikey and Shampora startups featured in the pages of Avvenire and Il Sole 24 Ore, on 11 and 24 November respectively.
On 21 December, La Repubblica Affari & Finanza interviewed CEO Luigi Capello on the central role of startups in the digital transition process in Italy.



Co-working

The Company has two commercial spaces in Italy covering an area of roughly 9,000 square metres, the first in the area inside Termini Station in Rome (the "HUB of LVenture Group") and the second inside the Milan Luiss HUB (the Milan "HUB"), rental of which generates revenues.

The LVenture Group's HUB in Rome is structured as follows:

- Open Space with over 110 workstations, including those for startups participating in the Acceleration Programme;
- Offices (33), meeting rooms (9), event rooms (3) and large classrooms (2) for training on the 3rd and 4th floor (including some offices, meeting rooms, and classrooms for Rome LUISS 42);
- Chiostrina, covering a total of around 900 square metres, which houses Facebook's competence centre (referred to as Track F) for digital training;
- Roof Top, on the 4th floor and the terrace on the 3rd, for outdoor meetings and events.

The Milan HUB is structured as follows:

- Open space, with over 40 workstations, including those for startups participating in the Acceleration Programme;
- Office (1) for Company personnel, offices (3) for startups in the Company's portfolio or to external companies, as well as 2 meeting rooms, including one dedicated to the Company and the other to startups.

The startups and the companies hosted in the Company's spaces (with the exception of the startups participating in the Acceleration Programme) pay the Company a monthly fee that includes a whole series of services, including wi-fi, use of printers, cleaning and reception services.

Business Angels and Special Projects

Lastly, in 2020, the Company continued to have a close relationship with the **Business Angel** associations close to its own Ecosystem, composed of professionals, managers and entrepreneurs that, by investing directly in startups, believe in the driving force of entrepreneurs for the country's growth. The group of Business Angel closest to the Company is Italian Angels for Growth (IAG) with more than 200 Business Angels.
The special projects in which the Company is engaged are HiTalk, LoveItaly and CodeYourFuture:

HITalk – regarding the LVenture Group special project, the planned events were temporarily postponed, due to the COVID-19 pandemic and the restrictions imposed. **LoveItaly** - special project of LVenture Group - undertook various initiatives in 2020. The main ones include:

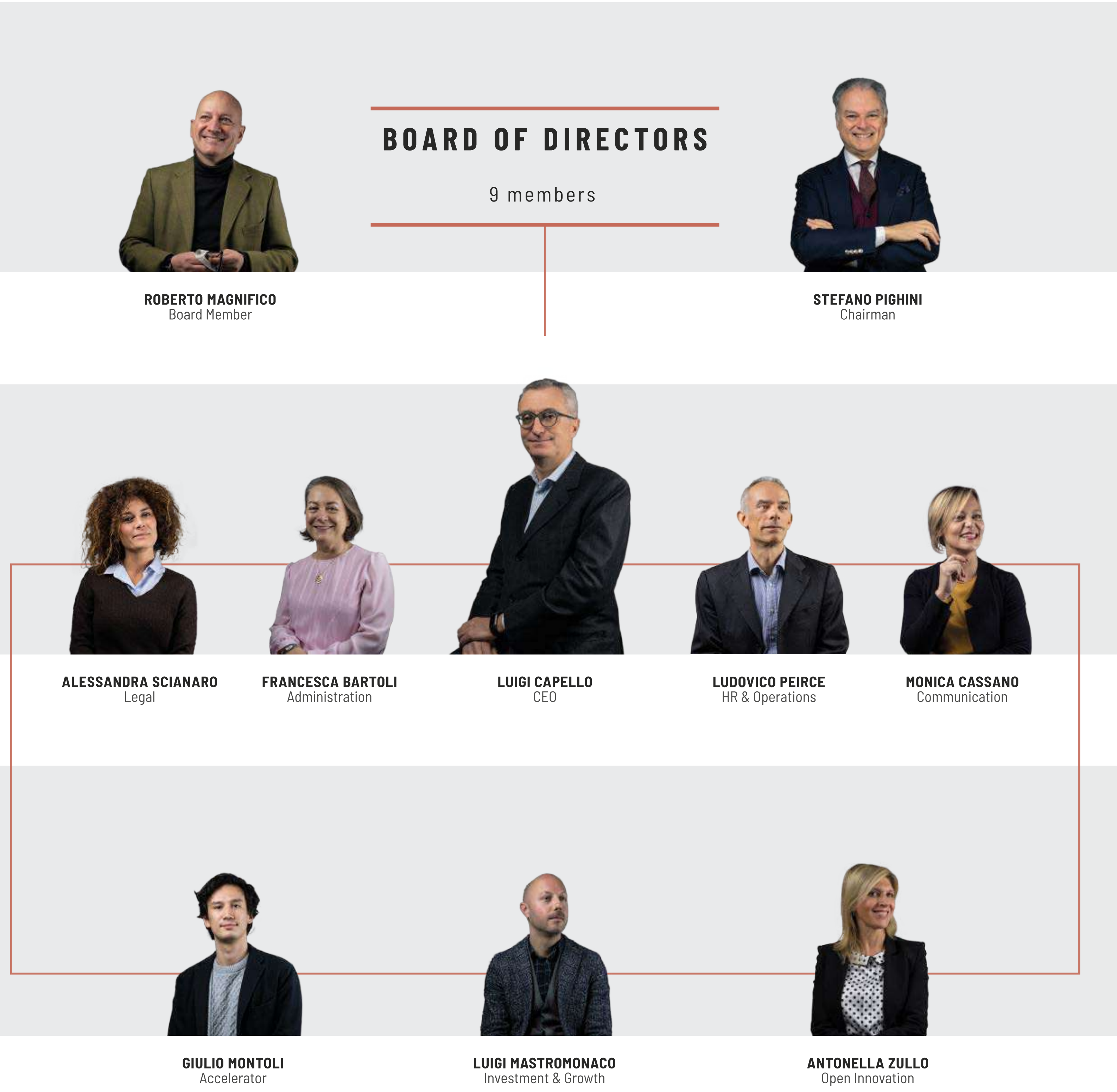
- the event in February 2020, at Palazzo Dama in Rome called "I Love Italy 2020 | Valentine Cocktail Party", an event targeted at the international community to contribute to the restoration of Raphael's Loggia di Galatea in Villa Farnesina;
- the launch of the crowdfunding campaign for the urgent restoration of the four statues preserved in the splendid oratory of Santa Maria degli Angeli in Gallipoli in November 2020, in collaboration with La Confraternita di Santa Maria degli Angeli;
- the inauguration of the "Insieme per San Francesco" project in December 2020 to contribute to the protection and enhancement of the Lower Basilica of Saint Francis in Assisi, l aunched together with the Fondazione per la Basilica of San Francesco;
- finally, "Cornucopia | Treasures beyond the Grand Tour" was born in 2020: a format that makes it possible to explore Italy's hidden treasures on-line, through the voices of archaeologists, art historians, and museum directors and curators.

CodeYourFuture Italy concluded its first edition on 25 January. The 12 talented students from 7 different countries - Italy, Russia, Iran, Syria, Egypt, Nigeria and Eritrea - successfully completed the free coding programme targeted at refugees, asylum seekers and people in financial difficulty, run by the UK non-profit organisation CodeYourFuture in partnership con LVenture Group. Thanks to the network developed by the company, more than 30 job opportunities were generated for students who completed the course.

The Team

As at 31 December 2020, the **Company's Team** consisted of 32 employees and 12 consultants and collaborators for a total of 44 people; the composition and comparison with 2019 are indicated in Note 28 of the Explanatory Notes.

The organisational chart is shown below, illustrating the functions and their managers and updated to the date of this Report:



Results in 2020

2020 was a particularly difficult year, even if in the second part of the year we saw a recovery in activities. For the Company, it should have been a year of growth, in fact, the 2020-2022 Business Plan approved by the Board of Directors on 5 February 2020 envisaged the following for 2020:

- strong growth in revenues, from €5.7 million, driven by the increase in the size of the space in the Rome office and the strengthening of the Open Innovation activities;
- operating management costs of €6.2 million;
- active portfolio management that could generate net revaluations of €2.7 million;
- Company investments of €3.3 million in startups.

The advent of COVID-19, with its lockdowns and the consequent negative impact on the economic situation, had negative repercussions on the Company's activities, to which it promptly responded by implementing all the actions at its disposal to minimize the negative effects of the ongoing crisis.

The income statement for the year reports the following figures:

- operating revenues 31% lower than planned, despite the opening of the new spaces of the Rome office in July 2020. The conversion into digital of most of the Open Innovation activities has allowed the contractual Programmes to be completed, but slowed down the acquisition of new major contracts;
- operating management costs down by 15% compared to the planned value, despite the fact that the Company has activated all available levers to mitigate costs and contain all variable costs as much as possible;
- portfolio management generated net revaluations of €1 million, compared to the €2.7 million expected for 2020. This lower value derives from the fact that a new financial instrument was used for the fundraising of startups, the Convertible, which, as explained in more detail below, slows down the recognition of the revaluations of the startups themselves that would otherwise have been shigher than those of the previous year and in line with what had been planned;
- the Company's investments in startups in 2020 amounted to €3.1 million, in line with what was planned.

The results for 2020 are described in more detail below.

Investments

During the year, the Company made investments using a range of instruments (direct investment in the capital of startups, participative financial instruments, convertible instruments, Convertibles and SAFEs), shown in various items in the financial statements.

The investments made by the Company were made in a special way in the acceleration startups, with slightly different arrangements, as indicated below.

Winter 2019-2020 (December 2019-May 2020) – the Company disbursed a maximum investment of **€160 thousand** to startups, broken down as follows:

- €60 thousand disbursed through the subscription of PFIs convertible into a non-dilutable 6% interest in the startup's capital;
- €50 thousand disbursed through convertible loan during the acceleration programme, in 5 tranches of €10 thousand. This convertible loan may be converted into stakes in the startup's share capital, applying a 25% discount on the startup's Pre-Money value;
- up to an additional €50 thousand may be disbursed through a convertible loan, if the startup achieves expected results during or subsequent to the Acceleration Programme.

In that case the Company will have the right to convert the Pre-Money value of the startup in the subsequent round, with a 25% discount.

Summer 2020 (July 2020-November 2020) - the Company disbursed a maximum investment of **€160 thousand** to startups, with the same arrangements as the Winter 2019-2020 Programme.

The Company has also signed a co-investment agreement with Innova Venture and 3 of the 8 startups in the Summer 2020 Programme have joined this agreement. Based on the co-investment agreement with Innova Venture, the participating startups were able to access a maximum disbursement of **€ 200 thousand**, broken down as follows:

- €90 thousand disbursed through the subscription of PFIs convertible into a non-dilutable 7.20% interest of the startup's capital;
- €60 thousand disbursed through the subscription of PFIs convertible into a non-dilutable 4.80% interest in the startup's capital;
- any additional €30 thousand may be disbursed by the Company through convertible loan, if the startup achieves satisfactory results during or subsequent to the Acceleration Programme. In this case, the Company has the right to convert to the Pre-Money value of the startup at the next round;
- an eventual additional €20 thousand disbursed by Innova Venture through a convertible loan if the startup has achieved satisfactory results during or after the Acceleration Programme and if the Company continues with the additional investment. In this case, Innova Venture has the right to convert to the Pre-Money value of the startup at the next round.

At the end of the Acceleration Programmes and in subsequent periods, the startups raise capital through follow-onrounds. In the past, follow-ons were typically of two types:

- capital increase subscribed by the Company and third-party investors, during which the conversion of the PFIs subscribed by the Company under the Acceleration Programme also takes place;
- subscription of convertible loans by the Company and/or third party investors, pending a significant share capital increase in which to convert and/or invest further.

[1] Three startups in which the Company has an equity investment moved to the United States, transferring the Italian company to a company established in Delaware (USA). LVenture Group has therefore seen its PFIs converted into SAFEs (Simple Agreement for Future Equity).

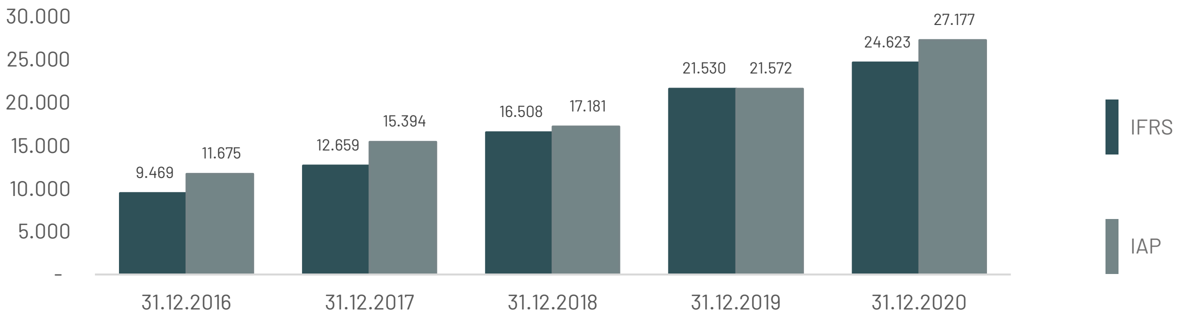
In the second half of 2020, CDP VC launched the Fondo Imprese Sud and the Fondo Acceleratori. The latter, through the AccelerORA Programme, set up an SPV (AccelerOra LVenture Group S.r.l., in which the Company holds 1%) dedicated to co-investments with LVenture Group. AccelerOra LVenture Group participated in the follow-ons of 8 startups in the Company's portfolio with a new instrument: the Convertible. This instrument is considered a semi-equity instrument (included in the balance sheet of the startup), and is comparable to a US SAFE for the speed of execution and the contractual structure, but as it is not a priced Equity round, it does not require any revaluation according to the IFRS valuation methodology. The Convertible provides for the conversion, in the future, of a qualified equity round pursuant to the investment contract, at the lesser of:

- 20% discount on the Pre-Money of the next round;
- the Pre-Money conversion cap envisaged in the contract.

The Company co-invested with AccelerOra LVenture Group in 5 of the 8 follow-ons, converting them all to the Pre-Money Cap by 31 December 2020.

When preparing the 2020 Financial Statements, the Company measured the Convertible for IFRS purposes at cost, not recognising the conditions for their revaluation. For API purposes, the contractual specifications of the Convertible allow the Company to more accurately assess their fair value using the conversion cap as Pre-Money and, as the Company's share, that resulting from the fully diluted calculation at conversion. As at 31 December 2020, the value of the portfolio measured for IFRS purposes was €24,623 thousand and the value of the portfolio measured for API purposes was €27,177 thousand, with a difference of €2,545 thousand. **This difference is for €1,211 thousand relating to the valuations for the purposes of the API of the Convertible**. The Company expects this amount to converge into the IFRS valuations over the next 12/18 months, following the conversions of the Convertible into equity by ACCELERORA LVENTURE S.r.l.
The total investments made by the Company valued by applying the IFRS standards and the Alternative Performance Indicator are shown below, to enable the reader to appreciate the growth in investments over the years.

Total value of investments



In 2020, total investments by the Company and third parties in startups amounted to **€24.1 million** (€24.5 million in 2019). The transactions in which the Company participated are summarised below:

- cash in for Exit transactions for **€1,217 thousand** (€236 thousand in 2019);

i. LYBRA TECH: the Company and the Investors of Lybra Tech negotiated and concluded in May 2020 the acquisition by Zucchetti S.p.A. of 29.76% of the shares of Lybra Tech at a 100% Enterprise Value of €7.75 million for a price of €2.27 million. LVenture Group held 12.61% and had invested €230 thousand (of which €80 thousand in acceleration and €150 thousand in the Seed round). The payment for the entire stake in the Company was **€977 thousand**, with a higher value compared to the invested amount of €747 thousand a Cash on Cash (CoC) multiple of 4.25x;

ii. FORTUNE: on 21 January 2020, the Company completed disinvestment from the startup with a partial repayment, for **€50 thousand**, of the Convertible Loan disbursed during the acceleration programme of €80 thousand. The Company concluded the transaction with a partial recovery on the investment with a Cash on Cash (CoC) multiple of 0.625x;

iii. QURAMI: in 2020, the sale transaction started in 2019 was completed, with the receipt of the balance of **€ 57.4 thousand** and the conclusion of the dispute over the sale price. To partially offset the price reduction of €64.7 thousand suffered by the Company, the Founding Partners have transferred 2.62% of their shares in Qurami S.r.l. to the Company in September 2020;

iv. VOVERC: the receivable from the buyer of Voverc S.r.l., sold in 2018, for **€132 thousand**, was collected in January 2020.

- 36 investment transactions by the Company for a value of **€ 3,112 thousand**, broken down as follows:

i. 15 investment transactions on startups in acceleration for a countervalue of €1,590 thousand;

ii. 21 follow-on transactions for a value of €1,522 thousand (third-party investors participated in 18 of these transactions for **€8.51 million**);

(€ THOUSANDS)	**MICRO SEED**	**FOLLOW-ON**	**TOTAL**
Winter 2019-2020 Acceleration Programme: *BeSafeRate, EdilGo, Emotiva, eShoppingAdvisor, Ipervox, Monugram, Saally, Weesual*	880	0	880
Follow-on of startups in the Winter 2019-2020 Programme: *BeSafeRate, EdilGo, eShopping Advisor, Ipervox, Weesual*	0	430	430
Summer 2020 Acceleration Programme: *99Bros, CamiciaOnDemand, Jungler, Pinv, Sell in-to China, Slymetrix, Wapi*	710	0	710
Follow-on of startups of previous acceleration programmes: *FitPrime, BigProfile, Yakkyo, Vikey, Confirmo, Punchlab, Playwood, Stip, Avvocato Flash, MyAEdes, Bloovery, MyLab Nutrition, Parcy, RiDE, Inkdome, Nextwin*	0	1,092[2]	1,092
Total	**1,590**	**1,522**	**3,112**

[2] *Of which €40 thousand disbursed on 8 January 2021.*

- 11 transactions carried out by third-party co-investors, in which the Company did not participate, for €12.52 million. The main transactions are described below:

i. CODEMOTION: in April 2020, the startup announced a round for a total of €6 million, in two tranches. The first tranche of €5 million, of which €2.5 million of PFI already paid in 2019 were converted by Primomiglio and CDP VC and €3.5 million were invested by P101 during the period;

ii. SOUNDREEF: in April 2020, the startup concluded the share capital increase, collecting €3 million, fully paid up by Immobiliare S.p.A.;

iii. SHAMPORA: in August 2020, the startup approved a capital increase for a total of €2.4 million, to allow the conversion of convertible loans subscribed by investors between 2019 and 2020 and to permit the entry of new shareholders, including the vehicle of the CDP VC Acceleratori Fund and AccelerOra Boost Heroes;

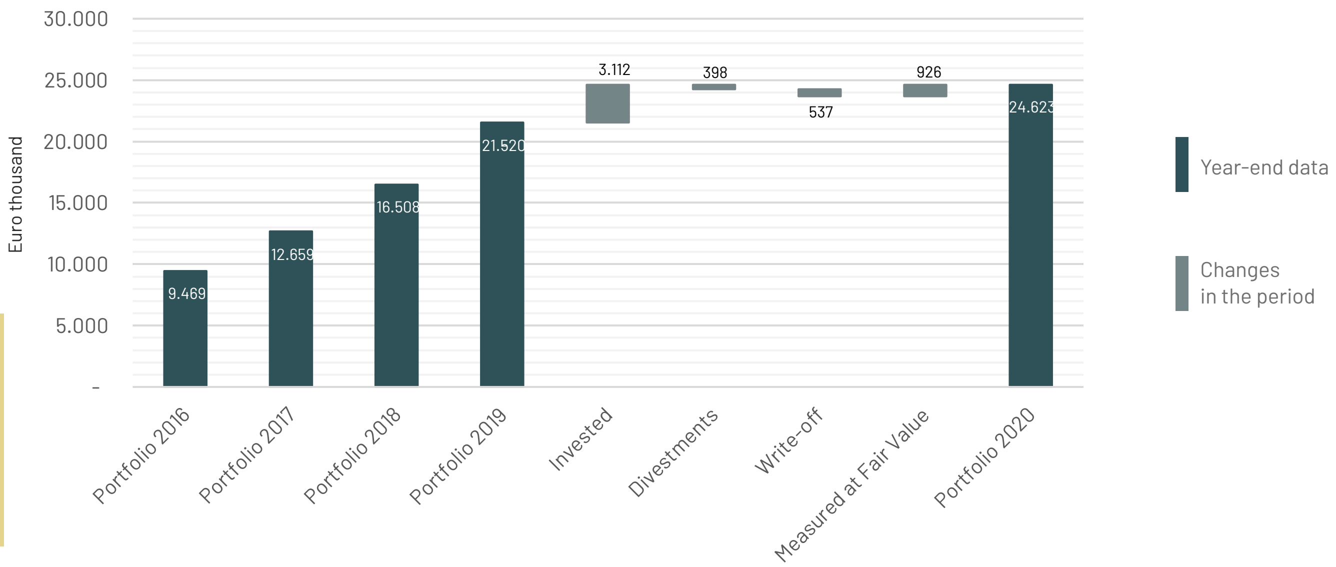
iv. KARAOKEONE: in August 2020, the startup approved a capital increase completed in December with payment and subscription for a total of €1 million;

v. 2HIRE: in December 2020, the startup approved a share capital increase of €700 thousand, as part of the second tranche of the share capital increase envisaged in the investment agreement signed in December 2019. The round was fully subscribed by P101, through the fund it manages, ITA500; Il round è stato interamente sottoscritto da P101, tramite il fondo da essa gestita ITA500;

vi. INSOORE: in December 2020, the startup received €600 thousand through a conversion loan from the CDP VC Acceleratori Fund through the vehicle AccelerOra LVenture Group and from Mercuric Holding.

The figure below illustrates startup portfolio growth, highlighting the contribution of net investments and that of the increase in fair value measurements (the Notes to the Financial Statements specify the portfolio valuation method).

Startup Portfolio Growth



In 2020, the Company recognised the following **Write-offs**:

• **Revotree**: on 14 October 2020, the Shareholders' Meeting of the startup resolved to place the company in liquidation.

• **Ride**: the shareholders' meeting of 23 December 2020 resolved to place the company in liquidation.

• **Inkdome**: the shareholders' meeting should resolve to put the company into liquidation by the end of the first quarter of 2021.

The chart below shows the significant number of fundraising transactions carried out in 2020 by the startups of the Company's portfolio.

Annual Activities

Jan.
- FORTUNE (Exit)
- BigProfiles — € 150 K (LVG Investment); € 1,3 M (Investment by Others)
- MY LAB NUTRITION — € 60 K (LVG Investment); € 30 K (Investment by Others)

Feb.
- yakkyofy — € 30 K (LVG Investment)
- parcy — € 30 K (LVG Investment)
- GenomeUp — € 250 K (Investment by Others)
- SHAMPŌRA — € 300 K (Investment by Others)

Mar.
- PLAY WOOD IT — € 40 K (LVG Investment); € 60 K (Investment by Others)
- vikey — € 75 K (LVG Investment)
- yakkyofy — € 120 K (Investment by Others)

Apr.
- vikey — € 75 K (LVG Investment)
- myAEDES — € 50 K (LVG Investment); € 175 K (Investment by Others)
- bloovery — € 40 K (LVG Investment)
- {codemotion} — € 2,5 M (Investment by Others)
- SOUNDREEF — € 3 M (Investment by Others)

May
- Lybra — Balance for your business (Exit)
- RIDE — € 20 K (LVG Investment)
- PUNCHLAB — € 255 K (Investment by Others)
- vikey — € 306 K (Investment by Others)

Giu.

Winter Batch 2020

MONUGRAM · eMotiva · IPERVOX · edilgo · eshoppingadvisor (SHARE THE DIFFERENCE) · saally · BesafeRate.com · WESUAL

LVG Investment

Investment by Others

Exit

MY LAB NUTRITION
€ 15 K
€ 15 K

PUNCHLAB
€ 45 K

INKDOME
€ 20 K

avvocato flash
€ 100 K
€ 126 K

myAEDES
€ 10 K

nextwin Play different
€ 1 K

WESUAL
€ 75 K
€ 225 K

edilgo
€ 80 K
€ 220 K

BesafeRate.com
€ 125 K
€ 325 K

IPERVOX
€ 100 K
€ 200 K

confirmo
€ 100 K
€ 345 K

eshoppingadvisor SHARE THE DIFFERENCE
€ 50 K
€ 450 K

bloovery
€ 40 K

stip
€ 100 K
€ 200 K

Fit PRIME
€ 90 K
€ 2,4 M

Summer Batch 2020

SLY METRIX · 99bros Simply Insured · CAMICIA ONDEMAND · SellInToChina · Jungler · PINV · Wapi

Jun.

yakkyofy DROPSHIPPING REDEFINED
€ 338 K

PLAY WOOD IT
€ 196 K

bloovery
€ 106 K

Jul.

parcy
€ 120 K

avvocato flash
€ 66 K

SHAMPŌRA
€ 400 K

Aug.

Together Price
€ 152 K

KARAOKE ONE
€ 350 K

Sept.

