Take Off S.p.A. & Over S.p.A.

Aggregate financial statements as at 31 December 2020

Take Off S.p.A.
Share capital Euro 1,000,000 fully paid-in
Registered office in Via di Novella 22
00199 Rome (RM)
Business