PLAY WOOD IT
€ 8 K

vikey
€ 294 K

SHAMPŌRA
€ 500 K

Myfoody
€ 425 K

Oct.

bloovery
€ 30 K

SHAMPŌRA
€ 670 K

BesafeRate.com
€ 35 K

{codemotion}
€ 1 M

GoPillar
€ 125 K

Nov.

bloovery
€24 K

Dec.

parcy
€ 550 K

SHAMPŌRA
€ 500 K

KARAOKE ONE
€ 665 K

2hire
€ 700 K

Insoore
€ 600 K

DREXCODE
€ 365 K

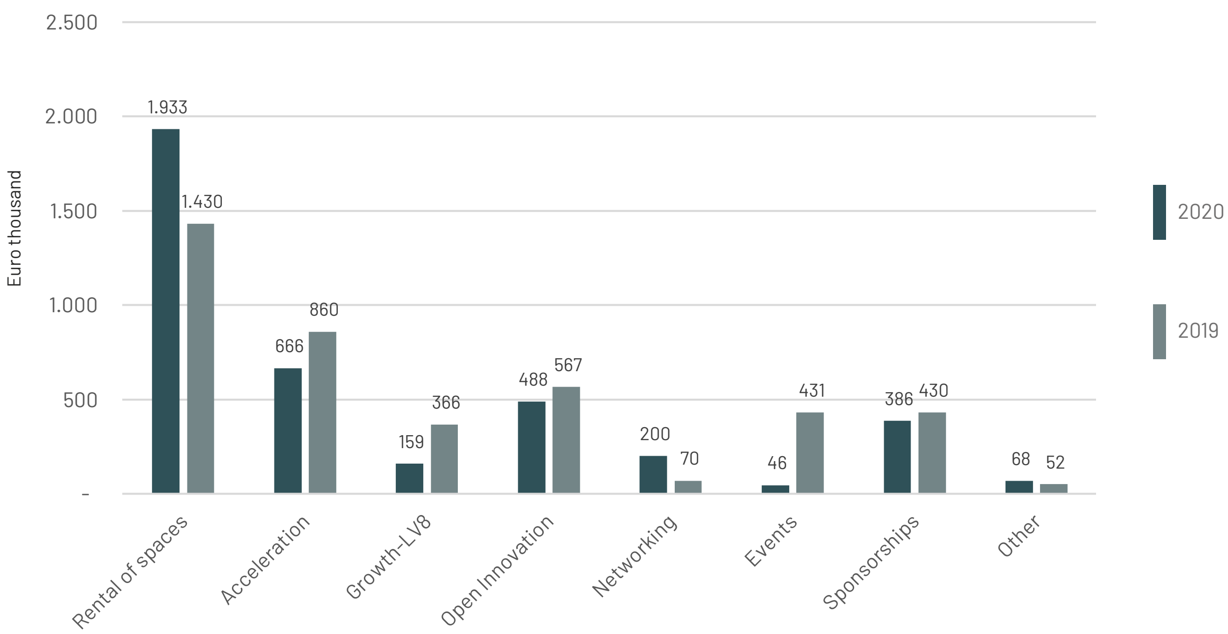
Gross Operating Margin

In 2020, the "Net income from investment management" was reclassified under the Gross Operating Margin, similar to the main European competitors. The "Net income from investment management" includes the revaluations and write-downs at fair value of the startup portfolio (€956 thousand), as well as the capital gains/losses realised (€76 thousand). The data of the previous year were reclassified. The Gross Operating Margin of 2020 recorded a loss of €331 thousand (a profit of €1,126 thousand as at 31 December 2019); this result incorporates the Net income from investment management that, as at 31 December 2020, amounted to €1,032 thousand (€2,011 thousand as at 31 December 2019).

Operating revenues and Income

Operating revenues and income in the first half of 2020 totalled €3,947 thousand compared to €4,206 thousand as at 31 December 2019. Operating revenues were 6% lower than the previous year.

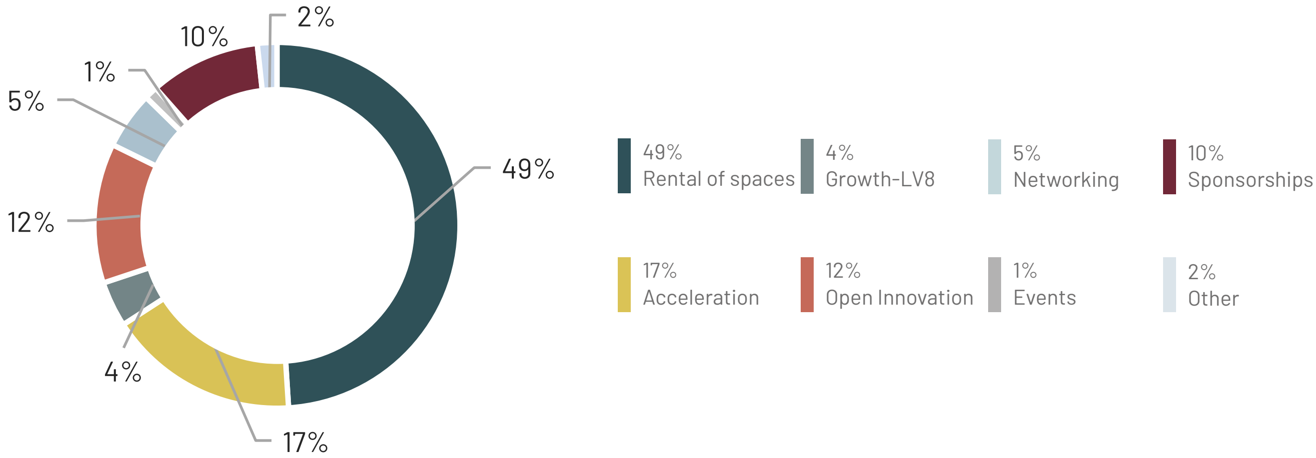
Revenue Comparison



The growth in CoWorking revenues is attributable to the entry into operation of the 4th floor in the Rome HUB from the second half of 2020. The reduction in Acceleration revenues is due to the lower number of startups accelerated in 2020 compared to the same period of the previous year and to the delay of one month of the second 2020 Acceleration Programme. With the adaptation of the customer offer with a view to communication and digital transformation, the activities of Open Transformation managed to maintain results that were not much lower than the previous year. Lastly, the cancellation of in-person events at LVenture Group's HUB also had a negative impact.

The chart below shows the mix of revenues for 2020 by type of service provided:

Revenues by type of service at 31.12.2020



Net income from investment management

Net income from investment management includes the capital gains/losses realised in the period, due to the disposal or liquidation of the startup, with respect to the fair value measurement and positive/negative fair value measurements.

2020 closed with a profit of €1,032 thousand, compared to €2,011 thousand as at 31 December 2019. Details of the item are provided in Note 26.

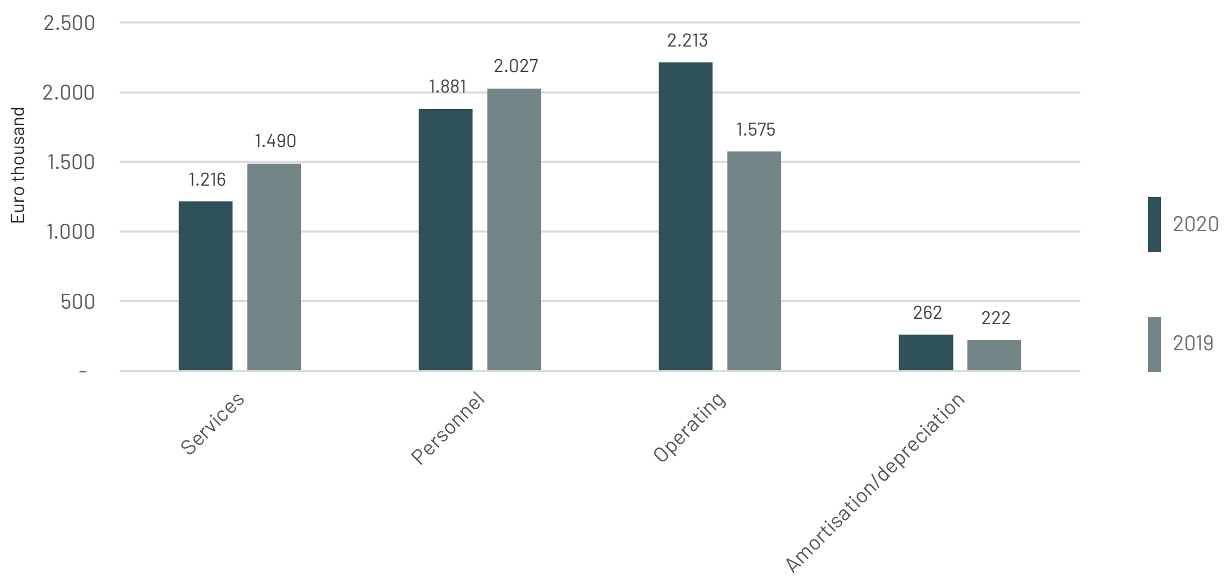
This result was positively influenced by the capital gain of €629 thousand realised on the exit of LYBRA TECH and the positive fair value measurements of some startups that completed major increases in share capital during 2020.

Costs

Total costs increased by 6% compared to 2019, although they were 15% lower than the budget for 2020. The Company managed and contained the costs of non-essential contracts, terminating said contracts and asking suppliers, where possible, for discounts or an extension of services based on the same financial conditions. In addition, personnel costs were reduced with the request for employees to use up holidays and use of the Wages Guarantee Fund in derogation for the months of April, May and June. In addition, the Company saved costs relating to physical events, which could not be held in the HUB in 2020.

The increase in operating costs is attributable to the increase in spaces with the additional rental of the 4th floor of the Rome HUB from June and higher accessory costs linked to the physical spaces and the growth in non-detractable VAT (from 6% to 20%)

Cost Comparison



Net Financial Position and Cash Flow Trends

The net financial position at 31 December 2020, calculated in compliance with the provisions concerning net financial debt in paragraph 127 of the CESR/05-054b recommendations implementing EC Regulation 809/2004, and in line with the Consob provisions of 28 July 2006, is included in the Notes to the Financial Statements. The table below shows the main data relating to the net financial position at 31 December 2020 and 31 December 2019.

Net Financial Position

(€ THOUSANDS)	31-DEC-20	31-DEC-19	DIFF. BETWEEN 2019 AND 2020 CHANGE	CHANGE %
Net fixed assets	21,061	20,201	860	4%
Operating net working capital	-1,543	-779	-764	98%
Cash flows from financing activities	5,103	2,670	2,433	91%
Employee benefits - severance indemnity	0	0	0	n.a.
NET INVESTED CAPITAL	**24,621**	**22,092**	**2,529**	**11%**
FINANCED BY:				
Own funds	22,221	21,938	283	1%
Net Financial Indebtedness	**2,400**	**-154**	**2,554**	4%
of which medium/long-term	*-4,783*	*-2,526*	*-2,257*	98%
Debt/Equity Ratio	0.22	0.12		91%
Net financial position/net profit (loss) ratio	-3.32	0.31		n.a.
* Payables to related parties	55	42		**11%**

Net invested capital rose from €22,092 thousand at 31 December 2019 to €24,621 thousand at 31 December 2020, marking an increase of €2.529 thousand. This result was the net effect of:

- the increase of €860 thousand in the item "Net fixed assets", due to investments in startups and their measurement at fair value;
- the decrease of €764 thousand in the item "Net working capital" due to the trend in current receivables and payables during the reference year;
- the increase of €2,433 thousand in "Cash flows from financing activities".

At 31 December 2020, there were payable items to related parties of €55 thousand (€42 thousand at 31 December 2019).

The item "Own funds" recorded an increase of €283 thousand in 2020.

"Net financial indebtedness", represented by cash and cash equivalents in bank deposits and credit/debt lines with financial institutions, went from €-154 thousand at 31 December 2019 to €2,400 thousand at 31 December 2020: of this increase, €2,557 thousand is attributable to the net balance between inflows from the increase in reserved share capital, outflows of resources for investments in startups, the disbursement of new unsecured mortgage loans and the signature of contracts for leased assets, repayment of mortgage instalments and, lastly, the Company's ordinary operations.

At 31 December 2020, the Company had cash and cash equivalents totalling €2,703 thousand and a bank payable of €4,783 thousand for 5 unsecured mortgage loans received from Banca Popolare di Sondrio, Banca Intesa San Paolo and BCC Roma (ICCREA Group). The Company is up to date with its payments of instalments to the banks.

The Company prepares the Cash Flow Statement using the direct method. A summary of the results of the cash flow statement is shown below, while the detailed statement is shown in the "Financial Statements" section:

CASH FLOW STATEMENT (€ THOUSANDS)	31-DEC-20	31-DEC-19
Cash flow from operations (A)	-1,018	-1,905
Cash flow from investments (B)	-1,968	-3,111
Cash flow from financing (C)	3,173	5,754
FREE CASH FLOW OBTAINED (USED)	**187**	**737**
OPENING NET CASH AND CASH EQUIVALENTS	**2,516**	**1,778**
CLOSING NET CASH AND CASH EQUIVALENTS	**2,703**	**2,516**

Principal corporate operations in 2020

In 2020, the Company completed significant corporate transactions, thanks to which it intends to acquire new resources to continue to support its business model and the growth of portfolio startups.

Reserved Share Capital Increase

On 13 February 2020, the Board of Directors passed a resolution to partially execute the mandate granted to said Board, pursuant to art. 2443 of the Italian Civil Code, by the Company's Extraordinary Shareholders' Meeting on 18 April 2019, increasing the Company's share capital, against payment and in tranches, for a maximum of €1,015 thousand, of which up to €507.5 thousand to be allocated as par value and €507.5 thousand for the share premium, with the exclusion of the option right pursuant to article 2441, paragraphs 5 and 6 of the Italian Civil Code, by issuing up to 1,400,000 new ordinary shares of the Company, with no nominal value, having the same dividend entitlements and characteristics as those outstanding at the issue date and reserved for the shareholder Libera Università Internazionale degli Studi Sociali ("LUISS"). The subscription price of the newly issued shares was €0.725 each. The shares were issued on 21 February 2020 and the certification that the share capital increase had been completed pursuant to art. 2444 of the Italian Civil Code was filed with the Rome Business Register on 24 February 2020.
Following the above-mentioned share capital increase, the equity investment of LUISS in LVenture Group is equal to 7.14%.

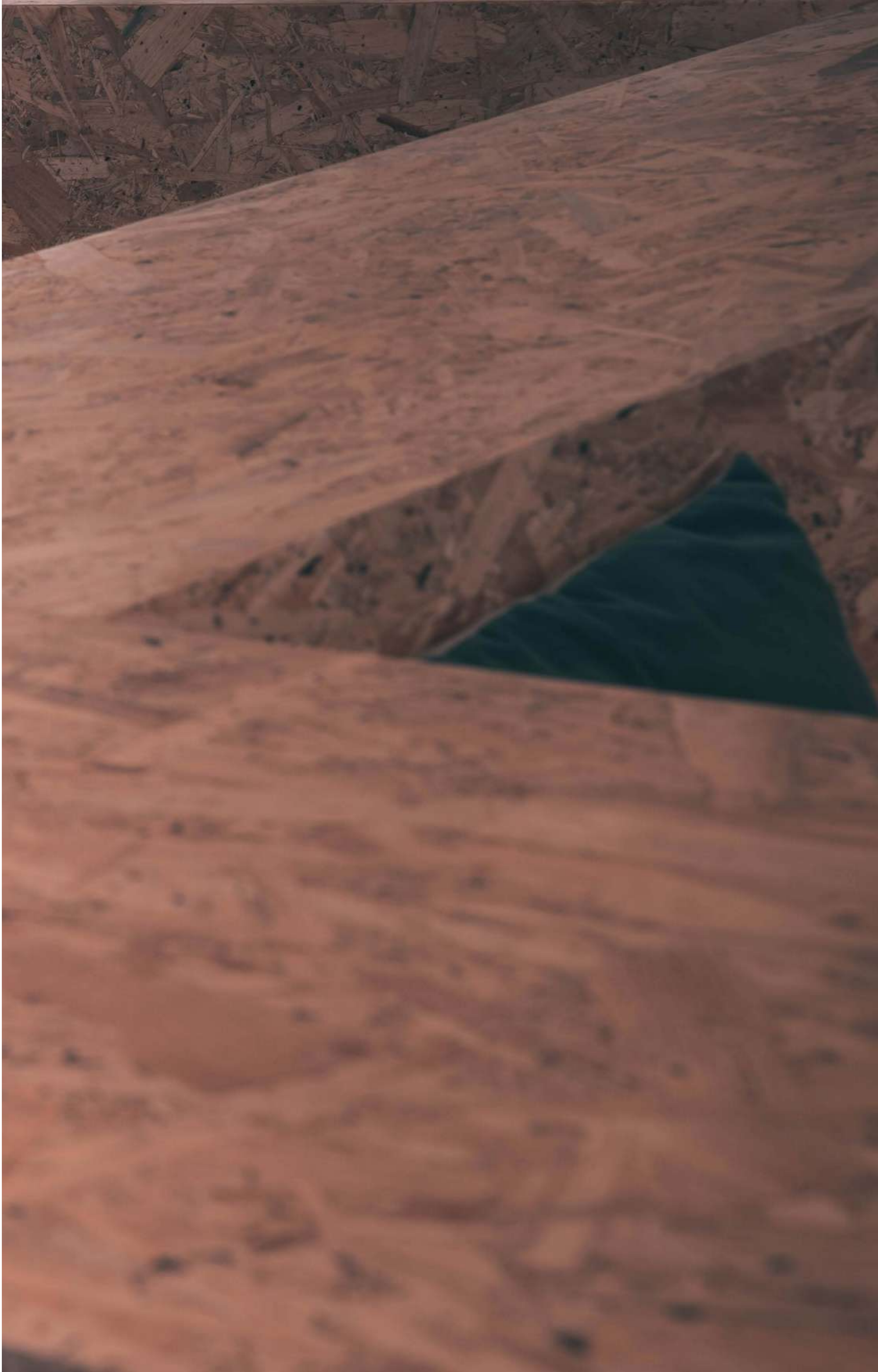
Company Shareholders' Meeting

On **29 May 2020**, the Ordinary Shareholders' Meeting resolved:

- the approval of the Company's Financial Statements as at 31 December 2019;
- the approval of the first section of the Remuneration Report drafted by the Board of Directors pursuant to articles 123-ter, paragraphs 3-bis and 3-ter of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments (the Consolidated Finance Act, known as the "TUF") and 84-quater of Consob Regulation no. 11971/1999 and subsequent amendments (the "Issuers' Regulation") which illustrates the general policy defined by the Board of Directors regarding the remuneration of members of administration and control bodies, with reference at least to 2020, and without prejudice to the provisions of art. 2402 of the Italian Civil Code;
- favourably on the second section of the Remuneration Report, taking into account the non-binding nature of the resolution, pursuant to art. 123-ter, paragraph 6 of the Consolidated Finance Act;
- the approval of the change to the "2017-2020 Employee Incentive Plan".

On **29 May 2020**, the Extraordinary Shareholders' Meeting resolved:

- the approval of the change of the resolution of the Extraordinary Shareholders' Meeting of 2 August 2017 relating to the authorisation to increase share capital attributed to the Board of Directors in order to extend, until 1 January 2022, the duration of the authorisation attributed to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital, through payment, effective from 1 August 2017 and until 1 January 2021, to service the implementation of the "LVG 2017/2020 Incentive Plan".
- the approval of the modification of articles 5, 10, 13, 16, 18, 21, and 22 of the Articles of Association to make them consistent, inter alia, with the provisions prescribed by the entry into force of Italian Budget Law no. 160/2019 and the subsequent amendment to articles 147-ter and 148 of the Consolidated Finance Act (TUF) (Italian Legislative Decree no. 58 of 24 February 1998), regarding gender balance in the composition of the Board of Directors and the Board of Statutory Auditors. The Company took the opportunity presented by the amendment required by the new legislation to revise additional paragraphs of the Articles of Association.



Sustainability

The Company pays particular attention to the pursuit of its long-term interests and sustainability, pursuant to the guidelines of the Corporate Governance Code for listed companies. It is already largely compliant with the 17 Sustainable Development Goals, or SDGs - agreed on by the UN, starting from the Company's core business. In fact, support for young entrepreneurs and innovation, which represents Goal no. 9 "Industry, Innovation and Infrastructure", constitutes the Company's core business. In addition, by way of a non-exhaustive example, Goal no. 5 "Gender Equality", is fully satisfied given that, from a less represented gender point of view, there is full gender equality on the Company's management. The Company has endeavoured to achieve further objectives by setting up a waste sorting system, providing the entire HUB with a water dispenser and water bottles for everyone.

The Company has appointed external consultants to draft a Sustainability Report in order to certify the activities it already undertakes in terms of company sustainability. It should be noted that at present, the Company is not required to draft a Non-Financial Statement (NFS).

E (Environmental)

In compliance with the provisions of art. 2428, paragraph 2, of the Italian Civil Code, please note that the Company carries out its activities in compliance with environmental regulations.

LVenture Group implements a series of measures that respect the environment:

- almost all of its employees reach the workplace on a daily basis through public transport or bicycles/scooters, avoiding the pollution deriving from private vehicles;
- the application of the organisation, management and control Model pursuant to Legislative Decree 231/2001, which requires particular attention to be paid to waste disposal;
- the Company has endeavoured to achieve the further objectives by setting up a waste sorting system, providing the entire HUB with a water dispenser and water bottles for all users of the CoWorking spaces;
- it is the founder, promoter and sponsor of the LOVE ITALY association: a non-profit association for protecting and enhancing Italian cultural heritage through the restoration of works in Italy through crowdfunding.

S (Social)

The Company creates a positive social impact thanks to its main activity (the investment of capital in newly established companies) having contributed to the creation of over 1,500 jobs. Investments in innovative startups also contribute to the support of young entrepreneurs and innovation; moreover, this makes the core business in itself sustainable. We can summarise in this way the main initiatives of LVenture Group in support of Social Sustainability, some certified by a code of ethics:

- LVG pays attention to the issue of gender equality and its corporate human resources policies reflect gender equity;
- the Company does not implement discrimination of any kind (race, religion or sex) nor promotes any type of culture;
- the Company adopts policies on the respect of health and safety in the workplace;
- to maintain a good state of health, LVG gave discounts on open subscriptions to various gyms;
- the Company has created, at its offices, areas of leisure and relaxation for employees and for those who use the offices;
- it places trust at the basis of every working relationship and does not put in place controls on the work of employees;
- is attentive to the level of satisfaction of its personnel and provides a training plan for its employees;
- the Company has an ongoing partnership with Luiss University;
- procedures necessary for the protection of personnel data are adopted.

G (Governance)

The corporate governance of LVenture Group is compliant with current regulations (in particular with the Italian Civil Code, the TUF and Legislative Decree 231/2001 and, more generally, with the legal and regulatory provisions applicable to listed companies) and consistent with the provisions of the Corporate Governance Code, taking into account that, given its reduced organisational complexity, LVenture Group has established only the Control and Risk and RPT Committee and the Remuneration Committee. The Company has also adopted the Corporate Governance Code as a reference point for an effective corporate governance structure.

On 18 March 2014, the Board of Directors approved the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (the “Model 231”) and the Code of Ethics (the “Code of Ethics”), both published - the Model only in the general part - on the company's website.

The prescriptions contained in the Model are completed with those of the Code of Ethics, which describes the commitments and ethical responsibilities in the conduct of business and company activities with which each employee and all parties with whom the Company interfaces, must comply in the performance of the own activity, in the conviction that business ethics are the basis of business success.

The corporate Governance of the company is oriented to transparency. In fact 5 of its 9 directors are independent; in addition, gender diversity, another key element of the Governance pillar, is adequately valued.

Other Information

Financial Risk Disclosure

The disclosure on financial risks required under art. 2428 of the Italian Civil Code is provided in Note 5.21.

Information on the Share Capital

At 31 December 2020, the share capital of LVenture Group is divided into 46,021,491 ordinary shares with no nominal value, all representative of the same portion of the share capital, as set forth in art. 5 of the Articles of Association; each ordinary share gives the right to one vote in the Company's ordinary and extraordinary shareholders' meetings.
The Company does not directly and/or indirectly hold shares of LV. EN. Holding S.r.l.
LVenture Group has no treasury shares in its portfolio.

Health, Safety and Environment

In compliance with the provisions of art. 2428, paragraph 2, of the Italian Civil Code, please note that the Company carries out its activities in compliance with environmental regulations.

Research and Development

In 2020, LVenture undertook a series of technical and market analyses with the aim of fully understanding where and how investments should be made in order to streamline the delivery of the services provided.
Various surveys have been carried out in order to harmonise and reduce the distances between Acceleration, Open Innovation, Growth-LV8 and Communication and CoWorking, with the aim of transforming the experience of Corporates, SMEs and startups that interact with the Company, making it fully immersive and potentially without geographical barriers.
Specifically, all the tools available on the market were analysed with the aim of identifying the most appropriate open source tools. In addition, an analysis was carried out to develop an understanding of the feasibility, in technological and economic terms, of building a platform fully internally that is able to respond to the needs of the market.

Management and Coordination

LVenture Group is controlled, pursuant to art. 93 of the TUF, by Luigi Capello, through LV.EN. Holding, in which it holds a 50.68% stake as at 31 December 2020. LV.EN. Holding, the majority shareholder of LVenture Group, holds 32.56% of the Company's share capital as at 31 December 2020 and exercises de facto control over it pursuant to art. 2359, paragraph 1, no. 2 of the Italian Civil Code.
Although LVenture Group is subject to the control (pursuant to art. 93 of Italian Legislative Decree 58/1998) of LV.EN. Holding, neither the latter nor any other party was involved in policy-making and/or interfered in the management of LVenture Group: indeed, de facto, the management of the Company is not influenced at all by any third parties external to LVenture Group.
LVenture Group is not subject to management and coordination by the holding company LV.EN. Holding, or any other party, pursuant to articles 2497 et seq. of the Italian Civil Code.
In compliance with principles of conduct, transactions of LVenture Group of particular strategic, economic, capital and financial significance must be jointly examined and exclusively approved by the Board of Directors of LVenture Group, which is made up of directors meeting the requirements of (non-executive and) independent directors, in light of the criteria laid out in art. 3 of the Corporate Governance Code.
It is deemed that the competence and expertise of the non-executive and independent directors and their significant weight in taking board decisions constitutes a further guarantee that all decisions of the Board of Directors will be adopted in the exclusive interest of LVenture Group and in the absence of instructions or interference from third-party stakeholders from outside the Company.

Corporate Governance

The Governance Model

The Company's corporate governance is based on the traditional "Latin model" system. The corporate bodies are:

- the Shareholders' Meeting, responsible for resolving in ordinary and extraordinary session on the matters placed under its responsibility by the law or the Articles of Association;
- the Board of Directors, vested with the most extensive powers for the ordinary and extraordinary management of the Company, with no limitation, with the right to carry out all deeds it deems appropriate for the enactment and achievement of the corporate purpose, excluding only those which the law places under the responsibility of the shareholders' meeting;
- the Board of Statutory Auditors, which by law is responsible for supervising i) observance of the law and the Articles of Association and compliance with the principles of proper management; ii) the adequacy of the organisational structure for the aspects within its remit, its internal control and risk management system and the administrative/accounting system, as well as the reliability of the latter to properly represent operational transactions; iii) the adequacy of the instructions provided in relation to the information to be provided to meet communication obligations; iv) the methods for actual implementation of the corporate governance rules laid out by the Corporate Governance Code for listed companies, which the Company follows. Italian Legislative Decree no. 39/2010, in the consolidated text of Legislative Decree no. 135/2016, assigns the Board of Statutory Auditors the duty of supervising, in particular, the financial reporting process, the effectiveness of the internal control, internal audit, if applicable, and risk management systems, as well as the independent audit of the annual and consolidated accounts and the independence of the independent Auditors.

In addition to the corporate bodies, there is also a Corporate officer in charge of preparing the accounting documents.
In turn, the Board of Directors formed two board committees, made up only of independent directors: i) the Control and Risk and Related Party Transactions Committee, and ii) the Remuneration Committee.

The governance model adopted by the Company is inspired by the Corporate Governance Code for listed companies promoted by the Borsa Italiana S.p.A. Corporate Governance Committee, which the Company follows, as well as the reference models represented by international best practice.

Disclosure pursuant to art. 123-bis of Italian Legislative Decree no. 58/1998 (the TUF)

At its meeting on 11 March 2021, the LVenture Group S.p.A. Board of Directors approved the Annual Report on corporate governance and ownership structures for the year 2020, which provides, inter alia, the disclosure pursuant to art. 123-bis, paragraph 1, of the TUF: the report illustrates in detail the LVenture Group corporate governance system and includes, aside from the information pursuant to art. 123-bis, paragraph 2, of theTUF, a broad examination of the implementation status of the governance principles recommended by the old Corporate Governance Code for Listed Companies, and the new Corporate Governance Code (to which the Company has adhered), in accordance with the "comply or explain" rule.
The Annual Report on corporate governance and ownership structures, which is hereby referenced in its entirety, is made available to the public in conjunction with this Directors' Report and the financial statement documentation. It may be consulted in the "Investor Relations/Corporate Governance/Shareholders' Meetings" section of the website www.lventuregroup.com.

Disclosure pursuant to art. 123-ter of Italian Legislative Decree no. 58/1998 (the TUF)

Also on 11 March 2021, the LVenture Group Board of Directors approved the Remuneration Report, in observance of art. 123-ter of the TUF, as well as of art. 84-quater of the Issuers' Regulations.
The Report has two sections:

- the first, which illustrates the remuneration policy for members of the administrative body and key executives with reference to the year 2020, as well as the procedures used to adopt and implement that policy;
- the second, intended to provide a representation of each of the items making up remuneration and describe the remuneration paid in 2020 to members of the management and control bodies and key managers.

The Report will be submitted to the Shareholders' Meeting called for 26 May 2021 on first call and 27 May 2021 on second call, which will be asked to resolve on the first section, with a binding resolution, and on the second section, with a non-binding resolution.
The Remuneration Report is available at the Company's registered office and on the website www.lventuregroup.com.

Disclosure pursuant to Consob resolution no. 17221 of 12 March 2010 (Related Party Regulation)

In 2020, the Company did not carry out transactions of greater relevance or which significantly influenced its balance sheet or profit and loss with related parties, nor were there changes or developments in the transactions described in the annual report for 2020 that generated the same effects.
All information relating to transactions with related parties in 2020 is provided in the Notes.

Business Outlook

Between the end of 2020 and the beginning of 2021, a rapid evolution of the Italian Venture Capital scenario can be seen, with the entry of important players on the market such as the Cassa Depositi e Prestiti Group and ENEA Tech funds.

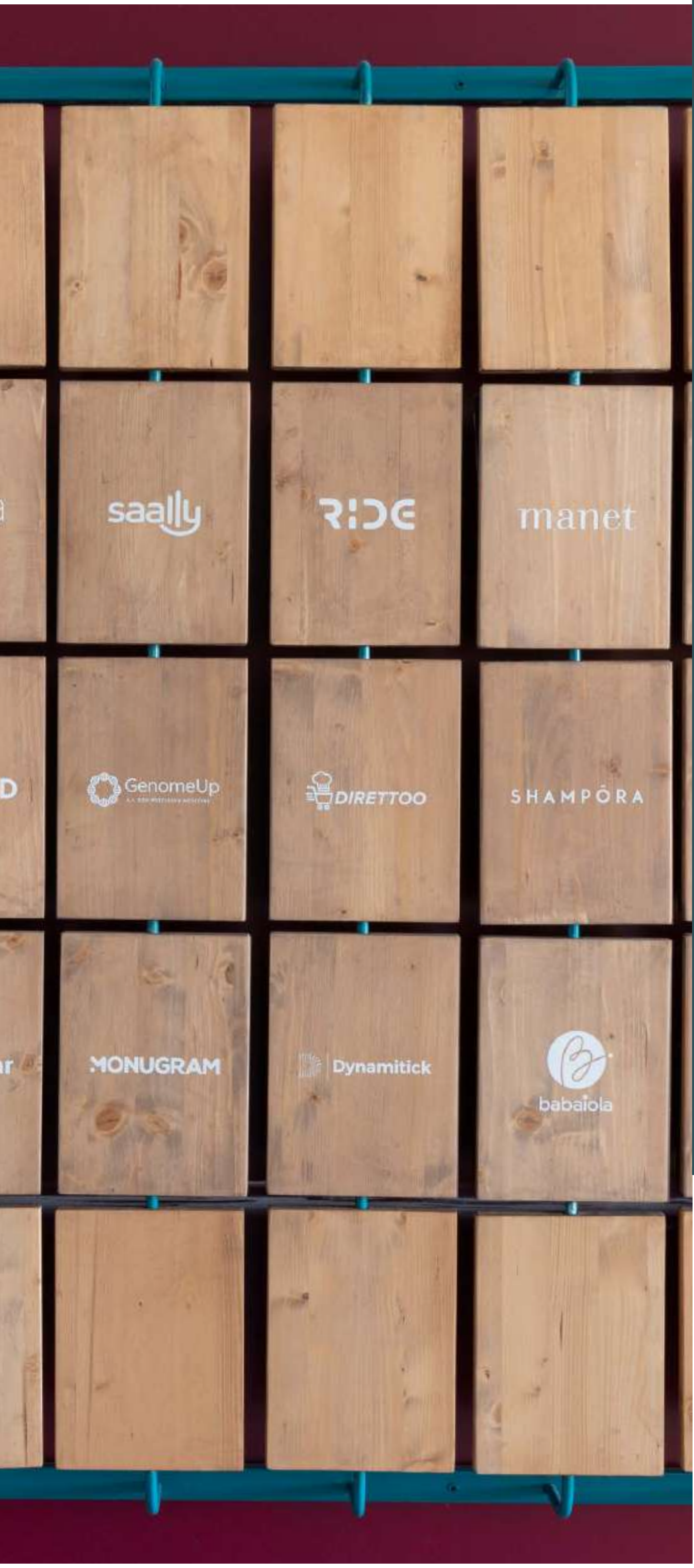
In December 2020, the Company's Board of Directors approved the 2021-2024 Business Plan (the "Business Plan"), which is based on the premise of a gradual return to normality and an acceleration of the trends of growth of the values of the startups in the portfolio and the achievement of major exits. These positive trends are already ongoing, thanks to the maturing, both on the funding side and on the corporate interest side, of the Italian Venture Capital market.

The Company has taken into account the following factors to support sustainable growth:

- position in the reference market: over the years the Company has consolidated its presence in the reference market, allowing it to benefit from positive market prospects (i.e. CDP/Fondo Innovazione, bigger investments in innovation by companies in Italy, including through the acquisition of startups);
- scalability of the business model: growth in investments in high-potential portfolio startups, growth in Open Innovation activities, new agreements and vertical accelerators with corporations/partners;
- financial strategy: the Company will continue to pursue a disciplined financial strategy to balance year-on-year business growth, investments, operating costs and Exits.

In particular, the Company has the following principal strategic objectives for 2021:

- increase in investments: the Business Plan envisages an average annual investment up compared to €3.1 million in 2020;
- maximisation of the value of the portfolio: for 2021 a revaluation higher than that achieved in 2020 is estimated, due to higher increases in capital. At this time, the performance of the startups in the portfolio, in particular for startups classified by the Company in the Star and High Potential categories, and the ongoing negotiations with investors for future fundraising allow for good visibility for this metric for the coming months;
- exit transactions: san acceleration of the Italian exit market can be expected and it is assumed that the Company, following the market, may carry out a significant number of Exits in the coming years. For 2021, it is assumed that cash-in from exits will be higher than that achieved in 2020 (€1.22 million);
- operating revenues: up from the €3.9 million of 2020, driven by the development of new Open Innovation projects, the launch of new vertical acceleration programmes, the full use of spaces and the recovery of revenues from events. The existing contracts already signed allow for excellent visibility for this metric for a growth trend in 2021;
- EBITDA: improved for 2021 with a positive forecast. The Company has good visibility on this metric as well;
- equity structure: the Company, which closed 2020 with cash and cash equivalents of €2.7 million and a Net Financial Position negative for €2.4 million, has defined its short/medium-term financial and investment strategies to have adequate financial resources to be able to face the scenarios envisaged in 2021 and subsequent years.



The Company will still will continue to monitor the economic and financial situation and update its forecasts, with the aim of promptly providing adequate responses, also preventively, in consideration of the constantly evolving health emergency, its effects and the measures that are being taken and will be taken by the Government in relation to it. IAS 36 "Impairment of assets" (IAS 36 paragraphs 9 and 12) requires the Company to evaluate whether the effects of the COVID-19 epidemic constitute indicators of impairment such as to call for specific testing of the recoverability of the assets. Under this profile, the disclosure deemed relevant with regard to satisfaction of this requirement is provided below:

- valuation of derivatives: the Company uses theInterest Rate Swap to manage the risk of interest rate fluctuations. Contracts relating to derivative financial instruments are entered into with counterparties selected from the most financially solid in order to reduce the risk of contractual default to the minimum. The Company does not use derivative financial instruments for purposes of mere trading, but for economic hedging of risks identified. The Company believes that the disclosure provided in the Notes to the Financial Statements is adequate;
- estimated credit losses: the Company has continued to keep a watchful eye on the evolution of the collection of receivables and has not noted any particular situations of criticality;
- fair value valuation of investments in startups: dextremely careful monitoring of the economic and financial performances of the portfolio startups has been implemented, both to pick up on any worrying signs, and to offer assistance in the case of more acute temporary problems.

Proposed resolution

Dear Shareholders,

We invite you to approve the following resolution.

"The Shareholders' Meeting:
- acknowledging the Report of the Board of Directors on operations;
- acknowledging the Report of the Board of Statutory Auditors;
- acknowledging the Report of the Independent Auditors;
- having examined the Financial Statements at 31 December 2020, which closed with a loss for the year of €723,871.57 (profit of €504,516.90 at 31 December 2019);

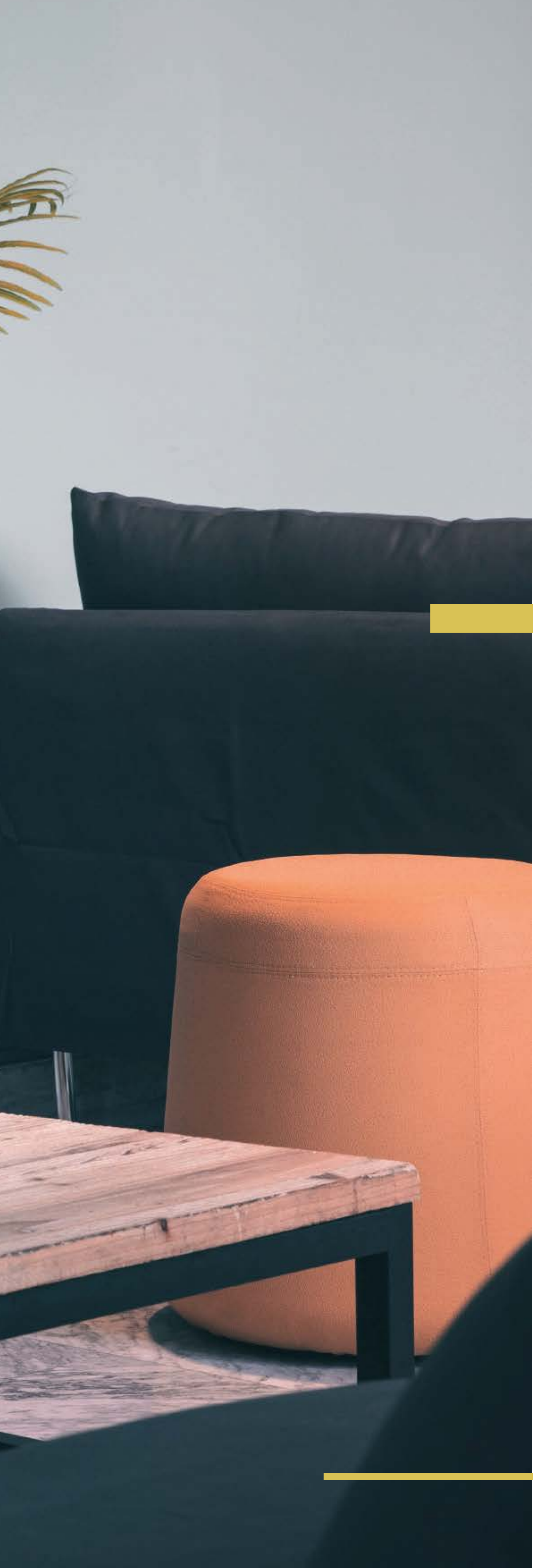
resolves
- to approve the Balance Sheet, Income Statement and the Notes to the Financial Statements for the year ending at 31 December 2020, which show a loss for the year of €723,871.57, as presented by the Board of Directors as a whole, in the individual items and with the provisions proposed;
- to carry forward the loss for the year of €723,871.57.

Rome, 11 Marzo 2021

Per il consiglio di Amministrazione

Stefano Pighini
Presidente


THE HUB
BOOST/B
COLLEGAMENTO VIDEO E AUDIO



Financial Statements at 31 December 2020

FINANCIAL STATEMENTS

NOTES	STATEMENT OF FINANCIAL POSITION IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
	ASSETS		
	NON-CURRENT ASSETS		
6	Property, plant and equipment and other machinery	567	601
7	Goodwill and other intangible assets	145	100
8	Right of use of leased assets	337	0
9	Securities and equity investments	22,894	19,055
10	Receivables and other non-current assets	1,745	2,475
11	Deferred tax assets	146	39
	TOTAL NON-CURRENT ASSETS	**25,834**	**22,270**
	CURRENT ASSETS		
12	Trade receivables	573	730
13	Current financial assets	86	299
14	Other receivables and current assets	622	74
15	Cash and cash equivalents	2,703	2,516
	TOTAL CURRENT ASSETS	**3,984**	**3,620**
	TOTAL ASSETS	**29,818**	**25,890**
	LIABILITIES		
	SHAREHOLDERS' EQUITY		
	Share capital	14,507	14,000
	Other reserves	8,438	7,433
	Profit (loss) carried forward	0	0
	Net profit (loss)	-724	505
16	**TOTAL SHAREHOLDERS' EQUITY**	**22,221**	**21,938**
	NON-CURRENT LIABILITIES		
17	Non-current payables to banks	4,414	1,914
18	Other non-current financial liabilities	212	0
	Other non-current liabilities	0	13
	Provisions for risks and charges	0	56
	Provisions for employee benefits	0	0
19	Deferred tax liabilities	146	86
	TOTAL NON-CURRENT LIABILITIES	**4,773**	**2,069**
	CURRENT LIABILITIES		
20	Current payables to banks	369	612
21	Other current financial liabilities	108	31
22	Trade and other payables	1,415	724
23	Tax payables	159	67
24	Other current liabilities	773	449
	TOTAL CURRENT LIABILITIES	**2,824**	**1,883**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**29,818**	**25,890**

NOTES	INCOME STATEMENT IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
25	Revenues and other income	3,947	4,206
26	Net Income from Investment Management	1,032	2,011
27	Costs for services	-1,216	-1,490
28	Personnel costs	-1,881	-2,027
29	Other operating costs	-2,213	-1,575
	GROSS OPERATING MARGIN	**-331**	**1,126**
30	Depreciation and impairment losses on tangible assets	-244	-204
30	Amortisation and impairment losses on intangible assets	-18	-18
31	Provisions and write-downs	-48	-85
	OPERATING RESULT	**-641**	**819**
32	Financial income	0	19
33	Financial expenses	-131	-98
34	Other income and expenses	3	-115
	PRE-TAX PROFIT (LOSS)	**-770**	**624**
35	Income taxes	46	-119
25	**NET PROFIT (LOSS)**	**-724**	**505**

STATEMENT OF COMPREHENSIVE INCOME IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
NET PROFIT (LOSS)	**-724**	**505**
Other comprehensive income net of taxes		
- Effect of the effective portion of gains and losses on hedging instruments in a cash flow hedge	4	-5
TOTAL OTHER COMPREHENSIVE INCOME NET OF TAXES	***4***	***-5***
COMPREHENSIVE INCOME	**-720**	**500**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN THOUSANDS OF EURO	SHARE CAPITAL	SHARE PREMIUM RESERVE	FAIR VALUE RESERVES*	RESERVE FOR STOCK OPTION PLAN	UNDIVIDED PROFITS RESERVE	LEGAL RESERVE	PROFIT (LOSS) CARRIED FORWARD*	PROFIT (LOSS) FOR THE YEAR	TOTAL
BALANCE AS AT 31/12/2018	**10,932**	**1,152**	**-26**	**48**	**0**	**0**	**3,026**	**401**	**15,533**
Change according to the provisions of IAS 8	-	-	-	-	4,341	-	-	-	4,341
Share capital issue	3,067	3,067	-	-	-	-	-	-	6,134
Expenses liked to share capital increase	-	-307	-	-	-	-	-	-	-307
Coverage of losses	-	-934	-	-	-	-	-	-	-934
Fair Value Measurement financial instruments and Stock Option	-	-	-5	77	-	-	-	-	72
Profit (loss) from previous years	-	-	-	-	-	-	-3,960	-401	-4,361
Profit (loss) for the year	-	-	-	-	-	20	934	505	1,459
BALANCE AS AT 31/12/2019	**13,999**	**2,978**	**-31**	**125**	**4,341**	**20**	**0**	**505**	**21,938**
Change according to the provisions of IAS 8	-	-	-	-	-	-	-	-	-
Share capital issue	508	508	-	-	-	-	-	-	1,016
Expenses linked to share capital increase	-	-50	-	-	-	-	-	-	-50
Coverage of losses	-	-	-	-	-	-	-	-	-
Fair Value Measurement financial instruments and Stock Option	-	-	-4	46	-	-	-	-	42
Profit (loss) from previous years	-	-	-	-	480	25	-	-505	0
Profit (loss) for the year	-	-	-	-	-	-	-	-724	-770
BALANCE AT 31/12/2020	**14,507**	**3,436**	**-35**	**171**	**4,821**	**45**	**0**	**-724**	**22,221**

CASH FLOW STATEMENT IN THOUSANDS OF EUROS	**31-DEC-20**	**31-DEC-19**
CASH FLOW FROM OPERATIONS		
Collections from customers	5,321	4,243
Other collections	37	54
(Payments to suppliers)	-3,389	-3,032
(Payments to personnel)	-2,226	-2,682
(Other payments)	-229	-273
(Legally mandatory/tax charges)	-533	-215
Interest collected/(paid)	0	0
CASH FLOW FROM OPERATIONS (A)	**-1,018**	**-1,905**
CASH FLOW FROM INVESTMENTS		
PROPERTY, PLANT AND EQUIPMENT		
(Investments)	-114	-80
Divestment sale price	0	0
INTANGIBLE ASSETS		
(Investments)	0	0
Divestment sale price	0	0
FINANCIAL FIXED ASSETS		
(Investments)	-3,072	-3,267
Divestment sale price	1,217	236
CASH FLOW FROM INVESTMENTS (B)	**-1,968**	**-3,111**
CASH FLOW FROM FINANCING		
THIRD-PARTY FUNDS		
New loans	2,834	0
(Repayment of loans)	-579	-313
(Interest paid on loans)	-67	-87
(Lease repayment)	-30	0
OWN FUNDS		
Share capital increase against payment	1,015	6,154
Sale (purchase) of treasury shares	0	0
Dividends (and advances on dividends) paid	0	0
CASH FLOW FROM FINANCING (C)	**3,173**	**5,754**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	**187**	**739**
OPENING CASH AND CASH EQUIVALENTS	**2,516**	**1,778**
CLOSING CASH AND CASH EQUIVALENTS	**2,703**	**2,516**

EXPLANOTORY NOTES

1. General Notes

LVenture Group operates at national and international level in the Venture Capital sector. The Company's *mission* is to generate value for its shareholders by transforming young startups into successful companies.

LVenture Group, with registered office in Via Marsala 29H, Rome, is listed on the MTA market of Borsa Italiana S.p.A.

At 31 December 2020, 32.56% of the share capital of LVenture Group was held by LV.EN. Holding S.r.l..

The Financial Statements at 31 December 2020 were approved by the Board of Directors of LVenture Group on 121 March 2021 and were audited by the Independent Auditors, Baker Tilly Revisa S.p.A.

Use of Estimates and Causes of Uncertainty

The Financial Statements were prepared in accordance with IAS/IFRS, which require the directors to develop estimates, opinions and assumptions that have an effect on the amount of assets and liabilities, the disclosure relating to contingent assets and liabilities and the value of revenues and costs reported in the period presented. The estimates and assumptions used are based on elements known at the reporting date, historical experience and any other elements deemed relevant.

The situation caused by the current phase of economic and financial uncertainty has made it necessary to make assumptions regarding future trends. Therefore, it cannot be ruled out that the coming year may bring different results to those estimated and hence that adjustments, which currently cannot be estimated or predicted and may turn out to be significant, may need to be made in the carrying amounts of items relating to equity investments in startups, and more specifically Securities and equity investments. In particular, with regard to:

- the use of estimates of Level 3 *fair value* (lacking active markets for the cases in point) which, by definition involve greater uncertainty in determining the *fair value*;
- the uncertainty regarding the exit timing and the resulting possibility that the *fair value* estimates are impacted by that situation.

3. General Reporting Criteria

The Separate Financial Statements were drawn up in compliance with the IAS/IFRS (*International Accounting Standards* – IAS – and *International Financial Reporting Standards* – IFRS) issued by the IASB, on the basis of the text published in the Official Journal of the European Community (OJEC). The IFRSs also include all the revised international accounting standards ("IAS") and the interpretations of the *International Financial Reporting Interpretations Committee*(IFRIC), previously known as the *Standing Interpretations Committee* (SIC).

The Notes to the Financial Statements were supplemented with the additional disclosures required by CONSOB and the measures issued in implementation of art. 9 of Italian Legislative Decree 38/2005 (resolutions 15519 and 15520 of 27 July 2006 and communication DEM/6064293 of 28 July 2006, pursuant to art. 114, paragraph 5 of the Consolidated Finance Act), art. 78 of the Issuers' Regulations and the EC document of November 2003 and, when applicable, the Italian Civil Code. In line with the Financial Statements from last year, some information is contained in the Directors' Report on operations.

The Separate Financial Statements have been prepared based on the assumption of the Company's ability to continue as a going concern and include the statement of financial position, income statement, statement of comprehensive income, cash flow statement, statement of changes in shareholders' equity and the relative notes. The Separate Financial Statements were drafted in thousands of Euro.

For the presentation of profit and loss results, the Company uses an income statement that recognises components of revenues and costs by nature. In addition, the statement of comprehensive income is also prepared, which also includes the economic items that are not recognised in the income statement and directly impact the specific items of shareholders' equity. The transactions represented in the statement of comprehensive income are shown net of the relative tax effect.

In the statement of financial position, the Company presents current assets and liabilities, which are expected to be realised or settled during the normal operating cycle, separately from non-current items. The statements outlined above, appropriately supplemented by the Notes, accompanied by the Directors' Report, are deemed those which are capable of best providing a structured representation of the financial position and profit and loss of the Company. If, due to a new standard, a change in the nature of transactions or a restatement of the financial statements, it is necessary or appropriate to make a change in the financial statement items to provide reliable and more relevant information for users of the financial statements, the comparative data will be reclassified accordingly in order to improve the comparability of information from different years. In this case, if significant, an appropriate disclosure will be provided in the notes.

Pursuant to art. 3 of Consob Resolution no. 18079 of 20 January 2012, please note that the Company relied on the exemption laid out in arts. 70, paragraph 8 and 71, paragraph 1-bis of Consob Reg. no. 11971/99 (as amended) with reference to the provision

4. Alternative Performance Indicator (API)

In order to provide *stakeholders* with an alternative measure for Portfolio performance, it was deemed important to supplement the financial reporting with an Alternative Performance Indicator (API) which represents the Portfolio value on the basis of the most recent capital transactions taking place in the reference period, also considering the issue of hybrid financial instruments. Please note that although this indicator represents a useful parameter to provide an indicative Portfolio valuation in line with sector *best practices*, it does not replace IAS/IFRS valuation criteria applied to determine the value of the investment portfolio recognised in the financial statements. Therefore, that alternative valuation of the investment portfolio is used by the Company only for the purpose of monitoring the performance of the Portfolio and enabling a comparison with competitors.

The Company determines the Alternative Performance Indicator as follows:

- in the presence of any share capital increase (fully subscribed and paid up, even partially, but with the obligation to pay) in which there are third-party investors, the *post-money* valuation is used as an indicator of a market value of the startup;
- in the presence of a share capital increase, or another transaction on the share capital of the startup not completely finalised or which takes place in tranches or another transaction on the startup's share capital (also including the issue of convertible debt financial instruments) in which there are third-party investors not complying with the previous clauses, the *pre-money* valuation of the transaction is used plus the cash inflows paid in at the *cut-off* date, as an indicator of a market value of the startup;
- if in the last 12 months no transaction took place on the share capital and there are no negative performance indicators, the previous valuation is maintained;
- in the preceding case and if there are negative performance indicators, a startup is valued at cost or at a value lower than cost on the basis of the possibility for the Company to recover its investment.

- for investments in Convertible, the Company used the *conversion capas Pre-Money* and as the share pertaining to the Company that resulting from the calculation *fully diluted* upon conversion.

5. Measurement Criteria and Accounting Standards

The accounting standards adopted in preparing these Financial Statements are consistent with those applied to prepare the Separate Financial Statements at 31 December 2019, to which reference should be made, with the exception of what is laid out below with respect to the new accounting standards, amendments and interpretations applicable as of 1 January 2020.

As required by Consob communication no. 0007780 of 28 January 2016 and the *public statement* published on 27 October 2015 by ESMA, "European common enforcement priorities for 2015 *financial statements*", in relation to the disclosure that listed companies must provide in financial reporting as at 31 December 2015 and subsequently, specific information is provided below on the accounting standards, the policies adopted and the measurements made by the Company, by providing, for example, a detailed description of relevant and directly applicable accounting standards, specifying how these standards were adopted by the Company and avoiding the mere reproduction of what is established in the standards. As a result, the accounting standards not adopted by the Company in the preparation of the Separate Financial Statements are not mentioned.

Accounting standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union:

- **Amendments to IFRS 10 and IAS 28**: "*Sale or Contribution of Asset between an Investor and its Associate or Joint Venture*" (issued on 11 September 2014). The purpose of the document is to resolve a conflict between the provisions of IFRS 10 and IAS 28 in the event that an investor sells or contributes a business to its associate or joint venture, requiring the recording of the gain or loss resulting from the loss of control in full at the time of the sale or contribution of the business, or partially in the event that this involves only individual assets. IASB deferred the adoption of this amendment until its project on the *equity method* has been completed. Based on an initial examination, the possible future adoption of this standard should not have a significant impact on the Company's financial statements.
- **Amendments to IAS 40:** "*regarding transfers of investment property*". Document issued by IASB on 8 December 2016 with effective date of 1 January 2018. The amendment entails the following: i) amendment of paragraph 57 of IAS 40 to state that an entity shall transfer a property from, or to, investment property only when there is evidence of a change in use, ii) designation of the list of evidence in paragraph 57 (a) – (d) as a non-exhaustive list of examples. Based on an initial examination, the possible future adoption of that standard should not have a significant impact on the Company's financial statements.
- **IFRIC 22**: "Foreign Currency Transactions and Advance Consideration". Document issued by IASB on 8 December 2016 which covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising

from the payment or receipt of advance consideration before the entity recognises the related *asset*, expense or income. The interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The IASB expects to adopt this on 1 January 2018. Based on an initial examination, the possible future adoption of that interpretation should not have a significant impact on the Company's financial statements.

- "***Annual Improvements to IFRSs: 2014-2016 Cycle***". Document issued by IASB on 8 December 2016 with effective date of 1 January 2018. The work involved the following accounting standards: i) IFRS 1 - the short-term exemptions set out in paragraphs E3-E7 have been eliminated, because they have now served their intended purpose; ii) IFRS 12 - the scope of the standard has been clarified by specifying that the disclosure requirements, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as *discontinued operations* in accordance with IFRS 5; iii) IAS 28 - it was clarified that the decision to measure at *fair value* through profit and loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation is available for each investment in an associate or *joint venture* upon initial recognition. Based on an initial examination, the possible future adoption of this standard should not have a significant impact on the Company's financial statements.

5.1. Transactions in Foreign Currency

i. Functional and presentation currency. All items included in the Company's Financial Statements are measured by using the currency of the main economic environment in which the entity operates (functional currency). The Financial Statements are presented in Euro (rounded to the nearest thousand), as this is the currency in which the majority of the Company's transactions are carried out.

ii. Transactions in foreign currency. The Company's Separate Financial Statements were prepared in the functional currency of the business. In preparing the financial statements, transactions in foreign currency are converted to the functional currency by applying the exchange rate in force at the transaction date. Monetary assets and liabilities in foreign currency existing at the reporting date are converted using the exchange rate in force at the closing date; non-monetary assets and liabilities, measured at historical cost in foreign currency, are converted using the exchange rate in force at the transaction date.

Foreign exchange differences deriving from the conversion of monetary assets and liabilities at the reporting date are recognised in the income statement.

The rates applied are shown in the table below:

	CLOSING EXCHANGE RATE	AVERAGE EXCHANGE RATE
US dollar/euro	1.2271	1.1195

5.2. Intangible Assets (IAS 38)

INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets consist of identifiable non-monetary elements with no physical consistency, which may be controlled and can generate future economic benefits. These elements are recognised at acquisition and/or production cost, inclusive of directly attributable expenses to make the asset ready for use, net of cumulative amortisation and any impairment losses. Amortisation begins at the moment in which the asset is available for use and is broken down systematically over the remaining period during which it will be possible to use the asset, i.e., based on its estimated useful life.

GOODWILL

Goodwill represents the difference between the cost incurred for the acquisition of a controlling interest (of a set of assets) and the *fair value* of the assets and liabilities identified upon acquisition. Goodwill is not amortised, but is tested for *impairment* at least once per year. Any decline in the value of goodwill is recognised if the recoverable amount of the goodwill is lower than its carrying amount in the financial statements. Recoverable amount refers to the higher of the *fair value*, net of costs to sell, and the relative value in use. Any impairment losses recognised on goodwill cannot be reversed subsequently.

The goodwill recognised in the consolidated financial statements in 2013 due to the *purchase price allocation (PPA)* caused by the merger by incorporation of LVenture S.r.l. (single shareholder) into the Company was attributed to the subsidiary EnLabs. After the merger by incorporation of the subsidiary, the goodwill was maintained and allocated to the Acceleration *cash generating unit*.

5.3. Property, Plant and Equipment (IAS 16)

Property, plant and equipment are recognised at the acquisition price, inclusive of directly attributable accessory costs necessary to make the asset ready for the use for which it was acquired. Assets consisting of components of a significant amount and with different useful lives are considered separately in the determination of depreciation. Depreciation is calculated on a straight-line basis based on the estimated useful life of the asset for the company, which is reviewed every year. The following depreciation rates are used:

	RATE
Furnishings	12%
IT hardware	20%
Leasehold improvements	20% (duration of the lease agreement)
Other assets	12% – 20%

Upon the occurrence of events which make it reasonable to believe that the asset value has declined, its relative carrying amount is verified by comparing it with the "recoverable" amount, represented by the greater of the *fair value* and the value in use. The *fair value* is defined on the basis of the values in the active market, recent transactions or the best information available in order to determine the potential amount that could be obtained from the sale of the asset.

The value in use is determined by discounting the cash flows deriving from the expected use of the asset, applying the best estimates concerning the remaining useful life and a rate that also takes into account the implicit risk of the specific business segments in which the Company operates. This evaluation is carried out at the level of individual asset or the smallest identifiable set of independent cash generating assets (CGU).

In the case of negative differences between the values noted above and the carrying amount, a write-down is recognised. If the reasons for the impairment loss no longer apply subsequently, it is reversed. Write-downs and reversals are recognised in the income statement.

5.4. Right of Use of Leased Assets (IFRS 16)

On 13 January 2016, the IASB (International Accounting Standard Board) published IFRS 16 Leases, which replaces IAS 17; this document was adopted by the European Union on 9 November 2017.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases (contracts that give the right to use third-party assets) and requires lessees to account for all leases in accordance with the methodology set forth for finance leases by the old IAS 17, actually eliminating the distinction between operating and finance leases.

The Company applies IFRS 16 in 2020 for the first time, having opted to acquire the investments for the 4th floor of via Marsala, Rome under a lease.

As regards the assets subject to lease agreements, the Company recognised a right-of-use asset and a liability for leased assets in relation to fixed lease fees still to be paid. The right of use of leased assets is initially measured at cost, and subsequently amortised over the duration of the lease defined at the time of the analysis. The cost of right-of-use assets includes the value initially recorded of the lease liability, the initial direct costs incurred, the estimate of any restoration costs to be incurred at the end of the lease and the advance payments relating to the lease made at the date of first-time transition net of any lease incentives received. The lease liability is measured at the present value of payments due for fixed lease fees still not paid, discounted using the interest rate of 0.23% (EURIBOR in June 2020).

5.5. Equity investments in startups (IFRS 9 and IFRS 13)

Equity investments in startups, consisting of non-current financial assets that are not held for trading, are classified under the item "Securities and equity investments" and recognised at *fair value*. These stakes are typically lower than 20% of the share capital. In exceptional cases in which that threshold is marginally exceeded, the investee in any event is not considered an associate insofar as all other prerequisites laid out by the reference accounting standard are not met.

From 2018, for the purposes of the measurement of portfolio startups, the Company has profited from using the *International Private Equity and Venture Capital Valuation Guidelines (the Guidelines).* The Guidelines provide different valuation methods, define how and when the various methodologies can be applied and the good sense that must be applied in using the various methods. In particular, the methods identified in the Guidelines are:

- *post-money* value related to the most recent equity investment received by the startup;
- market multiples or benchmarks for similar transactions;
- *discounted* cash flow:
- shareholders' equity.

The valuation of the individual startups is classified under FVH 3 (*Fair Value Hierarchy*, hereinafter also "**FVH**"), with the following general rules:

- in the presence of a significant share capital increase (fully subscribed and paid up), or another transaction on the share capital of the startup in which there are relevant third-party investors, the *post-money* valuation is used as an indicator of a market value of the startup;
- in the presence of a share capital increase, or another transaction on the share capital of the startup not completely finalised or which takes place in *tranches* in which there are third-party investors not complying with the previous clauses

pursuant to point a), the *pre-money* valuation is used plus the cash inflows paid in at the *cut-off* date, as an indicator of a market value of the startup;

- if in the last 24 months no transaction took place on the share capital and there are positive performance indicators, the Company uses a valuation that is benchmarked to the revenue *multiples* that would be generated by an analysis of similar transactions carried out by companies that operate in the same sector as the relevant startup and/or the *discounted cash flow*;
- in the previous case and in the presence of negative performance indicators, the Company shall carry out an *impairment test*.

The above-mentioned valuation parameters may change, including significantly, due to the conditions at which similar transactions may close in the future.

Gains and losses deriving from changes in *fair value* are recognised directly in the income statement for the period, under "Revaluations/Impairment at *fair value*".

The difference in value during the sale stage (Exit/liquidation) with respect to the most recent *fair value measurement* is charged to the income statement under "Realised gains/losses on investments".

SIC 12, the interpretation, has anti-evasion purposes and applies to vehicle companies, as defined by IFRS 3. SIC 12 handles financial asset transactions that would give rise to "*off-balance sheet*" vehicles because they are not controlled, in accordance with the criteria established by IAS 27; these vehicles could need to be consolidated on the basis of the requirements laid out in SIC 12.

5.6. Receivables and Other Non-Current Assets (IFRS 9 and IFRS 13)

The Company classifies financial assets and investments in startups under this item when they are granted in the form of special types of convertible notes (PFIs) or convertible financing, directly or indirectly, as well as capital account payments carried out via *crowdfunding* platforms up until conversion into *equity*.

To measure receivables classified under this item, the Company determines the financial statement value based on the amount paid to the startup, decreased for any expected losses, taking into consideration:

- a suitable weighting of the probability of loss;
- reasonable and demonstrable information on past events, current conditions, and forecasts of future economic conditions.

The designation of the individual instrument in this category is final, is carried out upon initial recognition and cannot be amended.

5.7. Derivative Financial Instruments and Recording Hedging Transactions

The Company's liabilities are primarily exposed to the financial risk connected with changes in interest rates.

The Company uses *interest rate swaps* to manage the risk of fluctuations in interest rates. Contracts relating to derivative financial instruments are entered into with counterparties selected from the most financially solid in order to reduce the risk of contractual default to the minimum. The Company does not use derivative financial instruments for purposes of mere trading, but for economic hedging of risks identified.

In line with the provisions of IAS 39, derivative financial instruments are recognised according to the methods established for *hedge accounting*, as:

- at the start of the hedge, the hedge is formally designated and the hedging relationship is documented, and the hedge is assumed to be effective;
- the hedge is effective in the various accounting periods for which it was designated.

For interest rate derivatives, the *fair value* is determined using the expected cash flows estimated based on the conditions and the maturity of each contract and using the market interest rates of similar instruments at the closing date of the year (*Fair Value* Level 2).

5.8. Receivables and Payables (IAS 32)

Receivables are recognised at their assumed realisable value. If the financial nature of these positions is recognised, they are recorded at amortised cost. Receivables and payables in foreign currency originally accounted for at the exchange rates in force at the date on which the transaction is carried out are adjusted to current exchange rates at year-end and the relative foreign exchange gains and losses are recognised in the income statement. Receivables and payables expected to be paid or collected beyond the subsequent year are discounted in accordance with market *risk free* rates at the reporting date, possibly increased by the intrinsic risk rate evaluated based on the position.

5.9. Cash and Cash Equivalents (IAS 32 and IAS 39)

Cash and cash equivalents include cash in hand, sight deposits and short-term highly liquid financial investments which are readily convertible into cash and which are subject to an irrelevant risk of price fluctuations. All cash and cash equivalents in current accounts are measured at their nominal value; other cash and cash equivalents and short-term financial investments are measured, based on data availability, at their *fair value* determined as the market value at year-end close.

5.10. Income Taxes (IAS 12)

Current taxes are recognised and calculated on the basis of a realistic estimate of taxable income in compliance with tax regulations in force and taking into account any applicable exemptions. Deferred taxes are determined on the basis of the taxable or deductible temporary differences between the carrying amount of assets and liabilities and their tax value. They are classified as non-current assets and liabilities.

Art. 23, paragraph 9 of Law Decree 98/11, converted by Law 111/11, by the amendment of art. 84 of the Income Tax Consolidation Act, introduced significant amendments to the tax regime of corporate losses for IRES purposes. Corporations may carry forward the tax loss of a tax period with no time limits, allocating it as a deduction from taxable income in subsequent years, to an extent not exceeding 80% of the taxable income of each year and for the entire amount of the loss that can be offset with that amount (art. 84, paragraph 1 of the Income Tax Consolidation Act).

Deferred tax assets are recognised when there is reasonable certainty of the existence in the years in which the deductible temporary differences will be reversed of taxable income no lower than the amount of the differences that will be cancelled.

5.11. Share-Based Payment - Stock Option (IFRS 2)

In the event of transactions with share-based payment settled with instruments representing the capital of the Company, the *fair value* at the date of assignment of the options on shares granted to employees is recognised among personnel costs, with a corresponding increase in Shareholders' equity under "Other reserves and indivisible profits", over the vesting period for the employees. The amount recognised as a cost is adjusted to reflect the actual number of incentives (options) for which the length of service conditions have vested and the *"non-market conditions"* have been fulfilled so that the final amount recognised as a cost is based on the number of incentives that shall definitively vest. Likewise, in estimating the *fair value* of the options assigned, all the non-vesting conditions must be considered. With regard to the non-vesting conditions, any differences between the assumptions at the date of assignment and those occurring shall not have any impact on the financial statements.

Fair value is determined using the binomial approach. The essential data of the Stock Option Plans and the parameters used by the actuary for their valuation are indicated in Note 15.2.

5.12. Shareholders' Equity

The total value of the shares issued by the Company is fully classified in shareholders' equity, as the shares represent the capital.

The "Share premium reserve" includes the excess of the share issue price with respect to the nominal value, net of expenses incurred during the share capital increase.

The "Undivided profits reserve" includes the allocation of profits arising from the *fair value* measurement of investments and is not available for distribution until those profits have actually been achieved.

The item "Profit (loss) carried forward" includes cumulative results and the transfer from other reserves of shareholders' equity when they are released from any restrictions to which they are subject. This item also recognises any cumulative effect of changes in accounting standards and/or any error corrections accounted for in accordance with IAS 8.

5.13. Other Non-Current and Current Assets

This item includes receivables not associated with other items in the balance sheet assets. These items are recognised at nominal value or at the recoverable amount if lower, based on assessments concerning their future collectability. This item also includes accrued income and prepayments for which it has not proved possible to adjust the respective assets to which they refer.

5.14. Other Non-Current and Current Liabilities

This item includes items not associated with other liability items in the balance sheet, in particular primarily trade payables, such as payables to suppliers and withholdings to be paid, as well as accrued liabilities and deferred income which cannot be recognised as a direct adjustment of other liability items.

5.15. Revenues and Costs (IFRS 15 and IAS 18)

Revenues from services are recognised at the moment that control over the assets or services is transferred to customers, at an amount that reflects the consideration expected to be received in exchange for such products or services. To this end, the model for the recognition of revenues defines a five-step process:

- identification of the contract with a customer;
- identification of the performance obligation;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations;
- recognition of revenue when (or as) the entity satisfies a performance obligation.

Costs are recognised when they are incurred. Costs and revenues directly associated with financial instruments measured at amortised cost and which can be determined since their origin irrespective of the moment in which they are settled, are recognised in the income statement by applying the effective interest rate method.

Any impairment losses are recognised in the income statement in the year in which they are identified.

5.16. Employee Benefits (IAS 19)

Employee benefits are paid into the "Fondo Insieme" managed by Allianz S.p.A., to which the Company's employees have subscribed. Each employee has their own position in Fondo Insieme and independently decides how the amounts paid in by the Company are invested. The Company pays, for each employee, the amount calculated on the basis of the rules governing employee severance indemnity in force in Italy. Therefore, the Separate Financial Statements present the annual cost of the employee severance indemnity in the income statement, but do not present any balance sheet item, as amounts are paid to the Fund by 31 December.

5.17. *Impairment Losses*

IAS 36, in the presence of indicators, events or changes in circumstances that suggest the existence of impairment, requires intangible and tangible assets to be tested for *impairment*, in order to ensure that assets are not booked in the financial statements at a value higher than the recoverable value. This test is carried out at least on an annual basis for Assets and Goodwill with an indefinite useful life.

The recoverability of the values recognised in the financial statements is determined by comparing the carrying amount at the reporting date and the higher of either the *fair value* less costs to sell (if available) and the value in use. The value in use of property, plant and equipment or an intangible asset is determined on the basis of estimated future cash flows expected from the asset and discounted at a discount rate net of taxes, which reflects the current market valuation of the present value of money and the risks correlated with the Company's activities.

If it is not possible to estimate an independent cash flow for an individual asset, the *cash generating unit* to which the asset belongs is identified, with which it is possible to associate future objectively determinable cash flows independent from those generated by other operating units. *Cash generating units* were identified in line with the Company's organisational and operational architecture.

If *impairment testing* brings to light an impairment loss on an asset, its carrying amount is reduced to the recoverable amount through direct recognition in the income statement.

When there is no longer justification to maintain a write-down, the carrying amount of the asset (or of the cash generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable amount, but not beyond the net carrying amount that the asset would have had if no impairment loss had ever been recognised. The reversal is recognised in the income statement immediately.

5.18. Government Grants (IAS 20)

This Standard must be applied for the recognition and disclosure of government grants and for the disclosure regarding other types of public assistance. These grants are provided by the government, government entities and analogous local, national or international entities. Government grants are those that take the form of transfers of resources to a company provided it has respected, or undertakes to respect, certain conditions relating to its operating activities. Those forms of public assistance with which a value cannot be reasonably associated and transactions with public entities that cannot be distinguished from the normal commercial activities of the company are excluded.

Government grants should be recognised until there is reasonable certainty that: the company will respect the established conditions; and the grants will be received. Government grants must be recognised systematically in the statement of profit (loss) for the year in the years in which the entity recognises the relative expenses that the contributions are intended to offset as costs.

The recognition of government grants follows the income method, based on which a grant is recognised in the statement of profit (loss) for the year in one or more years. With the income method, it is fundamental for government grants to be recognised systematically in the statement of profit (loss) for the year in the years in which the entity recognises the relative expenses that the contributions are intended to offset as costs. The recognition of government grants in the statement of profit (loss) for the year at the moment of collection does not respect the adoption of the applicable accounting standards (see IAS 1 Presentation of Financial Statements) and may be acceptable only if there is no method for allocating the grant to years other than that in which it was received. A government grant that can be collected as compensation for costs or losses already incurred in order to provide immediate financial support to the entity without correlated future costs should be recognised in the statement of profit (loss) for the year in which it becomes collectable.

5.19. Earnings per Share (IAS 33)

Basic earnings per share is determined as the ratio between the net profit for the period attributable to Shareholders and the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to take into account any potential ordinary shares.

5.20. Cash Flow Statement (IAS 7)

The Company draws up the Cash Flow Statement using the direct method according to the instructions of IAS 7.

5.21. Segment Reporting

The Company operates exclusively in Italy; therefore, there is no reclassification of the income statement by geographical areas.

The operating activities of the Company and the relative strategies are broken down into two product lines:
- the venture capital activity, which includes acceleration activities as well as the activity of investing in startups;
- other activities, which include consulting, *Open Innovation* activities, *Co-working*, events and *sponsorships* in favour of the HUB.

Since 2020, "Income from investment management" was reclassified under the Gross Operating Margin, similar to the main European competitors. The item "Income from investment management" includes the net revenues realised and from the *fair value* measurement of the startup portfolio. The data of the previous year were reclassified.

IN THOUSANDS OF EUROS	VENTURE CAPITAL 31-DEC-20	OTHER ACTIVITIES 31-DEC-20	TOTAL 31-DEC-20	VENTURE CAPITAL 31-DEC-19	OTHER ACTIVITIES 31-DEC-19	TOTAL 31-DEC-19
Operating revenues and Income	889	3,058	3,947	989	3,217	4,206
Net income from investment management [1]	1,032	0	1,032	2,011	0	2,011
TOTAL REVENUES	**1,921**	**3,058**	**4,979**	**3,000**	**3,217**	**6,217**
Costs for services	-63	-1,153	-1,216	-807	-683	-1,490
Wages and salaries	-507	-1,374	-1,881	-1,249	-778	-2,027
Other operating costs	-37	-2,176	-2,213	-536	-1,039	-1,575
TOTAL OPERATING COSTS	**-607**	**-4,703**	**-5,310**	**-2,592**	**-2,500**	**-5,092**
GROSS OPERATING MARGIN	**1,314**	**-1,645**	**-331**	**408**	**717**	**1,125**
Depreciation, amortisation and provisions	0	-310	-310	-294	-13	-307
Financial income/expenses	0	-131	-131	-79	0	-79
Other income and expenses	0	3	3	-106	-9	-115
NET PROFIT (LOSS) BEFORE TAXES	**1,314**	**-2,083**	**-769**	**-71**	**695**	**624**

5.22. Information About Financial Risks

The Company has a system for monitoring the financial risks to which it is exposed. In line with its policy, the financial risks connected with operations are periodically monitored, so as to evaluate their potential negative effects beforehand and take the best actions to mitigate them. An analysis of the risks in question is provided below, highlighting the level of exposure and, for interest rate risk, conducting a *sensitivity analysis* in order to quantify the potential impact on actual results deriving from theoretical fluctuations in the reference parameters.

[1] Details of the item "Net income from investment management" are analysed in Note 26.

Credit risks

Credit risk represents the Company's exposure to potential losses deriving from the failure of counterparties to meet their obligations. The Company does not have a significant concentration of credit risk and has adopted procedures to minimise risk exposure.

The maximum theoretical exposure to credit risk for the Company is represented by the carrying amount of financial assets recognised in the financial statements, equal to €2,318 thousand (non-current financial assets + trade receivables).

Positions for which an objective condition of partial or total non-collectability has been identified are subject to individual write-downs. To determine the assumed recoverable amount and the amount of the write-downs, an estimate of recoverable cash flows and the relative collection date, costs and future collection expenses are taken into account.

In addition, operating criteria are used to quantify the presence of any guarantees (personal and collateral) and/or the existence of bankruptcy proceedings.

Within its operations, LVenture Group may grant loans to investee companies as part of a broader business/financial project. In this context, credit risk is deferred over a limited number of positions which are continuously monitored.

Processes concerning lending and investment in the sector in which the Company operates are subject to specific procedures. Process mapping is in the completion phase and procedures are in the redefinition and implementation phase.

LVenture Group periodically, and, in any case, each time the accounts are closed, analyses its receivables (financial and trade) in order to identify those that demonstrate objective evidence of a possible loss in value. Any value adjustment is recognised in the income statement.

The original value of the receivables is restored in subsequent years to the extent to which the reasons that caused the adjustment no longer apply, provided this valuation may be objectively connected with an event that took place subsequent to the adjustment. The write-back is recognised in the income statement and in any event cannot exceed the amortised cost that the receivable would have had in the absence of previous adjustments.

Interest rate risk

The objective of interest rate management is to ensure control of financial expenses and their volatility. This makes it possible to determine the financial expenses in advance over a time horizon consistent with the equity structure and future cash flows.

Interest rate risk hedging derivatives were acquired to hedge floating rate debt (for which an increase in interest rates would result in an increase in financial expenses) directly from the bank that disbursed the mortgage.

Liquidity risk

Liquidity risk is represented by the possibility that the Company may find itself in the condition of not being able to meet its payment commitments in cash or for delivery, expected or unexpected, due to a lack of financial resources, jeopardising its day-to-day operations and/or its financial position.

Liquidity risk may arise from the difficulty of being able to promptly obtain loans to support operations and may take the form of the inability to obtain the necessary financial resources at affordable conditions.

Short and medium/long-term liquidity requirements are monitored with a view to promptly guaranteeing that financial resources can be obtained or an adequate investment of cash and cash equivalents.

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

As at 31 December 2020, the net financial position was negative for €2,401 thousand, consisting of liquid assets for €2,703 thousand and net financial liabilities for €5,104 thousand.

Exchange Rate Risk

The exchange rate risk management policy is geared towards systematic hedging of the exposures to which LVG is subject.

Risk control through specific processes and indicators makes it possible to limit possible adverse financial impacts and, at the same time, optimize the management of the cash flows of the managed portfolios.

It should be noted that the volatility that characterized the financial markets during the first phase of the pandemic in many cases returned to pre-COVID-19 levels. LVG's overall exposure to exchange rate risk is negligible, taking into account the portion of the value of the investments incurred over the years and the related operating flows in foreign currency deriving from the same.

Fair Value Disclosure

Following the issue of IFRS 13 by the international accounting bodies, in order to improve the disclosure on the *fair value measurement* associated with financial instruments, the concept of the *fair value* hierarchy ("*FVH*") was introduced, which is broken down over three different levels (Level 1, 2 and 3) in decreasing order of observability of the inputs used to estimate *fair value*.

The FVH levels are:

Level 1: prices listed on active markets for identical instruments (i.e., with no modifications or repackaging).

Level 2: prices listed on active markets for similar asset or liability instruments or calculated through valuation techniques in which all significant inputs are based on observable market parameters.

Level 3: valuation techniques in which any significant input for the fair value measurement is based on non-observable market data.

The *fair values* of "Securities and equity investments" outstanding at 31 December 2020 (Note 8) and of "Receivables and other non-current assets" (Note 9) are classified in Level 3. There are no other financial instruments measured at *fair value*. For the assets and liabilities valued at amortised cost, given their nature, it is reasonable to believe that the *fair value* does not differ significantly from the carrying amounts on the separate financial statements.

6. Property, plant and equipment and other machinery

The breakdown of property, plant and equipment net of the relative provisions is shown below:

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
Furnishings	152	266
IT hardware	53	49
Leasehold improvements	201	110
Other assets	161	112
Assets under construction	0	64
TOTAL	**567**	**601**

The breakdown of this item is shown below with the relative changes during the year:

IN THOUSANDS OF EUROS	FURNISHINGS	IT HARDWARE	OTHER ASSETS	LEASEHOLD IMPROVEMENTS
- historical cost	699	96	158	179
- Accumulated depreciation and impairment losses	-433	-47	-48	-67
NET VALUE AT 31 DECEMBER 2019	**266**	**49**	**110**	**112**
CHANGES 2020:				
- increases	10	20	71	142
- decreases	0	-19	-8	0
- depreciation and impairment losses	-123	16	-17	-53
TOTAL CHANGES 2020	**-114**	**14**	**5**	**89**
- historical cost	709	99	221	321
- Disposals		-17	5	
- Accumulated depreciation and impairment losses	-556	-46	-60	-120
NET VALUE AT 31 DECEMBER 2020	**152**	**53**	**161**	**201**

The most significant items of property, plant and equipment are represented by leasehold improvements and Other assets, the increases of which refer to capitalised costs, functional to the adjustment of the fourth plan of the structure, compatibly with the operating activities.

7. Goodwill and other intangible assets

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
Goodwill	67	67
Software	78	33
TOTAL	**145**	**100**

Impairment test pursuant to IAS 36 on the value of goodwill

Goodwill recorded in the Company's financial statements since 2013 was recognised upon the merger of LVenture S.r.l. into LVenture Group and amounts to €66,950.

This goodwill referred to the value in use of all assets constituted by EnLabs S.r.l.

Following the merger of EnLabs into LVenture Group on 22 December 2016, the cash generating unit (CGU) to which that goodwill properly related was identified as the Acceleration business line.

The value to be tested for impairment was determined to be approximately €265 thousand and consists of the net invested capital, obtained by adding the value of the goodwill, equal to €67 thousand, to the investments made with reference to the business line for an amount of €198 thousand, net of provisions for operational risks, whose value at the reporting date is zero.

The results of the *impairment* testing conducted are shown below (€ thousands):

CGU	GOODWILL	INVESTMENTS	TOTAL	VALUE IN USE	SURPLUS
Acceleration	67	198	265	3,640	3,375

The *impairment test* conducted pursuant to IAS 36 brought to light no need to recognise impairment losses.

8. Right of use of leased assets

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
Right of use of leased assets	337	0
TOTAL	**337**	**0**

The Company is applying IFRS 16 for the first time, having opted to acquire the investments for the 4th floor of via Marsala, Rome under a lease.

IN THOUSANDS OF EUROS	FURNITURE AND FURNISHINGS	GENERIC EQUIPMENT	OTHER ASSETS AND SOFTWARE	TOTAL
- historical cost	158	128	87	372
- Accumulated depreciation and impairment losses	-18	-12	-6	-35
Net value at 31 December 2020	**140**	**116**	**81**	**337**

Depreciation relating to leased assets as at 31 December 2020 totalled €35 thousand, interest paid to the lease company amounted to €4 thousand while interest deriving from the application of the standard amounted to €1,000.

9. Securities and equity investments

The item "Securities and equity investments" recorded the following changes:

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
BALANCE AT THE END OF THE PREVIOUS YEAR	**19,055**	**15,203**
Investments during the period	922	1,062
Conversion into *equity* of PFIs/convertible loans	1,954	540
Divestments at fair value	-348	-204
Write-offs	-497	-146
Measurement at fair value	1,828	2,600
USD exchange rate differential	-20	0
BALANCE AT THE END OF THE YEAR	**22,894**	**19,055**

The table above shows an increase in the portfolio value of €3,839 thousand compared to the end of the previous year.

With reference to the item Disposals at *fair value*, the entire amount concerns the sale of the equity investment in the company Lybratech, which took place in May 2020, more details of which are provided below.

The value of the investment (historical cost and percentage stake owned), the *fair value* and the value of the Alternative Performance Indicator (previously described in Note 4) of the main portfolio startups are shown below.

Once again, note that the purpose of the Alternative Performance Indicator is exclusively to monitor the performance of the Portfolio and allow for a comparison with competitors, and it does not replace the values determined in compliance with the IAS/IFRS and posted in the financial statements.

BRAND (COMPANY NAME) (€ THOUSANDS)	% INVESTMENT AS AT 31-DEC-20	CUMULATIVE INVESTMENT AT 31-DEC-20	IFRS VALUE AT 31-DEC-20	API VALUE AT 31-DEC-20
INSOORE (WHOOSNAP)	11.84%	315	1,894	2,367
GAMEPIX	20.58%	310	1,832	1,832
SOUNDREEF	5.95%	398	1,429	1,429
SHAMPORA	11.41%	290	1,358	1,358
2HIRE	9.05%	374	1,240	1,240
YAKKYO	13.02%	359	1,138	1,138
FILO	15.14%	398	1,089	1,089
CODEMOTION	5.57%	160	919	919
FITPRIME (CHECKMOOV)	10.97%	463	872	872
MOCVENDA	8.07%	326	751	751
BIGPROFILES (DATAFALLS)	10.82%	325	696	696

BRAND (COMPANY NAME) (€ THOUSANDS)	**% INVESTMENT AS AT 31-DEC-20**	**CUMULATIVE INVESTMENT AT 31-DEC-20**	**IFRS VALUE AT 31-DEC-20**	**API VALUE AT 31-DEC-20**
KPI6	16.53%	310	661	661
Playwood	13.59%	320	476	653
Avvocato Flash	16.24%	245	340	340
MyLab Nutrition	18.23%	305	323	456
MyAEdes	14.54%	205	305	305
Tutored	12.22%	280	280	280
BeSafe Rate	15.96%	235	235	329
Apical	13.95%	230	230	230
Bloovery	14.67%	225	225	329
Acceleratori Club	2.92%	215	215	215
Wesual	13.68%	185	213	213
Deesup	12.52%	150	200	200
Punchlab	13.78%	190	200	200
GoPillar (Co. Contest Inc.)	10.69%	191	191	641
EdilGo	14.89%	190	190	261
Social Academy	7.08%	100	190	190
AmbiensVR	11.33%	130	174	174
Dive Circle	7.00%	111	172	172
Dynamitick	10.53%	155	155	155
Startupbootcamp	12.30%	150	150	150
GenomeUp	11.29%	140	140	197
Nextwin	19.58%	111	111	111
In Time Link	10.68%	110	110	110
Epicura	4.00%	100	100	100
Brave Potions	10.91%	95	23	23
Direttoo	10.69%	180	0	0
Majeeko	13.66%	205	0	0
Powahome	11.60%	125	0	0
Other investments		3,059	4,067	4,431
TOTAL		**11,965**	**22,894**	**24,817**

Divestments in 2020:

BRAND (COMPANY NAME)	**1ST YEAR OF INVESTMENT**	**YEAR OF EXIT**	**EXIT TYPE**	**TOTAL INVESTED IN THOUSANDS OF EUROS**	**TOTAL REALISED IN THOUSANDS OF EUROS**	**MULTIPLE**
Lybra Tech	2018	2020	Exit	230	977	4.25

Lybra Tech: the Company and the Investors of Lybra Tech negotiated and in May 2020 concluded the acquisition by Zucchetti S.p.A. of 29.76% of the shares of Lybra Tech at a 100% Enterprise Value of €7.75 million for a price of €2.267 million. LVenture Group held 12.61% and had invested €230 thousand in the company (of which €80 thousand in acceleration and €150 thousand in the Seed round).The payment for the entire share of the Company was €977 thousand, for a surplus value with respect to the invested value of €747 thousand (a Cash on Cash (CoC) Multiple of 4.25x);

Qurami: the partial transfer of shares and transfer of Qurami S.r.l. to UFirst S.r.l. was completed in 2019. LVenture Group proceeded with the partial sale of the shares (equal to 8.32%) for a total value of €159.7 thousand. This amount was reduced by €64.7 thousand due to contractual disputes for a total of €95 thousand. The Company collected €37.6 thousand in 2019 and €57.4 thousand in 2020. To partially offset the price reduction of €64.7 thousand suffered by the Company, the Founding Partners have transferred 2.62% of their shares in Qurami S.r.l .to the Company in September 2020. Therefore, on completion of the transaction, LVenture Group holds an indirect stake of 1.45% in UFirst S.r.l. (equal to 13.22% of Qurami S.r.l.).

Voverc: the receivable from the buyer of Voverc S.r.l., sold in 2018, for €132 thousand, was collected in January 2020.

The table below indicates the shares invested in Portfolio startups by members of the LVenture Group Board of Directors:

BRAND (COMPANY NAME)	MEMBER OF THE BOARD OF DIRECTORS OF THE COMPANY	TRANSACTION SUBMITTED TO CONTROL AND RISK AND RELATED PARTY TRANSACTIONS COMMITTEE	% INVESTMENT AS AT 31-DEC-20
Ambiens VR	Roberto Magnifico (Director)	no	0.70%
BravePotions	Valerio Caracciolo (Director)	no	1.62%
CoContest Inc.	Stefano Pighini (Chairman)	no	1.60%
CoContest Inc.	Valerio Caracciolo (Director)	no	1.36%
Manet Mobile Solutions	Roberto Magnifico (Director)	no	0.83%
Moovenda	Valerio Caracciolo (Director)	no	0.51%
Powahome	Roberto Magnifico (Director)	no	0.38%
Qurami	Pierluigi Pace (Director)	no	1.20%
Scuter	Valerio Caracciolo (Director)	no	3.20%
Scuter	Stefano Pighini (Chairman)	no	1.00%
Tutored	Valerio Caracciolo (Director)	no	0.49%
Verticomics	Valerio Caracciolo (Director)	no	0.94%
Vikey	Valerio Caracciolo (Director)	no	1.27%

10. Receivables and other non-current assets

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
PFI	1,005	1,400
Convertible shareholder loans to startups	623	1,065
Converting shareholder loans to startups	100	0
Other non-current receivables	10	10
Other non-current assets	7	0
Total	**1,745**	**2,475**

The item "PFI" recorded the following changes:

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
BALANCE AT THE END OF THE PREVIOUS PERIOD	**1,400**	**700**
Investments during the period	990	1,360
Conversion to*equity*	-700	-240
Renegotiations/Repayments	-80	-80
Divestments at *fair value*	-50	0
Measurement at fair value	-555	-340
BALANCE AT THE END OF THE PERIOD	**1,005**	**1,400**

FORTUNE: on 21 January 2020, the Company completed the operation of disinvesting from this startup with a partial repayment, for €50 thousand, of the Convertible Loan of €80 thousand disbursed during the acceleration programme. The Company concluded the operation with a partial recovery on the investment with a multiple of 0.625x.

The Company began investing through PFIs in 2016 and has made investments over the years for a total of €4,612 thousand (in 61 startups). Of these, over the years: €1,980 thousand were converted into *equity* (in 26 startups), €612 thousand (in 8 startups) was formally waived, resulting in *write-offs*, €130 thousand (in 2 startups) were transferred and the residual capital as at 31 December 2020 amounted to €1,890 thousand (in 25 startups). In consideration of the *fair value* measurement method applied by the Company, which envisages a reduction in value of the PFIs over time, the actual *write-offs* on these instruments do not emerge. This is because when the formal waiver to the startup is reached, the PFI is recorded at a *fair value* of zero.

The table below lists the investments via PFIs in place at 31 December 2020; the IFRS measurement was made based on the possibilities for conversion of the PFIs also in relation to the time elapsed. If the PFI is still recognised, albeit at null value, it means there is still a possibility for it to be converted:

BRAND (COMPANY NAME) (€ THOUSANDS)	YEAR OF SUBSCRIPTION	CUMULATIVE INVESTMENT AT 31-DEC-20	IFRS VALUE AT 31-DEC-20	API VALUE AT 31-DEC-20
99Bros	2020	90	90	90
Sell In-to China	2020	90	90	90
Slymetrix	2020	90	90	90
Stip	2020	80	80	439
CamiciaOnDemand	2020	60	60	60

BRAND (COMPANY NAME) (€ THOUSANDS)	YEAR OF SUBSCRIPTION	CUMULATIVE INVESTMENT AT 31-DEC-20	IFRS VALUE AT 31-DEC-20	API VALUE AT 31-DEC-20
Jungler	2020	60	60	60
Pinv	2020	60	60	60
Wapi	2020	60	60	60
Emotiva	2020	60	45	45
Monugram	2020	60	45	45
Saally	2020	60	45	45
Getastand	2019	80	40	40
MyTutela	2019	80	40	40
Oral3D	2019	80	40	40
Overbooking	2019	80	40	40
Pigro	2018	80	20	20
Skaffolder	2018	80	20	20
Flamingo	2019	80	20	20
Keiron	2019	80	20	20
Leonard	2019	80	20	20
Uxgo	2019	80	20	20
GEC (Esports)	2018	80	0	0
iWellness	2018	80	0	0
Tiro Libre	2018	80	0	0
Hakuna	2019	80	0	0
Total		**1,890**	**1,005**	**1,364**

The item "convertible loans to startups" underwent the following changes:

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
BALANCE AT THE END OF THE PREVIOUS PERIOD	**1,065**	**580**
Investments	745	835
Conversion to*equity*	-899	-300
Renegotiations	80	-10
Measurement at Fair Value	-318	-40
Write-offs	-40	0
USD exchange rate differential	-10	0
Balance at the end of the year	**623**	**1,065**

The following table lists the convertible loans in place as at 31 December 2020 and the related IFRS valuation, carried out on the basis of their conversion possibilities:

BRAND (COMPANY NAME) (€ THOUSANDS)	TYPE OF INVESTMENT	CUMULATIVE INVESTMENT AT 31-DEC-20	IFRS VALUE AT 31-DEC-20	API VALUE AT 31-DEC-20
Parcy Inc	SAFE IN USD	100	110	474
Go Diretti	CONV. LOANS	100	70	70
Camiciaondemand	CONV. LOANS	50	50	50
Jungler	CONV. LOANS	50	50	50
Pinv	CONV. LOANS	50	50	50
Wapi	CONV. LOANS	50	50	50
Emotiva	CONV. LOANS	50	38	38
Monugram	CONV. LOANS	50	38	38
Saally	CONV. LOANS	50	38	38
GetAStand	CONV. LOANS	65	33	33
MyTutela	CONV. LOANS	65	33	33
Oral3D	CONV. LOANS	65	33	33
Overbooking	CONV. LOANS	65	33	33
Kiwi Campus Inc.	SAFE IN USD	10	10	10
CineApp	CONV. LOANS	80	0	0
Nextwin	CONV. LOANS	100	0	0
Total		**1,000**	**623**	**997**

It should be noted that the convertible loans signed with Kiwi Campus Inc. and Parcy Inc. were subscribed in foreign currency (USD) and were adjusted with respect to the exchange rate of 31 December 2020.

The item attributable to exchange rate fluctuations is recognised under Financial charges (Note 33).

The loans referred to as "Convertible loans" represent a type of contract used mainly by CDP CVs or International Investors to finance the first investments in startups. The characteristics of the converting loan, the main contractual elements of which are represented by the determination of a conversion cap, non-repayability, and the possibility of conversion into equity at the lesser of conversion cap and the amount of the company's fully diluted pre-money valuation, to which a discount is applied.

The item in question showed the following changes:

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
BALANCE AT THE END OF THE PREVIOUS PERIOD	**0**	**0**
Investments 2020	455	0
Conversion to*equity*	-355	0
Redemptions	0	0
Measurement at Fair Value	0	0
BALANCE AT THE END OF THE PERIOD	**100**	0

As at 31 December 2020, there was only one contract in place for the Converting Loan, as follows:

IN THOUSANDS OF EUROS	TRANSACTION	CUMULATIVE INVESTMENT AT	IFRS	IAP
STIP	CONVERTING	100	**100**	100
Total		**100**	100	**100**

Lastly, the Company has *call* options in place in the various investment agreements with the startups, which provide the Company the right to invest at a discount in the startups' subsequent share capital increases. These options are not currently valued as it is not possible to determine their *fair value* in a sufficiently reliable manner. The categories of options and the number of startups involved are listed below:

TYPE OF OPTION	NO. startupS CONCERNED
Convertible loan with 20% discount and conversion cap	2
Convertible loan with conversion cap	1
Call option for 9% plus a 20% discount of the valuation of additional *follow-on* investments	10
Convertible loan with right of reimbursement	1
Call option for 9% plus a 25% discount on the valuation of the investment and a discount of up to 20% of the valuation of the *follow-on* investment	8
SAFE (equivalent of the PFI used in the USA) with conversion cap	3
Call option for 6% fully diluted and convertible with 25% discount on the follow-on round	8

11. Deferred tax assets

Deferred tax assets amounted to €39 thousand as at 31 December 2019, updated to what is set forth in the 2021-2024 Business Plan.

Consistent with the requirements of IAS 12 and the amount of tax losses that the Company carries forward with no maturity, provision was made to make deferred tax assets equal to deferred tax liabilities as at 31 December 2020, based on the *fair value* measurements on the investment portfolio.

The tax losses carried forward in their entire amount and the relative deferred tax assets are specified below:

IN THOUSANDS OF EURO	TAX LOSSES/ACE (aid for economic growth)	IRES AT 24%	31-DEC-20	31-DEC-19
IRES - Tax losses	6,284	1,508		
ACE (aid for economic growth)	950	228		
TOTAL	**7,234**	**1,736**	**146**	**39**

12. Trade receivables

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Trade receivables	573	730
TOTAL	**573**	**730**

Trade receivables are measured at *fair value* and were adjusted to their presumed realisable value. These receivables are all due within 12 months and consist of €163 thousand in invoices to be issued, related to Venture Capital activities.

13. Current financial assets

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Receivables for the creation of the *parallel fund*	86	44
Current receivables from disposal of equity investments	0	255
TOTAL	**86**	**299**

"Receivables for creating the *parallel fund*"consists of the amounts spent by the Company for activities that are making for the study and implementation of a "parallel fund"(*parallel funds*),useful for achieving the corporate *mission.* These amounts will be charged back to said *parallel fund* at the beginning of operations.

14. Other receivables and current assets

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Other receivables and current assets	622	74
TOTAL	**622**	**74**

The breakdown of Other current assets is shown below:

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
Financial receivables	0	0
Tax receivables	253	30
Receivables from others	35	35
Accrued income and prepayments	334	9
TOTAL	**622**	**74**

Tax receivables are represented by the balance of the VAT credit of the Company in 2020 and by the portion not yet offset deriving from the tax credit for Research and Development costs, recognised on the basis of Law 145/2018.

Prepayments refer for €306 thousand to the lease agreement signed with Grandi Stazioni and for the remaining part to other service contracts and insurance contracts.

The difference for a total of €548, compared to the previous year, is mainly due to the increase in deferrals, mostly relating to the lease agreement and the tax credit.

15. Cash and cash equivalents

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
Cash	0	0
Demand deposits	2,708	2,524
Payables to company credit cards	-5	-8
TOTAL	**2,703**	**2,516**

Cash and cash equivalents refer primarily to the positive balances of bank current accounts at the date of year-end close. Cash is paid into Banca Popolare di Sondrio, Banca Intesa San Paolo and Banca di Credito Cooperativo di Roma.

16. Shareholders' Equity

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Share capital	14,507	14,000
Share premium reserves	3,436	2,978
Fair value reserve on Cash Flow Hedges	-35	-31
Other reserves	5,037	4,486
Profit (loss) carried forward	0	0
Net profit (loss) for the period	-724	505
TOTAL	**22,221**	**21,938**

Details of the classification of reserves are provided below. Please refer to the statement of changes in shareholders' equity for details on changes in the course of the year.

16.1 Classification of Reserves

NATURE/DESCRIPTION IN THOUSANDS OF EUROS	AMOUNT	POSSIBILITY OF USE (*)	AVAILABLE PORTION	USES MADE IN 3 PREV. YEARS TO COVER LOSSES	USES MADE IN 3 PREV. YEARS FOR OTHER REASONS
Share capital	14,507		0	0	0
Share premium reserve (**)	3,436	A, B, C	3,436	-6,404	0
Legal reserve	45	B	0	0	0
Fair Value Reserve	-35		0	0	0
Stock Option Plan reserve	171		0	0	0
Reserve for retained earnings (restricted part)	4,821		0	0	0
TOTAL	**22,945**		**3,436**	**-6,404**	**0**

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

(**) The share premium reserve is available but not distributable until the legal reserve reaches 1/5 of the share capital pursuant to art.2341 of the Italian Civil Code.

16.2 Share Capital

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Share capital	14,507	14,000
TOTAL	**14,507**	**14,000**

On 21 February 2020, the Company issued 1,400,000 ordinary shares of LVenture, with no nominal value, in favour of strategic investor **Università LUISS Guido Carli** ("Luiss"), to complete the share capital increase against payment, in tranches, excluding the option right pursuant to art. 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for Luiss. The capital increase - which envisaged the issue of a maximum of 1,400,000 New Shares for a maximum amount of €1,018 thousand, of which up to €508 thousand allocated as nominal and up to €507.5 thousand as share premium, at the unit price of €0.725 - was resolved by the Company's Board of Directors on 13 February 2020, in partial execution of the mandate granted to it pursuant to art. 2443 of the Italian Civil Code by the Company's Extraordinary Shareholders' Meeting of 18 April 2019. Taking into account that the New Shares, jointly with the shares already issued in the 12-month prior to the transaction under review, represent less than 20% of the shares of the same class already admitted to trading on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("MTA"), set forth in art. 1, paragraph 5, letter a) of Regulation (EU) 2017/1129, the Company availed itself of the exemption from the obligation to publish a prospectus on the admission of the New Shares to trading on the MTA. The certificate of completion of the Share Capital Increase pursuant to art. 2444 of the Italian Civil Code was filed with the Rome Business Register on 25 February 2020.

At 31 December 2020, the share capital of the Company was made up as follows:

SHARES/UNITS	31-DEC-20 NUMBER	31-DEC-19 NUMBER	NOMINAL VALUE
Ordinary listed	46,021,491	44,621,491	*none*
Ordinary unlisted	0	0	*none*
TOTAL	**46,021,491**	**44,621,491**	

The Company held no treasury shares on the date on which the Financial Statements were prepared.

Increased Vote

Art. 6-bis of the Company's Articles of Association states as follows:

"[...] each share entitles the holder to a double vote (and, therefore, two votes per share), where both of the following conditions are met:

- the share has belonged to the same party, by virtue of a real right legitimising the exercise of the right to vote (full ownership with right to vote or bare ownership with right to vote or usufruct with right to vote) for an uninterrupted period of at least twenty-four months;
- fulfilment of the condition under point (a) is certified by the uninterrupted registration, for a period of at least twenty-four months, in the specific list pursuant to art. 6 quater (the "Specific List"), as well as by specific communication certifying the shareholding, referring to the start date of the continuous period, issued by the intermediary at which the account where the shares are recorded was opened, pursuant to the regulations in force".

On 10 May 2017, the Company adopted the "Regulations for managing the specific list pursuant to art. 127-quinquies, paragraph 2 of the Consolidated Finance Act and art. 143-quater of the Issuers' Regulations" to govern the criteria for keeping and updating the specific list (the "Specific List"), as well as the terms and methods for recording, amending and eliminating entitled parties.

The table below lists the shareholders recorded in the "Section regarding Parties awaiting vote increase" at 31 December 2020:

SHAREHOLDER	NUMBER OF SHARES PENDING AN INCREASE	% (OF TOTAL VOTING RIGHTS) PRE-INCREASE	DATE OF REGISTRATION OF THE SHARES IN THE LIST PENDING THE INCREASE	DATE FROM WHICH THE INCREASE MAY BE REQUESTED
LV. EN. Holding S.r.l.	1,784,860	3.878%	3 March 2020	3 March 2022
LV. EN. Holding S.r.l.	1,784,913	3.878%	6 February 2019	6 February 2021
Stefano Pighini	864,000	1.877%	12 March 2019	12 March 2021
Stefano Pighini	7,000	0.015%	26 July 2019	26 July 2021
Mario Venezia	204,667	0.445%	2 December 2019	2 December 2021

At 31 December 2020, there were no shareholders recorded in the "Section relating to subjects that obtained the benefit of the increase".

16.3 Share Premium Reserve

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Share premium reserve	3,436	2,978
TOTAL	**3,436**	**2,978**

The reserve includes the amount allocated to the share premium reserve defined upon the issue of shares, net of expenses incurred during the share capital increase. This increase is due to this last transaction during the year and to use of the reserve for the portion designated to cover losses from prior years (for further details, see the *Statement of Changes in Shareholders' Equity*).

16.4 Other Reserves, Measurement of Equity Investments at *fair value* and Profit (Loss) Carried Forward

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Other reserves	5,037	4,486
Fair Value Reserve on Cash Flow Hedges	-35	-31
Profit (loss) prev. years	0	0
TOTAL	**5,001**	**4,455**

The other reserves include:

- the legal reserve for €45 thousand;
- the reserve for retained earnings for €4,821 thousand, containing the profits deriving from the first-time application of IFRS 9 and the amounts of profits not distributed pursuant to Legislative Decree 38/2005;
- the Stock Option reserve, divided into two plans, linked respectively to employees (€118 thousand) and directors (€53 thousand).

- *stock option* plan in favour of employees: On 14 November 2017, the Company's Board of Directors resolved to execute the incentive plans for Company Employees called the "LVG 2017/2020 Incentive Plan", approved by the Shareholders' Meeting on 2 August 2017, identifying the beneficiary subjects and the number of shares to be allocated to each beneficiary. The plan allows the Company to assign options in several tranches, and does not set a maximum number of options that can be assigned each year. The total maximum number of options that can be assigned through the plan is 1,478,110. Each tranche of options is assigned a strike price, which, in each case, will be equal to the arithmetical average of the official prices of the shares recorded on the MTA market in the month prior to each assignment date. The plan was assigned in two Tranches:

- on 14 November 2017, the Board of Directors assigned the First Tranche of 739,000 options at a strike price of €0.7266. The Company subsequently assigned to new employees the options freed up by outgoing employees, under the same conditions;
- on 12 September 2019, the Board of Directors assigned the First Tranche of 739,110 options at a strike price of €0.6042. The Company subsequently assigned to new employees the options freed up by outgoing employees, under the same conditions;

On 29 May 2020, the Shareholders' Meeting approved the amendment to the Plan proposed by the Board of Directors, in order to make provision for a second exercise period. The options may be exercised by the beneficiaries, including partially, at the end of the *vesting period*, i.e. the period from 31 July 2021 to 31 December 2021. The options must be exercised, under penalty of forfeiture, by that final date. The options must be exercised, under penalty of forfeiture, by that final date.

Stock option *plan* in favour of Directors and Strategic Consultants: On 12 December 2018, the Board of Directors assigned 1,478,110 options at a strike price of €0.62, for the subscription of shares of the Company, in favour of some Directors and Consultants. The total number of options that can be assigned through the plan is 1,478,110. The options may be exercised by the beneficiaries, including partially, at the end of the *vesting period*, i.e. the period from 1 April 2021 to 31 December 2021. The options must be exercised, under penalty of forfeiture, by that final date. The exercise of the options is conditional on the fulfilment of the qualifying condition, which foresees an increase between the strike price and the earn-out amount equal to or greater than +15%.

The valuation was carried out reflecting the characteristics of "*no arbitrage*" and "*risk neutral framework*" common to fundamental option *pricing* models (such as the binomial approach, the Black & Scholes, etc.).

The main parameters used for the valuation are summarised below:

	NUMBER OF OPTIONS	VESTING DATE	MATURITY DATE	*STRIKE PRICE IN EURO*	PRICE AS AT THE VALUATION DATE IN EURO	ANNUAL VOLATILITY	EXPECTED DIVIDEND RATE	EXIT RATE
1st plan - Employees	522,950	30.7.2021	31/12/2021	0.7266	0.596	30%	0%	0%
2nd plan - Employees	689,110	30.7.2021	31/12/2021	0.6042	0.596	30%	0%	0%
Plan - Directors	1,478,110	01.4.2021	31.12.2021	0.620 (*)	0.594	40%	0%	5%

(*) The exercise of the options is conditional on the fulfilment of the qualifying condition, which foresees an increase between the strike price and the earn-out amount equal to or greater than +15%.

Lastly, the *Cash Flow Hedge Reserve* includes the Level 2 *fair value* valuation (*mark-to-market* drawn up by Banca Intesa at 31 December 2019) of the IRS hedging interest rate risk on mortgages entered into with Banca Intesa. That amount is recorded as a balancing entry under "*Other current financial liabilities*".

17. Non-current payables to banks

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Non-current payables to banks	4,414	1,914
TOTAL	**4,414**	**1,914**

Bank loans disbursed by Banca Popolare di Sondrio:

- unsecured loan with guarantee of Banca del Mezzogiorno - Mediocredito Centrale, resolved on 27 August 2020 for a total of €500 thousand, disbursed in full on 28 August 2020, with a variable 1 Month Euribor rate plus a spread of 2.25%, and a five and a half year repayment plan, with a grace period of 12 months.

Bank loans disbursed by Banca Popolare di Sondrio:

- unsecured loan with guarantee of Banca del Mezzogiorno - Mediocredito Centrale, approved on 21 February 2018 for a total of €800 thousand, disbursed in full on 29 March 2018, with a fixed interest rate of 3.95% and a five and a half year repayment plan, with a grace period of 15 months.

Bank loans disbursed by Banca ICCREA:

- unsecured loan guaranteed by Banca del Mezzogiorno - Mediocredito Centrale, approved on 13 October 2020 for a total of €2 million, disbursed in full on 18 November 2020 with a floating 3 Month Euribor rate plus a spread of 1.60 and a 6 year repayment plan, with a grace period of 24 months.

Bank loans disbursed by Banca Intesa San Paolo:

- Unsecured loan guaranteed by Banca del Mezzogiorno - Mediocredito Centrale, approved on 25 November 2020 for a total of €1,100 thousand, and disbursed net of €715 thousand destined to offset two loans signed with the financial institution in 2016 and 2017. The repayment plan is set at 6 years with a grace period of 24 months, and a 1-month floating Euribor rate plus a spread of 1.6%.
- unsecured loan with guarantee of Banca del Mezzogiorno - Mediocredito Centrale, approved on 14 March 2018 for a total of €800 thousand, disbursed in full on 29 March 2018. The repayment plan is set at 7 years with a grace period of 24 months, and a 1-month floating Euribor rate plus a spread of 2.3%.

The loans disbursed by Banca Intesa San Paolo were converted to a fixed rate using specific *IRS* hedges, with the same principal and maturities, acquired from Banca Intesa on behalf of the Company.

18. Other non-current financial liabilities

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Other non-current financial liabilities	212	0
TOTAL	**212**	**0**

The item includes the long-term portion of the payable relating to the 11 lease agreements in place at the date and signed starting from June 2020.

19. Deferred tax liabilities

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Deferred tax liabilities	146	86
TOTAL	**146**	**86**

Deferred tax liabilities are calculated in relation to the *fair value* measurements of investments in startups. The *fair value* measurements give rise to both deferred tax assets and to deferred tax liabilities; the Company has offset the two items in consideration of the fact that they have the same nature and average time of presumed realisation.

20. Current payables to banks

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Current payables to banks	369	612
TOTAL	**369**	**612**

The item comprises the portion of principal maturing over the next 12 months relating to *Non-current payables to banks*, as detailed in note 17.

21. Other current financial liabilities

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Other current financial liabilities	108	31
TOTAL	**108**	**31**

The balance includes the *Mark to Market*value of the *Interest Rate Swap contracts* in place as at the date, communicated by the financial institutions, as well as the short-term portion of payables attributable to lease agreements.

22. Trade and other payables

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Trade payables	1,415	724
TOTAL	**1,415**	**724**

Trade payables, of which €216 thousand ascribable to invoices to be received, refer to the amount accrued during the year for the following items:

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
Board of Statutory Auditors	42	42
Directors' fees	19	0
Internal Audit/Supervisory Body	15	18
Independent Auditors	9	29
Suppliers	1,330	635
TOTAL	**1,415**	**724**

The balance of trade payables follows the organic growth of the Company's activities, with particular regard to additional operating activities following the opening of the 4th plan.

23. Tax payables

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
IRAP payables	0	0
IRES/IRPEF payables	159	67
TOTAL	**159**	**67**

Tax payables include the balance at 31 December 2020 of the IRAP payable and the IRPEF/IRES tax payables on behalf of employees and professionals. The latter were paid to the exchequer on 18 January 2021.

24. Other current liabilities

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Other current liabilities	773	449
TOTAL	**773**	**449**

Other current liabilities consist of:

- €130 thousand in payables to employees for holidays accrued but not used, 14 month's pay and contractual bonuses for 2020 to be paid in 2021;
- €51 thousand for payables to social security institutions for accidents in the workplace paid in January 2021;
- €542 thousand for deferred income, entirely attributable to advance invoicing with respect to the lease and furnishing of spaces, signed with LUISS at the beginning of the year;
- €40 thousand relating to the payment for PFIs in favour of BLOOVERYin December 2020 and settled on 8 January 2021;

€10 thousand relating to payables to other counterparties.

25. Revenues and other income

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Revenues for rental of co-working workstations	1,933	1,430	503
Revenues for Acceleration Programme services	666	860	-194
Revenues from Growth-LV8 programmes	159	366	-207
Open Innovation revenues	488	567	-79
External networking revenues	200	70	130
Event revenues	46	431	-385
Sponsorship revenues	386	430	-44
Other revenues	69	52	17
TOTAL	**3,947**	**4,206**	**-259**

Operating revenues and income in 2020 totalled €3,947 thousand compared to €4,206 thousand in 2019, 6% lower when analysed on a like-for-like basis

With reference to the Business Units of the Company, note that:

- revenues from space rental, although impacted by the pandemic, increased due to the opening of the 4th floor;
- income related to Acceleration activities is lower due to a lower number of accelerated startups, and to the postponement of the *Batch Summer* 2020;
- Growth-LV8 income decreased compared to 2019, due to a different mix of services offered in 2020 that have not yet reached the optimal profit level;
- revenues from events reflect the closure imposed by COVID-19 on mass gatherings;
- Revenues relating to Open Innovation activities, although they decreased by €79 thousand, maintained a substantial balance following the adaptation of the offer to customers with a view to communication and digital transformation.

26. Net Income from Investment Management

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Figures achieved by investment management			
Gains on startups	629	22	607
Losses on startups (write-offs)	-497	-213	-284
Losses on PFIs	0	0	0
Losses on convertible financing	-40	-19	-21
Expenses for the sale of equity investments	-16	0	-16
SUB-TOTAL	***76***	***-209***	***286***
Fair value measurement of investments			
Revaluations of startups at fair value	2,724	4,231	-1,507
Revaluations of PFIs at fair value	20	0	20
Revaluations of convertible loans at fair value	0	0	0
Impairment of startups at fair value	-896	-1,631	735
Impairment of PFIs at fair value	-575	-340	-235
Impairment of convertible loans at fair value	-318	-40	-278
Impairment of converting loans at fair value	0	0	0
SUB-TOTAL	***956***	***2,220***	***-1,265***
TOTAL	**1,032**	**2,011**	**-979**

The item "Values realised from investment management" includes the difference between the realisable value of the portfolio startups and the latest *fair value* measurement carried out. In the specific case, there are 2 startups for which the Company has completed the Exit procedure:

BRAND (COMPANY NAME)	1ST YEAR OF INVESTMENT	YEAR OF EXIT	EXIT TYPE	LATEST FAIR VALUE IN THOUSANDS OF EUROS	TOTAL REALISED IN THOUSANDS OF EUROS	GAIN/(LOSS) REALISED IN THOUSANDS OF EURO
LYBRA TECH	2018	2020	Exit	348	977	629
MENTHA	2019	2020	Exit	50	50	0
TOTAL				**398**	**1,027**	**629**

The item Losses on startups delivered are write-offs. The following companies resolved to place the company in liquidation:

BRAND (COMPANY NAME) IN THOUSANDS OF EURO	YEAR OF INVESTMENT	EXIT YEAR	TYPE OF EXIT	TOTAL INVESTED	LAST FAIR VALUE
Revotree	2017	2020	Liquidation	80	80
Inkdome	2018	2021	Liquidation	130	130
Ride	2019	2020	Liquidation	130	287
TOTAL				**340**	**497**

The item "*Fair value* measurement of investments" contains the *fair value* measurements on the portfolio startups, on PFIs (participating financial instruments) and convertible loans according to IFRS 9.

Based on the measurement rules indicated in the "Measurement criteria and accounting standards applied" (Note 5), the main revaluations in 2020 concerned:

- Shampora: for €998 thousand;
- Codemotion: for €356 thousand;
- MyAedes: for €100 thousand;
- Vikey: for €65 thousand;
- AvvocatoFlash: for €94 thousand;

while the main write-downs concerned:

- BigProfiles (Datafalls): for €150 thousand;
- wineOwine: for €125 thousand;
- Nextwin: for €100 thousand;
- Majeeko: for €153 thousand;
- Babaiola: for €100 thousand.

27. Costs for services

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Board of Statutory Auditors	-46	-45	*-1*
Directors' fees	-207	-227	*20*
Investor Relator	-5	0	*-5*
Professional advice	-641	-501	*-140*
Legal advice	-67	-47	*-20*
Notary services	-8	-8	*0*
Services related to stock exchange listing	-86	-81	*-5*
Independent Auditors	-25	-22	*-3*
Other	-131	-559	*422*
TOTAL	**1,216**	**-1,490**	***269***

Costs for Services decreased compared to the previous year, mainly due to the combined effect of the increase in Professional consultancy and the decrease in the item Other.

28. Personnel Costs

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Personnel cost	-1,881	-2,027	-146
TOTAL	**-1,881**	**-2,027**	**-146**

The decrease in the item is due to:

- the resignation of two Company employees, one of whom a manager;
- reduction in personnel costs, from March to June 2020, through the use of the Wages Guarantee Fund in derogation, use of holidays by employees and the reduction in collaboration contracts.

The table below shows the headcount at 31 December 2020.

HEADCOUNT	31-DEC-20	31-DEC-19	CHANGE
Executives	1	2	*-1*
Middle Managers	7	5	*2*
Staff	24	24	*0*
TOTAL EMPLOYEES	**32**	**31**	***1***
Collaborators	12	20	*-8*
TOTAL	**44**	**51**	***-7***
Average employees during the year	28.7	*26.5*	*2.20*

29. Other operating costs

Details of other operating costs are shown below:

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Rent	-1,576	-1,068	*-508*
Stationery and printed materials	-8	-27	*19*
Other operating expenses	-629	-479	*-150*
TOTAL	**-2,213**	**-1,575**	***-638***

The rise in operating costs is attributable to the increase in spaces with the additional rental, from June 2020, of the 4th floor of the Rome HUB, and higher accessory costs in respect of their management.

30. Depreciation and impairment losses on tangible assets and goods

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Amortisation of assets	-209	-204	*-5*
Depreciation of leased assets	-35	0	*-35*
Depreciation of intangible assets	-18	-18	*0*
Impairment losses on intangible assets	0	0	*0*
TOTAL	**-262**	**-222**	**-40**

31. Provisions and write-downs

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Provisions and write-downs	-48	-85	*37*
TOTAL	**-48**	**-85**	**37**

This item includes the adjustment to the *Fair Value* of trade receivables as at 31 December 2020 for €52 thousand and a partial recovery of €4 thousand relating to invoices issued, subject to provisions in previous years.

32. Financial income

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Financial income	0	19	*-19*
TOTAL	**0**	**19**	***-19***

33. Financial expenses

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Financial expenses	-131	-98	*-33*
TOTAL	**-131**	**-98**	**-33**

The item includes:

- interest expense on mortgages taken out by the Company for €63 thousand;
- foreign exchange losses of €30 thousand deriving from the valuation, at the exchange rate of 31 December 2020, of the items relating to investments in USD;

- interest expense related to lease agreements signed in 2020 for €5 thousand, of which €1 thousand deriving from the valuation carried out on the basis of IFRS 16;
- IRS hedging differentials and bank commissions on ordinary operations for EUR 14 thousand;
- €5 thousand from the recognition of interest relating to the amortised cost, relating to the unsecured loans in place as at 31 December 2020.

34. Other income and expenses

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Other income and expenses	3	-115	*118*
TOTAL	**3**	**-115**	**118**

The balance, which as at the date, amounts to €3 thousand is given by the following financial statement items:

- other income of €31 thousand from receivables relating to benefits deriving from the Relaunch decree (Italian Legislative Decree no. 34/2020) related to lease payments;
- other income of €168 thousand from tax credits recognised in relation to Research and Development costs incurred in 2019;
- other charges of €86 thousand for TARI in previous years;
- other charges of €30 thousand for the adjustment of the accessory charges relating to the offices in via Marsala, relating to 2019;
- other charges of €67 thousand for incorrect assessment of invoices to be issued in 2019;
- other net charges of €16 thousand relating to other expenses not related to the previous year.

35. Income taxes

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
Current taxes	0	0	*0*
Deferred tax liabilities	46	-119	*165*
TOTAL	**46**	**-119**	**165**

This item includes taxes, both current and deferred, recognised in the financial statements of the Company.

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
CURRENT TAXES:			
IRES	0	0	0
IRAP	0	0	0
Substitute taxes	0	0	0
TOTAL	**0**	**0**	**0**

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19	CHANGE
DEFERRED TAX LIABILITIES:			
IRES	46	-119	*165*
IRAP	0	0	*0*
Substitute taxes	0	0	*0*
TOTAL	**46**	**-119**	**165**

The item includes taxes, both current and deferred taxes recognised in the Company's Financial Statements as already indicated in Note 11 (Deferred Tax Assets) and Note 19 (Deferred Tax Liabilities).

35.1. Reconciliation between the tax charge from the financial statements and the theoretical tax charge (IRES)

The taxes recognised represent the change in deferred tax assets posted based on the 2019-22 Business Plan. The reconciliation between the theoretical charge resulting from the financial statements of the Company and the actual tax charge is provided below:

IN THOUSANDS OF EUROS	VALUE	TAXES
Pre-tax profit (loss)	-770	-
Theoretical tax charge (%)	24%	
Temporary differences taxable in subsequent years	0	
Temporary differences deductible in subsequent years	180	43
Reversal of temporary differences from previous years	0	
Differences that will not be reversed in subsequent years:	-360	-86
- Non-deductible expenses	2,595	623
- Non-taxable income	2,955	-709
TAXABLE INCOME	**-950**	**-**
CURRENT TAXES ON INCOME FOR THE YEAR	**-**	
Actual tax charge (%)		

35.2. Determination of the IRAP tax base

IN THOUSANDS OF EUROS	VALUE	TAXES
Difference between value and costs of production	162	-
Costs not relevant for IRAP purposes	387	-
Revenues not relevant for IRAP purposes	199	-
Theoretical tax charge (%)		5.57%
Temporary difference deductible in subsequent years	0	-
Gross Production Value	**349**	**-**
Employee deduction	-1,538	-
Net Production Value	**-1,188**	**-**
Actual tax charge (%)		

35.3. Deferred tax assets and liabilities

Deferred tax assets were recognised in that there is reasonable certainty of the existence in the years in which the deductible temporary differences will be reversed of taxable income no lower than the amount of the differences that will be offset.

36. Earnings Per Share

As required by IAS 33, please note the following regarding earnings per share:

IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
NET PROFIT (LOSS) FOR THE PERIOD	**-723,872**	**504,517**
Ordinary shares	46,021,491	44,621,491
EARNINGS PER SHARE	**-0.01573**	**0.0113**
Ordinary shares + potential ordinary shares	46,021,491	44,621,491
DILUTED EARNINGS PER SHARE	**-0.01573**	**0.0113**

37. Disclosure Obligations Pursuant to Art. 114, Paragraph 5 of Italian Legislative Decree no. 58/98

In a letter dated 12 July 2013, Consob notified the Company that to replace the monthly disclosure requirements established by note dated 27 June 2012, it must, pursuant to the referenced regulation, supplement the annual financial reports, as well as press releases concerning the approval of the above-mentioned accounting documents, with the following information:

a. the net financial position of the Company, highlighting the short-term components separately from medium/long-term components;

b. the past-due payables of the Company broken down by nature (financial, trade, tax and social security) and any associated reaction initiatives of Company creditors (reminders, injunctions, supply suspensions, etc.);

c. transactions with related parties of the Company;

d. any failure to comply with *covenants*, *negative pledges* and any other Company debt clause entailing limits on the use of financial resources, with an updated indication of the degree of compliance with such clauses;

e. the implementation status of any business and financial plans, with an indication of variances between actual and forecast data.

With respect to the information required by Consob, the net financial position of the Company is reported below, highlighting the short-term components separately from medium/long-term components:

37.1. Net Financial Position of the Company

	IN THOUSANDS OF EUROS	31-DEC-20	31-DEC-19
A	Cash	0	0
B	Other cash and cash equivalents	2,703	2,516
C	Securities held for trading	0	0
D	**LIQUIDITY (A + B + C)**	**2,703**	**2,515**
E	**OTHER CURRENT FINANCIAL RECEIVABLES**	**0**	**198**
F	Current payables to banks		0
G	Current portion of non-current debt	369	612
H	Other current financial payables	73	0
I	**CURRENT FINANCIAL DEBT (F + G + H)**	**442**	**612**
J	**NET CURRENT FINANCIAL DEBT (D + E + I)**	**2,261**	**2,101**
K.1	Other non-current financial receivables	0	0
K.2	Non-current payables to banks	4,414	1,914
L	Bonds issued	0	0
M	Other non-current payables	247	34
N	**NON-CURRENT FINANCIAL DEBT (K.1 + K.2 + L + M)**	**4,661**	**1,948**
O	**NET FINANCIAL DEBT (J - N)**	**2,400**	**-154**

37.2. Past-due payables of the Company broken down by nature

The past-due payables of the Company broken down by nature (financial, trade, tax and social security) and any associated reaction initiatives of Company creditors (reminders, injunctions, supply suspensions, etc.) are reported below.

IN THOUSANDS OF EURO	31-DEC-20	31-DEC-19
Financial Payables	0	0
Tax Payables	0	0
Social Security Payables	0	0
Due to Employees	0	0
Trade Payables	797	473
Other Payables	0	0
TOTAL PAST-DUE PAYABLES	**797**	**473**

37.3. Transactions with related parties

Transactions with related parties are described in Note 41.

37.4. Covenants, negative pledges and any other Company debt clause entailing limits on the use of financial resources

At the date on which the Financial Statements were prepared, the Company had no *covenants*, *negative pledges* or other debt clauses entailing limits on the use of financial resources.

37.5. Implementation status of any business and financial plans, with an indication of variances between actual and forecast data

2020 was to be a year of growth for the Company, in fact, the 2020-2022 Business Plan approved by the Board of Directors on 5 February 2020 envisaged:

- strong growth in revenues of €5.7 million, driven by the increase in space in the Rome office and strengthening of the Open Innovation activities;
- operating management costs of €6.2 million;
- active portfolio management that could generate net revaluations of €2.7 million;
- Company investments of €3.3 million in startups.

The advent of COVID-19, with its *lock-down* and the consequent negative impact on the economic situation, had negative repercussions on the Company's activities. The Company promptly implemented all the actions at its disposal to minimize the negative effects of the current crisis.

The 2020 income statement closed with the following figures:

- operating revenues 31% less than the planned value, despite the opening of increased spaces in the Rome office in July 2020. The conversion to digital of most of the Open Innovation activities made it possible to complete the contractual programmes, but slowed down the acquisition of new important contracts;
- operating management costs down by 15% compared to the planned value. The Company has used all available levers to mitigate costs and contain all variable costs as much as possible;
- portfolio management generated net revaluations of €1 million, compared to the €2.7 million expected for 2020. This lower value is not linked to the COVID-19 crisis, but to the use of a new financial instrument for the *fundraising* of startups which, as already explained in more detail, slows down the recognition of the revaluations of the startups themselves;
- the Company's investments in startups in 2020 amounted to €3.1 million, in line with what was planned.

The table below compares the actual figures as at 31 December 2020 and the figures in the Business Plan for 2020:

IN THOUSANDS OF EUROS	ACTUAL 31-DEC-20	BUSINESS PLAN 31-DEC-20	CHANGE
Revenues	3,947	5,703	*-1,763*
Net income from investment management[2]	1,032	2,656	*-1,623*
Costs	-5,310	-6,262	*952*
GROSS OPERATING MARGIN	**-331**	**2,097**	***-2,304***
PRE-TAX PROFIT (LOSS)	**-770**	**1,699**	***-2,347***
INVESTMENTS IN STARTUPS	**3,112**	**3,325**	***-233***

38. Commitments and guarantees

In June 2020, the startups of the Summer 2020 Acceleration Programme were selected: Accademia Dei Test, This Unique, Mechanika.parts and Reviews.io. The investment arrangement envisages a maximum investment of €160 thousand per startup, subdivided as follows:

- €60 thousand disbursed through the subscription of convertible SFPs - fully disbursed as at 31 December 2020;
- €50 thousand disbursed through a convertible loan - fully disbursed as at 31 December 2020;
- An additional amount of up to €50 thousand may be disbursed through a convertible loan, if the startup achieves satisfactory results during or subsequent to the Acceleration Programme. The latter amount was disbursed in January 2021 to This Unique and Mechanika.parts.

Also for the Summer 2020 Programme, an agreement was signed between the Company and Innova Venture, which allowed participating startups to receive up to **€200 thousand**. For this batch, the startups Wetacoo and Risto Call signed the co-acceleration agreement between LVenture Group and Innova Venture. The arrangements set out in the co-investment agreement are as follows:

- €90 thousand disbursed by the Company through the subscription of convertible PFIs - fully disbursed as at 31 December 2020;
- up to an additional €30 thousand may be disbursed through a convertible loan, if the startup achieves satisfactory results during or subsequent to the Acceleration Programme. The latter amount was disbursed in January 2021 in favour of Wetacoo and Risto Call;
- €60 thousand disbursed by Lazio Innova through the subscription of convertible PFIs - fully disbursed as at 31 December 2020;
- An additional amount of up to €20 thousand disbursed by Innova Venture through a convertible loan if the startup achieves satisfactory results during or after the Acceleration Programme and if the Company continues with the additional investment.

39. Non-recurring significant events and transactions

Pursuant to Consob Communication no. DEM/6064293, please note that in 2020 the Company did not carry out any significant non-recurring transactions.

40. Transactions deriving from atypical and/or unusual transactions

Pursuant to Consob Communication no. DEM/6064293, please note that in 2020 the Company did not carry out any atypical and/or unusual transactions as defined by the Communication.

[2] Details of the item "Income from investment management" as at 31 December 2020 is analysed in Note 26. As regards the figures of the Business Plan they are estimated only as overall figures.

41. Related Party Transactions

The Company carries out transactions with related parties in compliance with the formal procedure and implementation methods laid out by the Procedure on transactions with related parties, adopted by the LVenture Group Board of Directors in implementation of the Regulation on related party transactions, adopted by Consob with resolution no. 17221 of 12 March 2010, as amended.

In compliance with its traditional application of market *best practices*, the related party transactions carried out by the Company are subject to a procedure which includes, inter alia:

a. the complete and timely transmission of relevant information to the Control and Risk and Related Party Transactions Committee. This Committee consists exclusively of independent directors who in exercising their functions may also rely on the support of independent experts;

b. the issue of an opinion (binding or non-binding, depending on the case) before the approval of the transaction by the Board of Directors.

All transactions - connected with the Company's normal activities - were carried out in its exclusive interest, applying contractual conditions consistent with those that could theoretically be obtained in a negotiation with third parties.

41.1. Principal transactions concluded during the period

In 2020, no additional transactions with related parties other than those reported below were carried out.

41.2. Related party transactions in place at 31 December 2020

In 2020, no transactions with related parties requiring reporting were carried out. The transactions that were already in place with Related Parties continued, in particular transactions with members of the Board of Directors, the Board of Statutory Auditors and the Corporate Officer in charge of preparing the accounting documents.

41.3. Trade transactions with related entities - Revenues

There were no transactions generating revenues in 2020.

41.4. Trade transactions with related entities - Costs

There were no transactions generating costs in 2020.

41.5. Trade transactions with related entities - Receivables and Payables

There were no transactions generating receivables or payables in 2020.

41.6. Trade transactions with related entities - Investments

There were no relevant transactions in 2020.

Considering the insignificant nature of related party transactions, they were not separately indicated in the Financial Statements pursuant to Consob resolution no. 15519 of 27 July 2006.

41.7. Directors' and Statutory Auditors' Fees

In accordance with the law, the total fees due to directors, members of the Board of Statutory Auditors and the Independent Auditors are specified below (art. 2427, paragraph 1, no. 16 and 16-bis of the Italian Civil Code).

BOARD OF DIRECTORS	FROM	A	REMUNERATION FOR OFFICE	REMUNERATION FOR PARTICIPATION IN COMMITTEES	OTHER REMUNERATION	TOTAL	2ND STOCK OPTION PLAN NO. OPTIONS ASSIGNED
Stefano Pighini[3]	01/01/20	31/12/20	39,000	0	0	39,000	296,000
Luigi Capello[4]	01/01/20	31/12/20	76,000	0	0	76,000	590,110
Valerio Caracciolo[5]	01/01/20	31/12/20	9,000	0	0	9,000	0
Claudia Cattani[7]	01/01/20	31/12/20	9,000	7,000	0	16,000	0
Maria Augusta Fioruzzi[7]	01/01/20	31/12/20	9,000	3,000	0	12,104	0
Marco Giovannini[7]	01/01/20	31/12/20	9,000	2,000	0	11,000	0

[3] Chairman
[4] Chief Executive Officer
[5] Director

BOARD OF DIRECTORS	FROM	A	REMUNERATION FOR OFFICE	REMUNERATION FOR PARTICIPATION IN COMMITTEES	OTHER REMUNERATION	TOTAL	2ND STOCK OPTION PLAN NO. OPTIONS ASSIGNED
Roberto Magnifico[6]	01/01/20	31/12/20	39,000	0	0	39,000	296,000
Maria Mariniello[7]	01/01/20	31/12/20	9,000	5,000	0	14,000	0
Pierluigi Pace[7]	01/01/20	31/12/20	9,000	0	0	9,000	0
TOTAL			**208,000**	**16,104**	**0**	**224,104**	**1,182,110**

The remuneration indicated is as resolved, but it should be noted that the Directors, during 2020, waived their fixed remuneration for one quarter to show a commitment of solidarity due to the COVID-19 pandemic, and therefore the remuneration paid is lower than indicated above.

BOARD OF STATUTORY AUDITORS (IN OFFICE FROM 18 APRIL 2019)	FROM	A	REMUNERATION FOR OFFICE	REMUNERATION FOR PARTICIPATION IN COMMITTEES	OTHER REMUNERATION	TOTAL
Fabrizio Palma	01/01/20	31/12/20	18,000	0	0	12,000
Giovanni Crostarosa Guicciardi	01/01/20	31/12/20	12,000	0	0	12,000
Giorgia Carrarese	01/01/20	31/12/20	12,000	3,000	0	15,000
TOTAL			**42,000**	**3,000**	**0**	**45,000**

42. Fees to the Independent Auditors

Pursuant to art. 149-duodecies of the Consob Issuers' Regulations, the fees due to the Independent Auditors net of VAT and accessory expenses are specified below:

IN THOUSANDS OF EUROS	31-DEC-20
Independent audit of the accounts - Audit of the financial statements	17
Other auditing services	17
TOTAL	**34**

43. Significant events after year-end close

No significant events occurred after period close.

[6] Director with powers

Certification of the Separate Financial Statements

PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED

The undersigned, Stefano Pighini, as Chairman of the Board of Directors of LVenture Group, and Francesca Bartoli, as Corporate Officer in charge of preparing the accounting documents of LVenture Group, hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998 as amended:

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the formation of the Separate Financial Statements in the period from 1 January to 31 December 2020.

The assessment of the adequacy of the administrative and accounting procedures for the formation of the separate financial statements at 31 December 2020 is based on a process defined by LVenture Group S.p.A. In this regard, no significant aspects emerged.

It is also certified that the Separate Financial Statements:

- have been prepared in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the accounting records and entries;
- are suitable to provide a true and fair view of the Company's financial position, profit and loss and cash flows.

The directors' report contains a reliable analysis of management performance and results, as well as the Company's situation, along with a description of the main risks and uncertainties to which it is exposed.

Rome, 11 March 2021

Francesca Bartoli
Corporate officer in charge of preparing the accounting documents

Stefano Pighini
Chairman of the Board of Directors

Report of the Board of Statutory Auditors

LVENTURE GROUP S.p.A.

Registered Office in Rome, Via Marsala no. 29 h

Share Capital: €14,507,401 fully paid-up

Rome Business Register, Tax Code:

Rome Economic and Administrative Index no. 1356785

REPORT OF THE BOARD OF STATUTORY AUDITORS

on the SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

pursuant to art. 153 of Italian Legislative Decree no. 58 of 24 February 1998 and

pursuant to art. 2429, paragraph 3 of the Italian Civil Code

Dear Shareholders,

This report, drawn up pursuant to art. 153 and art. 154-ter, paragraph 1 of Italian Legislative Decree no. 58/98 (the Consolidated Finance Act), reports on the activity carried out by the Board of Statutory Auditors of LVenture Group S.p.A. ("LVG" or also the "Company") during the year ended at 31 December 2020, in compliance with the relevant regulations, also taking into account what is laid out in the Rules of conduct of boards of statutory auditors of listed companies recommended by the Italian accounting profession and Consob communications on the matter of corporate controls and activities of the Board of Statutory Auditors. The firm Baker Tilly Revisa S.p.A. has been engaged as independent auditor of the accounts, and it is their report on the 2020 Separate Financial Statements we hereby reference.

1. Appointment and activities of the Board of Statutory Auditors

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 18 April 2019, and its term of office ends with the Shareholders' Meeting to approve the Financial States as at 31 December 2021. It is composed of Mr. Fabrizio Palma, Chairman, and by Ms Giorgia Carrarese and Mr. Giovanni Crostarosa Guicciardi as Standing Auditors.

During 2020:

- the company's Board of Directors held eight meetings, all of which were attended by the Board of Statutory Auditors;
- the Control and Risk and Related Party Transactions Committee met eleven times; at least one member of the Board of Statutory Auditors was always present at these meetings, depending on the topics discussed;
- The Remuneration Committee met six times, of which one for the preparation of its Annual Report; at least one member of the Board of Statutory Auditors was present at three Committee meetings;
- the Board of Statutory Auditors itself met sixteen times in 2020 up to the date of preparation of this Report.

The control body also participated in the company's Shareholders' Meeting on 29 May 2020.

2. Supervision of observance of the law and the Articles of Association

During the year ended at 31 December 2020, we supervised observance of the law and the articles of association and we obtained information from the Directors at least every quarter on the activity carried out and on the most relevant transactions in terms of profit and loss, cash flows and the financial position resolved and carried out by the Company during the year. These transactions are described in detail in the Directors' Report, which should be referred to. Based on the available information, the Board of Statutory Auditors may reasonably guarantee that the operations carried out are compliant with the law and the articles of association and are not openly imprudent, in conflict with the resolutions passed by the Shareholders' Meeting or in conflict of interest and are inspired by the principles of proper administration. The significant events of the year which the Board of Statutory Auditors deems important to note in consideration of their significance and consistency with the management choices include:

- Capital Increases: on 18 April 2019, the Extraordinary Shareholders' Meeting resolved:
  - the proposed share capital increase for a maximum of €8 million, inclusive of any share premium, in tranches and against payment, within and no later than 31 March 2020, through the issue of ordinary dematerialised shares, with no nominal value, with the same characteristics as those outstanding and with regular entitlement, to be offered under option to the Shareholders pursuant to art. 2441, paragraphs 1 and 3 of the Italian Civil Code;
  - granting of a mandate to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, for further share capital increases, against payment and for a maximum of €8 million, inclusive of any share premium, in tranches, within five years from the date of resolution, through the issue of ordinary dematerialised shares, with no nominal value, with the same characteristics as those outstanding and with regular entitlement, excluding the option right pursuant to art. 2441, paragraphs 5 and 6 of the Italian Civil Code, reserved for any strategic investors or partners.

Following said resolution, the Company's Board of Directors, during the year:

- o on 13 February 2020, resolved to partially execute the aforementioned mandate, and increase the Company's share capital, against payment and in tranches, for a maximum of €1,015,000.00 (one million and fifteen thousand/00), of which up to €507,500.00 to be allocated at par value and €507.500 thousand for the share premium, with the exclusion of the option right pursuant to article 2441, paragraphs 5 and 6 of the Italian Civil Code, by issuing up to 1,400,000 new ordinary shares of the Company, having the same characteristics as those in circulation at the issue date to be offered in subscription - on a reserved basis - to Libera Università Internazionale degli Studi Sociali Guido Carli ("LUISS"); this operation was concluded on 21 February 2020, with the issue of 1,400,000 ordinary LVenture shares, without nominal value, to strategic investor Università LUISS Guido Carli.

- Exits of investee startups: in 2020, one exit transaction was concluded; in addition, there was one disinvestment transaction and 2 transactions initiated in previous years were concluded, for total income of €1,217 thousand;
- 36 investment transactions were carried out, for an amount of €3,110 thousand.
- COVID-19 Emergency (discussed in the relative paragraph of this Report)

Among the events after the end of the 2020 financial year, note the request received by the Company, on 16 March 2021, from independent auditor Baker Tilly Revisa S.p.A., containing the proposal to consensually terminate their audit engagement pursuant to art. 13, paragraph 4, Italian Legislative Decree 39/2010, as well as to art. 7 of MEF Decree 261/2012, with effect from the date of approval of the financial statements as at 31 December 2020 (without prejudice to the effectiveness of the termination from the date of the resolution of the Shareholders 'Meeting to assign the assignment to another auditing firm). In this regard, please refer to the opinion issued by the Board of Statutory Auditors on 8 April 2021.

3. Supervision of compliance with the principles of proper management and the adequacy of the organisational structure

We acquired knowledge of and supervised, insofar as we are responsible, the adequacy of the organisational structure of the Company and compliance with the principles of proper administration. To this end, we obtained information by participating in meetings of the Board of Directors and the Control and Risk Committee, meeting with top management, the Independent Auditors, the Internal Auditor, and the heads of the company departments, and carrying out additional inspection and control activities; we have no observations to make in this regard. The organisational structure is adequate overall in relation to the size of the company and the type of business conducted. With regard to the Company's compliance with the Corporate Governance Code issued by the Corporate Governance Committee of Borsa Italiana, please refer to paragraph 3 (Compliance) of the "Annual Report on Corporate Governance and Ownership Structures" for the year 2020, noting in particular that:

- The Company, as from 1 January 2021, applies the new Corporate Governance Code and, until 31 December 2020, applied the previous Corporate Governance Code.
- that the Company has resolved to adhere to the simplification regime pursuant to art. 70, paragraph 8, and 71, paragraph 1-*bis*, of the Issuers' Regulation.

For our part, upon our appointment we verified the independence of the members of this Board of Statutory Auditors and supervised the proper application of the criteria and assessment procedures adopted by the Board of Directors to evaluate the independence of its members. In this regard, there are no findings to be reported. The Director's Report, the information received by participating in the meetings of the Board of Directors and from the Chief Executive Officer, the manager in charge of preparing the accounting documents and the Independent Auditors, did not show any atypical and/or unusual transactions with third parties or related parties.

4. Supervision of the internal control and risk management system

The Board of Statutory Auditors, identified as the "Committee for Control and Risk and for Accounting Audit" within the meaning of Italian Legislative Decree 39/2010, also as a result of the changes introduced by Italian Legislative Decree 135/2016, supervised the adequacy of the internal control and risk management systems through:

- Meetings with top management of LVG to examine the internal control and risk management system;
- Meetings with the Internal Audit function in order to assess the method of planning work, based on identifying and assessing the main risks present in the processes and verifying the outcomes of the controls;
- Regular participation in the meetings of the LVG Control and Risk and Related Party Transactions Committee and, for certain problematic topics, joint discussion of such issues with said committee;
- Discussion of the results of the work of the Independent Auditors;
- A constant flow of information to and from the Surveillance Body, an exchange of information which was also facilitated by the presence of a member of the Board of Statutory Auditors on the Body itself.

In carrying out its control activities, the Board of Statutory Auditors maintained a continuous dialogue with the control functions.

We participated in the 2020 meetings of the Control and Risk and Related Party Transactions Committee, which on 18 February 2021 submitted its Annual Report to the Board of Directors, indicawting that the Internal control and risk management system of the Company is adequate with respect to the company's circumstances.

For all of 2020, we maintained a constant flow of information with the head of the internal audit department. We acknowledge that the head of the internal audit function has an adequate level of independence and suitable resources for carrying out the function. We acknowledge that the head of the internal audit function regularly prepared periodic reports containing information on his activities, on the methods whereby risk management is conducted and on compliance with plans for limiting risk, in addition to having verified the suitability of the internal control and risk management system and the reliability of the information systems, including the accounting systems, promptly transmitting reports to the chairmen of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors. We acknowledge that on 28 January 2021, the head of the internal audit department issued his annual report on the activities carried out, which determined that the organisational and management procedures and operational practices are substantially compliant with reference sector regulations, and that no elements emerged which may compromise the overall adequacy of the Company's Internal Control System.

On 20 January 2021, the Supervisory Body issued its annual report in which, taking note of the individual audits carried out on the various areas, it noted the absence of significant findings, noting that within the framework of the activities for the production of flows to the Supervisory Body, all functions involved in filling out the evidence sheets have demonstrated their knowledge of the Code of Ethics, Model and procedures. Each new employee and each counterparty of the company is made aware of the Code of Ethics, Model 231 and the procedures, and offers an express statement of said awareness. With regard to newly employed personnel, the Surveillance Body considers it necessary for the company to provide training on risk issues and on the 231 prevention model adopted by the company, in keeping with what was already done in 2019 for these individuals; the presence of a member of the Board of Statutory Auditors in the Surveillance Body has ensured a constant flow of information between the two bodies.

During the course of the year, the Director responsible for the internal control and risk management system monitored and implemented said system, with constant verification of its adequacy and efficiency and adaptation to the changing operating conditions and legislative and regulatory framework, as outlined in the annual report submitted to the Board of Directors on 18 February 2021, which also reports on the activities planned for 2021, in which it is planned to make additions to certain existing processes in order to improve the effectiveness of the internal control and risk management system.

Based on the activity carried out, the information acquired and the content of the reports of the control functions, the Board of Statutory Auditors deems the structure of the internal control and risk management systems as a whole to be substantially adequate, noting that there are no findings to be submitted to the Shareholders' Meeting.

5. Supervision of the administrative/accounting system and the financial reporting process

As the committee for internal control and accounting audit, the Board of Statutory Auditors monitored the process and controlled the effectiveness of the internal control and risk management systems as regards financial reporting.

The Board of Statutory Auditors has established the existence of an adequate process for the "formation" and "dissemination" of financial information including during regular meetings with the Corporate Officer in charge of preparing the accounting documents.

We supervised the adequacy of the administrative/accounting system by obtaining information, examining the company documents and holding periodic meetings with the managers of the Independent Auditors and the Corporate officer in charge of preparing the accounting documents, and we believe that, insofar as we have found and confirmed, the administrative/accounting system accurately provides a true and fair value of operations, also with reference to the positive opinion pursuant to the Report on the Separate Financial Statements issued by the Independent Auditors.

In periodic meetings with the Board of Statutory Auditors, pursuant to art. 2409-septies of the Italian Civil Code, the managers of the Independent Auditors did not report any critical situations that could harm the internal control system pertaining to administrative/accounting procedures.

6. Supervision of related party transactions

We acknowledge that we acquired the necessary information on transactions with third parties, related parties and group companies, based on which we found that:

- the Company did not carry out atypical and/or unusual transactions with third parties or with related parties;
- in 2020, transactions with related parties - connected with the Company's normal activities - were carried out in its exclusive interest, applying contractual conditions consistent with those that could theoretically be obtained in a negotiation with third parties.
- The Company carries out transactions with related parties in compliance with the formal procedure and implementation methods laid out by the Procedure on transactions with related parties, adopted by the LVenture Group Board of Directors in implementation of the Regulation on related party transactions, adopted by CONSOB with resolution no. 17221 of 12 March 2010, as amended.

The Board acknowledges that the Risks and RPT Committee reiterated, in its Annual Report, that following the entry into force of Directive 2017/828, referred to as "Shareholders' Rights II" and once the new RPT Regulation has been issued by Consob, it will be necessary to update the Company's RPT procedure.

7. Supervision of independent audit of the accounts

Pursuant to art. 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors is also identified as the Committee for Internal Control and Accounting Audit, and conducted the required supervisory activity on the independent audit of the annual accounts. The Board of Statutory Auditors periodically met with the managers of the Independent Auditors, Baker Tilly Revisa S.p.A., with which the planned exchange of information has been put in place. During these meetings, we were informed about the fundamental issues arising during audit, and no facts deemed objectionable or irregularities such as to require reporting pursuant to art. 155, paragraph 2, of the Consolidated Finance Act emerged.

The Board of Statutory Auditors periodically met with the Independent Auditors to exchange information on the progress of work on the half-yearly financial statements and on occasion of the preparation of the 2020 draft financial statements. On 10 September 2020 the Independent Auditors issued a report on the limited audit of the Condensed Half-Yearly Financial Statements without highlighting any exceptions.

The draft Financial Statements for the year ended 31 December 2020, accompanied by the Directors' Report as well as the certification by the Corporate officer in charge of preparing the accounting documents, was submitted for the approval of the Board of Directors at the meeting of 11 March 2021 and was made available to the Board of Statutory Auditors on the same date. The Board of Statutory Auditors supervised observance with provisions of law and those to which the law makes reference, which govern the preparation of the above-mentioned documents, through audits and the acquisition of information from the Directors, the Administration and Finance function and the Independent Auditors. In relation to the additional terms used by the Board of Directors for calling the Shareholders 'Meeting for the approval of the Financial Statements as at 31 December 2020, it should be noted that the amendment to the financial calendar was resolved at the Board of Directors' meeting held on 18 March 2021, following the receipt, by audit firm Baker Tilly Revisa S.p.A., of the proposal for the consensual termination of their audit engagement pursuant to art. 13, paragraph 4, Italian Legislative Decree 39/2010, as well as art. 7 of Decree MEF 261/2012, effective from the date of approval of the financial statements as at 31 December 2020, in order to allow the company to carry out the selection procedure to appoint independent auditors pursuant to art. 16 of Regulation (EU) no. 537/2014.

In accordance with the provisions of the aforementioned art. 16 of the European Regulation, at the end of the prescribed selection procedure, the Board of Statutory Auditors presented on 8 April 2021 the Recommendation addressed to the Shareholders 'Meeting envisaged for the possible assignment of the independent audit of the accounts for the period 2021-2029, containing two possible alternative candidates and the duly justified preference for one of the two.

We acknowledge that:

These financial statements take account of the fact that international accounting standards IFRS 9 and 13 were used for the measurement of equity investments, while with reference to the standards applied from 1 January 2020, it should be noted that the company is applying IFRS 16 for the first time, in agreement with the Independent Auditor and after obtained the opinion of the Board of Statutory Auditors, having opted to lease the assets needed to make ready the 4th floor of its premises in via Marsala in Rome.

We also acknowledge that the company tested the value of the intangible assets, specifically goodwill, recognised in the financial statements for impairment in compliance with IAS 36.

The Company's separate financial statements at 31 December 2020, which show a loss for the year of €724 thousand, were prepared in compliance with the international accounting standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union.

On 12 April 2021, the Independent Auditors issued their Report on the separate financial statements for the year ended 31 December 2020, pursuant to articles 14 and 16 of Italian Legislative Decree 39/2010 and art. 10 of Regulation EU 537/2014, which does not highlight any findings.

On 12 April 2021, the Independent Auditors also presented to the Board of Statutory Auditors the additional report pursuant to art. 11 of Regulation EU 537/2014, based on which there are no significant shortcomings in the internal control system relating to the financial reporting process worth bringing to the attention of the parties responsible for governance. The Additional Report also includes the declaration regarding independence pursuant to art. 6, paragraph 2 a) of Regulation EU 537/2014, based on which there are no situations which could compromise independence.

8. Remuneration Policies

It should be noted that on 27 April 2018, the Board of Directors established a Remuneration Committee, which is entrusted with the investigation, consultation and proposal duties referred to in art. 6 of the Corporate Governance Code.

The Remuneration Committee prepared the Annual Report on 18 February 2021, in accordance with aforementioned art. 6 of the Corporate Governance Code, as last updated in January 2020, and the Remuneration Committee Regulations adopted by the Company's Board of Directors on 27 April 2018.

At the meeting of the Board of Directors on 10 December 2020, the Remuneration Committee presented to the Directors the proposal to increase the remuneration approved by the Committee on 4 December 2020, together with a covering letter summarising the phases of approval of the Remuneration Policy and the reasons that led the Committee to draft this proposal.

9. Omissions or objectionable events, opinions provided and initiatives taken

During 2020, the Board of Statutory Auditors did not receive reports pursuant to art. 2408 of the Italian Civil Code, nor did it receive statements from third parties.

On 9 December 2020, the Board of Statutory Auditors, in compliance with the provisions of art. 2389, third paragraph, of the Italian Civil Code, and art. 16 of the Company's Articles of Association, issued a specific Opinion on the proposal of the Remuneration Committee of LVenture Group S.p.A. of 4 December 2020 to increase the remuneration of directors vested with particular offices, submitted to the Board of Directors on 10 December 2020.

On 8 April 2021, the Board of Statutory Auditors issued its opinion on the proposed termination by mutual agreement of the audit contract currently in progress between LVenture Group S.p.A. and Baker Tilly Revisa S.p.A. (Article 13 of Legislative Decree 39/2011 and Article 7, Ministerial Decree 261/2012).

During the activities carried out and based on the information obtained, no omissions, objectionable events, irregularities or significant circumstances were detected which would require reporting to the Supervisory Authorities or mention in this report.

10. COVID-19 health emergency

On this point, the Board would draw your attention to the Directors statement in the Report on Operations and in the Explanatory Notes to the Financial Statements on the assessments made and the conclusions reached regarding the existence of the going concern assumption and the consequent applicable accounting profiles.

The Board would also refer you to the information provided in the specific paragraph of the Report on Operations dedicated to the “impact of COVID-19”; in this regard, the Board of Statutory Auditors, taking note of the timely and specific controls put in place by the Administrative Body and the many actions undertaken so far that have allowed the Company to contain the negative effects of the health emergency, and to the recommendations made regarding the need for the Administrative Body to continue its constant and timely monitoring of the evolution of the health emergency still underway, in terms of its equity, economic and financial effects on the Company.

11. Conclusions

Taking account of all of the above, considering the content of the reports drawn up by the Independent Auditors and acknowledging the certification issued by the Corporate officer in charge of preparing the accounting documents, the Board of Statutory Auditors hereby issues a favourable opinion on the approval of the Separate Financial Statements of LVenture Group S.p.A. at 31 December 2020, which show a loss of €724 thousand, and on the proposal of the Board of Directors in relation to the allocation of the result for the year, i.e. "*to carry forward the loss for the year of €723,871.57*".

Rome, 13 April 2021

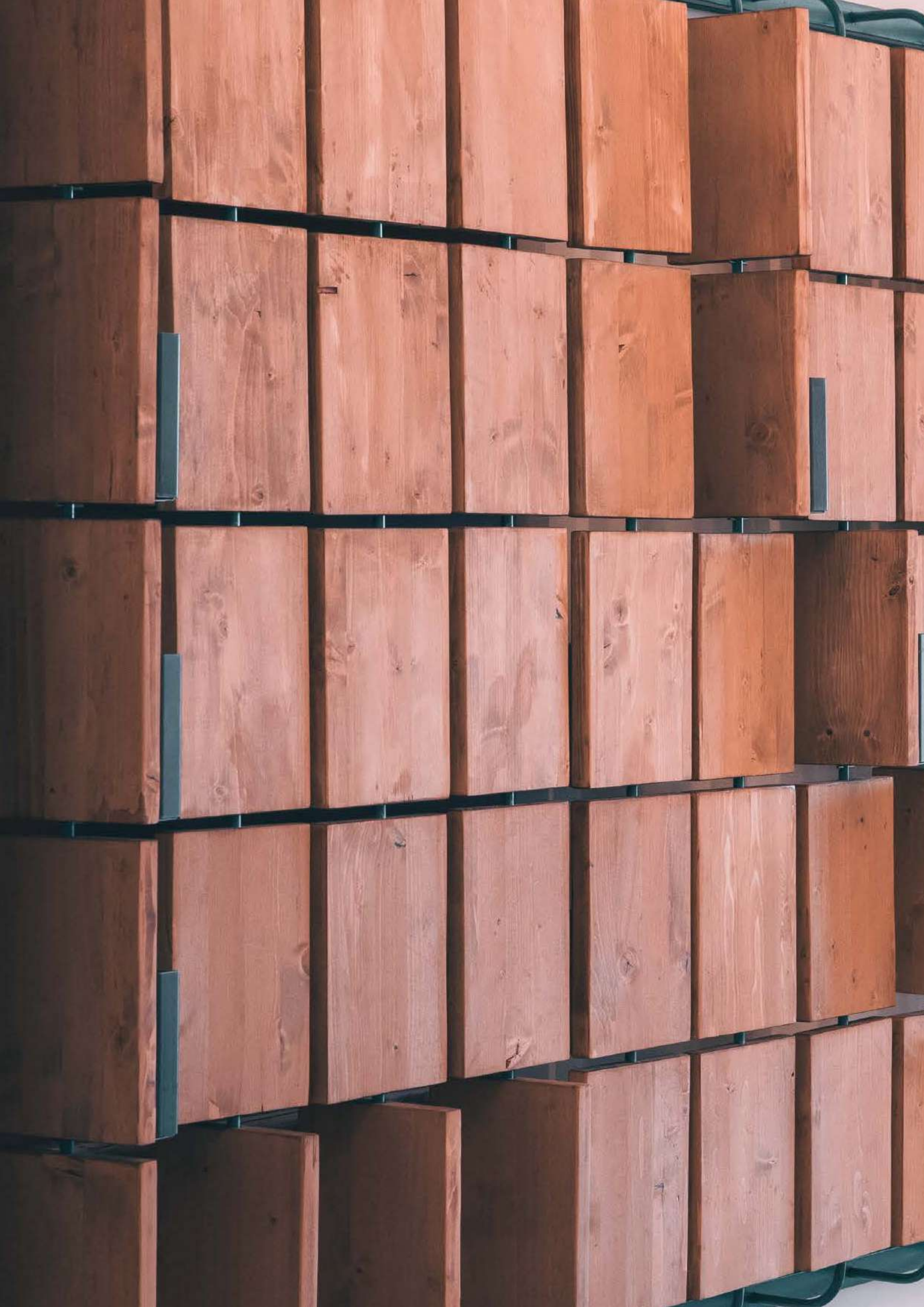
The Board of Statutory Auditors

Mr. Fabrizio Palma

Ms Giorgia Carrarese

Mr. Giovanni Crostarosa Guicciardi


THE HUB
LVenture
GROUP



Report of The Indipendent Auditors

Baker Tilly Revisa S.p.A.
Società di Revisione e
Organizzazione Contabile
37138 Verona - Italy
Via Albere 19

T: +39 045 8005183
F: +39 045 8014307

PEC: bakertillyrevisa@pec.it
www.bakertilly.it

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE N. 39 DATED JANUARY 27, 2010 AND ART. 10 OF REGULATION (EU) N. 537/2014

(Translation from the original Italian text)

To the Shareholders of LVenture Group S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LVenture Group S.p.A. (the Company), which comprise the statement of financial position at December 31, 2020, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flows statement for the year then ended, and the explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true e fair view of the financial positionof the Company at December 31, 2020, and of the economic result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued to implement article 9 of Legislative Decree N. 38/2005.

Basis for opinion

We conducted our audit in accordance with international standards on auditing (ISA Italia). Our responsibilities under those standards are described in detail in the section of this report titled *Auditor's responsibilities for the audit of the Financial Statements*. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Securities and equity investments

The non-current assets of the financial statements at December 31, 2020, include the item "*Securities and equity investments* " for a total amount of 22.9 millions euro, corresponding to 76.8% of the total assets. This item includes the equity investments (*micro seed financing* e *seed financing*) in startup companies operating in the digital world (*Information & communication technology, Online media, Apps, E-commerce, Gaming on line*), admitted to acceleration programs activated by the Company with the aim of supporting its growth, through an active investment management, in orderto realize capital gains from their subsequent sale over a medium-long term period.

Investments in startups have been considered a key audit matters both for the importance of the value recorded in the financial statements in relation to total assets, and for the significant risks of errors inherent in their fair value measurement (level 3), whose determination implies use of estimation processes that take into consideration parameters and indicators characterized by a high level of uncertainty, as they depend on assumptions for the realization of future events and are based on general nature assumptions that will not surely occur. The main parameters taken into consideration are the acquisition cost and the values underlying the subsequent capital increases with or without the participation of third-party investors, while the indicators mainly depend on the achievement of the objectives established in terms of development of the startup business as well as any situations of difficulties manifested by the same.

Information relating to the item " Securities and equity investments" has been provided by the directors in the explanatory notes to the financial statements and in particular at Paragraph 2. *Use of estimates and causes of uncertainty*, at Paragraph *5.5 Measurement criteria and accounting standards – Equity investments in startups*, and at Paragraph 9. *Securities and equity investments*.

The main audit procedures performed to address the key audit matters described above are listed below:

- examination of the document on the startups evaluation adopted by Board of Directors and testing that the assessment methods defined are in line with the industry best practice and comply with the relevant accounting standards;
- analysis of the composition of the startup investments portfolio at December 31, 2020, and of the variances from the prior year's figures, with the involvement of the responsible corporate functions;
- testing on a sample basis of the changes in the startup investments portfolio, both for new acquisitions or disposals and for the adjustment of the previous valuation, with the documentation underlying the specific investment transactions and the other evidences and information acquired;
- testing on a sample basis of the correct application of the evaluation methods defined in the startup evaluation document adopted by Board of Directors;
- testing of the correct representation of the investments in startups in the financial statements in accordance with the applicable financial reporting regulatory framework.

Responsibilities of the directors and the statutory audit committee ("collegio sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued to implement article

9 of Legislative Decree N. 38/2005 and, in the terms prescribed by law, for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the application of the going concern assumption, and for appropriate disclosure thereof. The directors prepare financial statements on a going concern basis unless they either intend to liquidate the Company or to cease trading, or have no realistic alternative but to do so.

The statutory audit committee ("collegio sindacale") is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance that, but is not a guarantee that an audit performed in accordance with international standards on auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

As part of the audit in accordance with international standards on auditing (ISA Italia), we exercised professional judgement and maintained professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- We obtained an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of theCompany's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Where a material uncertainty exists, we are required to draw attention, in our auditor's

report, to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, subsequent events or conditions may cause the Company to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in such a manner as to give a true and fair view.

We communicated to those charged with governance, identified at an appropriate level as required by ISA Italia, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated to them any circumstances that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to those charged with governance, we identified those that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We described these matters in our auditor's report.

Additional information pursuant to art. 10 of Regulation (EU) N. 537/2014

The shareholder's general meeting of LVenture Group S.p.A. on May 6, 2013 engaged us to perform the statutory audit of the company's separate and consolidated financial statements for the years ending 31 December 2013 to 31 December 2021.

We declare that we have not provided prohibited non-audit services, referred to art. 5, par. 1, of Regulation (EU) N. 537/2014, and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the content of the additional report to the audit committee ("collegio sindacale"), in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation (EU).

REPORT ON COMPLIANCE WITH OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2, letter e) of Legislative Decree N. 39/2010 and art. 123-bis, paragraph 4, of Legislative Decree N. 58/1998

The Directors of LVenture Group S.p.A. are responsible for preparing the report on operations and the report on corporate governance and ownership structure of LVenture Group S.p.A. at December 31, 2020, including their consistency with the related financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) N. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in art. 123-bis, paragraph 4, of Legislative Decree N. 58/1998, with the financial statements of LVenture Group S.p.A. at December 31, 2020 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of LVenture Group S.p.A. at December 31, 2020 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree N. 39/2010, issued on basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Verona, Italy
April 12, 2021

Baker Tilly Revisa S.p.A.
Signed by: Pierpaolo Gallonetto - Partner

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


THE HUB
INGRESSO


ASUS
Lenovo

Our Startups

Our Startups

Sectors

Analytics & Big Data

Community & Education

Design & Fashion

Dev Tools

Entertainment

Events & Travel

FinTech & Loyalty

FoodTech

Health & Beauty

IoT & Smart Mobility

PropTech

Exits

Analytics & Big Data

BigProfiles is a Big Data platform for Customer Intelligence insights.

www.bigprofiles.it

Emotiva is an AI software that analyses people's emotional responses in real-time, according with their micro-facial expressions through a common webcam.

www.emotiva.it

KPI6 is an AI-powered Software as a Service for social media marketing.

www.kpi6.com

Wapi is a software house that develops apps for agriculture, helping farmers process their data to increase productivity and sustainability.

www.wapi.farm

Community & Education

Avvocato Flash is a 2-sided LegalTech platform that connects clients that need specialised lawyers to quickly resolve legal disputes.

www.avvocatoflash.it

Codemotion is an event format and a digital platform that connects developers with corporates.

www.codemotionworld.com

Gec is the first Italian e-sports network, with its own e-learning platform called GETPRO.

www.gec.gg

Design & Fashion

AmbiensVR is a virtual reality platform that creates immersive and interactive 3D interior design experiences.

www.ambiensvr.com

Deesup is the marketplace for authentic second-hand design furniture.

www.deesup.com

Drexcode is an online platform to rent exclusive fashion and design collections.

www.drexcode.com

MyTutela is a LegalTech GDPR compliant app to record, archive and retrieve calls, SMSs and chats, certifies their authenticity and proof of evidence in legal proceedings.

www.mytutela.app

Premoneo is a dynamic pricing engine to help companies transform silent data into profitable sales and marketing choices.

www.premoneo.com

Saally is a platform that automates the Facebook Page management for SMEs and local businesses, increasing their customer base.

www.saally.com

Slymetrix is a cloud-based platform to make e-commerce investments in digital media channels more effective and measurable, optimizing ROI up to 30%.

www.slymetrix.com

Jungler is a marketplace to directly connect companies and qualified micro-influencers, to create and manage more engaging social campaigns.

www.jungler.io

Social Academy is an e-learning and career coaching platform.

www.socialacademy.com

Tutored is a social network and hiring platform for university students.

www.tutored.me

Camicia on Demand is an online long-term rental service that provides clean, ironed, home delivered shirts, cutting costs and time waste.

www.camiciaondemand.it

GoPillar is an interior design crowdsourcing platform that connects designers and customers.

www.gopillar.com

Playwood is an online assembly design system to combine connectors with boards and create custom furniture.

www.playwood.it

Dev tools

hakuna cloud

Hakuna Cloud is a software to start and stop cloud servers to avoid inactivity costs.

www.hakuna.cloud

IPERVOX

Ipervox is an online platform that helps anyone to create voice applications in minutes, helping companies to increase their customers engagement.

www.ipervox.com

lexiqa

LexiQA is a cloud-based quality control platform for language services.

www.lexiqa.net

stip

Stip is a platform to prioritise customer care requests on social networks by automating ticket management.

www.stip.io

UXGO

UXGO automatically creates websites by using 56 physical cards and an app to translate them into code.

www.uxgo.io

yakkyofy
DROPSHIPPING REDEFINED

Yakkyofy is an online platform to source and ship goods from China.

www.yakkyofy.com

Entertainment

cineapp

Cineapp is an app to choose a movie and buy the tickets for any cinema in less than a minute.

www.cineapp.it

GAMEPIX

Gamepix is an online platform to publish and promote HTML5 videogames.

www.gamepix.com

KARAOKE ONE

Karaoke One is a social network that records and shares your karaoke experiences.

www.karaokeone.tv

WESUAL

Wesual is a web on-demand platform for ordering and receiving professional photos and videos within 48 hours.

www.wesual.com

Majeeko

Majeeko automatically creates and synchronises customisable websites from client Facebook pages.

www.majeeko.com

pigro

Pigro is a virtual assistant that automatically turns content from corporate knowledge bases into user-friendly chatbots.

www.pigro.ai

SellInToChina

Sell in-to China is a cross-border digital export platform that lets companies sell their products on the best Chinese e-commerce, reaching over 1B consumers.

www.sellintochina.com

Skaffolder

Skaffolder is a platform for developers to create web applications with less time and effort.

www.skaffolder.com

Keiron

Keiron is the first Virtual Reality training solution for gyms to perform free body workouts.

www.keiron.fit

nextwin
Play different.

Nextwin is a social game for tipsters and Invictus is their AI-powered advisor for sports betting.

www.nextwin.com

SOUNDREEF
ROYALTIES MADE EASY

Soundreef is a royalty collecting and license issuing digital platform for musicians and authors.

www.soundreef.com

TIROlibre

Tirolibre is a digital platform for the football market dedicated to players, clubs and agents.

www.tirolibre.it

Events & Travel

apical

Apical is a professional tool for tour operators and individuals to design and sell customizable travel experiences.

www.apical.org

babaiola

Babaiola is an online travel platform for the LGBT community.

www.babaiola.com

BesafeRate.com

BeSafe Rate is a digital service for hoteliers that activates a prepaid hotel rate with travel insurance included, protecting both hotels and guests.

www.besaferate.com

MONUGRAM

Monugram is an app that recognise and describe every monument using the smartphone camera and offering the best-connected tourism activities.

www.monugram.com

overbooking

Overbooking is a TravelTech platform for hotels to manage and re-distribute overbookings.

www.overbookingapp.com

parcy

Parcy is a B2B SaaS platform to assist event professionals and automate their workflow.

www.parcy.co

FinTech & Loyalty

99 bros
Simply Insured

99bros is a user-friendly insurance brokerage platform that combines artificial intelligence, multimedia content and specialized consultants.

www.99bros.com

eshoppingadvisor
SHARE THE DIFFERENCE

eShoppingAdvisor is a secure online shopping platform to help people find what they want while assuring visibility to small e-commerce.

www.eshoppingadvisor.com

PINV

Pin is a SaaS platform that helps micro and SMEs forecast cash flows, anticipate liquidity deficiencies, and suggest the most suitable financing solutions.

www.pinv.it

FoodTech

DIRETTOO

Direttoo is an HORECA supply-chain platform than revolutionizes food and beverage distribution.

www.direttoo.it

foodys.it

Foodys.it is a food delivery platform for culinary excellence.

www.foodys.it

LEONARD

Leonard is a software dedicated to restaurants that lets customers interact directly with waiters.

www.leonardsystem.com

DiveCircle is a booking platform for travel experiences dedicated to sea lovers and scuba divers.

www.divecircle.com

Flamingo is an app to design tailor-made experiences for holiday villages, campings, resorts and hotels.

www.flamingoanimazione.it

Getastand is a marketplace dedicated to events and fairs to help discover, book and manage exhibition spaces and related services.

www.getastand.com

Manet is a personal concierge smartphone designed to revolutionise hospitality and travel experience.

www.manetmobile.com

Together Price is an online platform designed to share digital subscription services and split costs.

www.togetherprice.com

MyFoody is a platform to reduce food waste for supermarkets and consumers.

www.myfoody.it

Wineowine in an online club to discover and buy quality wines from small producers.

www.wineowine.com

Health & Beauty

bloovery

Bloovery is a B2B marketplace to connect flower exporters with florists, revolutionising and optimising the whole distribution chain.

www.bloovery.com

Brave potions

Brave Potions is an augmented reality app to help children trust doctors and dentists.

www.bravepotions.com

CALL ME SPA ANYTIME ANYWHERE

Call Me Spa offers wellness, fitness and beauty services on demand at your doorstep.

www.callmespa.com

Medyx

Medyx reminds discharged patients of their medications and dosages.

www.medyxcare.com

MY LAB NUTRITION

MyLab Nutrition is a platform for sports to customize and purchase their food supplements online.

www.mylabnutrition.net

ORAL3D

Oral3D is a MedTech hardware and software solution for dentists to design and manufacture models with 3DPrinting.

www.oral3d.eu

IOT & Smart Mobility

2hire

2hire is a plug-and-play device that changes the way users interact, manage and track their vehicles.

www.2hire.io

filo

Filo produces miniature device to track all valuables.

www.filotrack.com

Insoore

Insoore is a community based platform for insurance companies to improve claims management.

www.insoore.com

tiassisto24 goditi la strada.

Tiassisto24 is a digital vehicle management and concierge service.

www.tiassisto24.it

ufirst

UFirst is is a queue management and booking agenda app that improves customer experience.

www.ufirst.com

vikey

Vikey is a hardware and software solution to remotely manage vacation apartments.

www.vikey.it

Confirmo is a GDPR compliant LegalTech software that digitises the whole process of informed consent ensuring users correctly understand the information provided.

www.confirmo.it

EpiCura is a digital health platform that lets you book healthcare services directly from your phone.

www.epicuramed.it

Fitprime is an all-in-one subscription app to access gyms and fitness classes.

www.fitprime.com

GenomeUp uses AI to support the diagnosis and therapy of patients by analysing their DNA.
la malattia rara del paziente.

www.genomeup.com

Punchlab is a SportsTech app that turns punching bags into an interactive device to measure and track performance.

www.punchlab.net

Shampora provides a virtual assistant to create tailor-made hair products analysing the needs of every user.

www.shampora.com

In Time Link enables digital payments on vending machines with smartphones.

www.intimelink.com

Kiwi is a robot delivery platform that revolutionises the food delivery experience.

www.kiwicampus.com

Powahome is a retrofit smart home solution to connect your house remotely.

www.powahome.com

Scuter is a mobility sharing three-wheeled electric scooter system.

www.scuter.co

PropTech

edilgo

EdilGo is an e-procurement software for the construction industry that automates the purchase process of building supplies thanks to AI.

www.edilgo.com

myAEDES

myAEDES is a ConTech management platform for construction sites and workflows wherever you are.

www.myaedes.com

Exits

BAASBOX

acquired by

LIQUID BUSINESS GROUP

www.baasbox.com

Lybra
Balance for your business

acquired by

ZUCCHETTI

www.lybra.tech

netlex
lo studio legale ovunque

acquired by

TeamSystem

www.netlexweb.com

FORTUNE

secondary trade

www.fortune.fm

ZappyRent

secondary trade

www.zappyrent.com

acquired by

acquired by

acquired by

www.paperlit.com

www.ufirst.com

www.voverc.com

Glossary

Accelerator	The *startup* accelerator of the Company that operates with the *brand "Luiss EnLabs – the startup factory*".
Advisor	Person with particular experience and managerial and/or entrepreneurial expertise in the digital sector.
Corporate Businesses or Corporates	Companies and industrial groups to which the Company offers its services.
Business Angel	The business angel, or informal investor in risk capital, is a natural person with a passion for *startups*, finances and assists it, bringing not only capital but his/her experience, knowledge, contacts. Contrary to investment funds, the business angel invests their own resources, and their motivation is not exclusively financial.
By converting	An investment method, qualified as a capital contribution. It may envisage conversion rules (upon the occurrence of trigger events), it may envisage a cap (*maximum pre-money* valuation) or floor (minimum *pre-money* valuation) for the conversion, as well as the application of discounts on the *pre-money*value.
Deal Flow	Investment proposals.
Ecosystem	This refers to a dense network of contacts between investors, companies, experts, entrepreneurs, *partners* and *sponsors* that are involved on an ongoing basis in the Company's activities in order to learn about and interact with the startups.
Exit	Term that identifies the Company's divestment from the equity investment in the startup.
Fair Value	The amount for which an asset may be exchanged, or a liability settled, between informed and willing parties, in a transaction between independent third parties.
Follow on	Investments by the Company in startups that have completed the Acceleration Programme, in order to support their growth and development.
Hackathon	Neologism deriving from a combination of "*hacking*" and "*marathon*", or an event in which the participants immerse themselves in an idea-generating marathon (in the majority of cases split into *teams* or challenges on chosen themes, in order to create innovative projects/solutions in a quick turnaround (24/48 hours).
Holding Period	The average period in which startups are held in the Company's Investment Portfolio.
Milan HUB	The company's offices in Milan, at Via D'Azeglio 3.
Rome HUB	The company's offices in Rome, at Via Marsala 29h.
Indirect Investments	These relate to investments made in startups, based on a profit-sharing agreement.
LUISS	LUISS - Libera Università Internazionale degli Studi Sociali Guido Carli di Roma.
LUISS ENLABS	Luiss EnLabs is the *brand* with which the Company operates for activities of certified incubator of innovative startups.
Lean Methodologies	The process of product development and creation that is based on frequent interactions, constant and continuous acquisition of data, product optimisation, including the grand visions and lofty ambitions of the entire *team*.
Micro Seed Financing or Micro Seed or Micro-Seed	Investment by the Company of limited financial resources in the majority of cases, included in the Acceleration Programme.
Nesta	"*National Endowment for Science, Technology and the Arts*", is an independent *non-profit* organisation that works to increase the innovation capacity of the United Kingdom. The organisation acts through a combination of practical programmes, investments, policy, research and formation of *partnerships* to promote innovation through a wide range of sectors.
Open Innovation or Open Innovation Programme	The exclusive programme of the Company dedicated to *Corporate* Enterprises.

Partners	Carefully selected professionals based on their professional skills, experiences similar to the Company's *core business*, as well as based on their *network*, with the goal of collaborating in the development of the Ecosystem, plus the development of relations with national and international investors for the benefit of the Company and the startups.
Investment Portfolio or Portfolio	The operating term used by the Company to refer to direct and indirect investments in startups (Micro Seed and Seed).
Acceleration Programme	The training programme for startups, lasting 5 months and organised by the Accelerator, aimed at transforming a project, to be developed with the Accelerator's areas, into a company.
Incubation Programme	The programme dedicated to the validation of startups' entrepreneurial ideas, usually financed by *sponsorships* by leading Italian businesses or associations.
Growth-LV8	the Growth-LV8 programme, aimed at providing *marketing* and technological development support to Startups and businesses to accelerate their growth.
Average Return	The average return on Seed, Micro Seed and Follow-On investments.
SAFE	SAFE (Simple Agreement For Future Equity) is an investment contract mainly used in the USA, similar to the KISS (Keep It Simple Security), comparable to a convertible loan without right of reimbursement and that gives the investor the future right to acquire shareholdings in a startup normally of the privileged type as part of a first liquidity event (share capital increase, sale, etc.).
Seed Financing or Seed	Investments by the Company in startups that are in the post Acceleration Programme phases or identified on the market.
SPV	*Special Purpose Vehicle* is a company set up by one or more parties to carry out specific transactions.
Startups	The enterprises (digital and innovative) in the initial phases of development in which the Company acquires stakes, represented by securities or not. Following the investment, the Company takes a *hands on* approach to the investments.
PFIs (Special type of convertible notes)	This term refers to the instruments issued pursuant to Italian Legislative Decree 179/2012 and art. 2346, paragraph 6 of the Italian Civil Code, which have property rights or also administrative rights, excluding the right to vote in the company's shareholders' meeting, and any other loan also associated with rights of conversion into capital pursuant to articles 2467, 2483 and 2420-*bis* of the Italian Civil Code.
Post Money Valuation	This is the valuation of a company (shares or units) after the contribution of new financial resources through investment. Post Money Valuation is equal to Pre Money Valuation plus the amount of the aforementioned investments.
Pre Money Valuation	This is the valuation of a company (shares or units) before the contribution of new financial resources through investment.
Venture Capital	The activity of institutional financial investment in the launch and development phases of a new business with strong growth potential, with the assumption of high investment risk.
Venture Capitalist	Institutional operators working in the *Venture Capital* sector.
Write-offs	Reduction of the value of the investment held in the Company following impairment in value of the startup.

LVG

ROME | via Marsala 29h | Termini Station
MILAN | via Massimo D'Azeglio 3 | Milano LUISS Hub
lventuregroup.com
info@lventuregroup.com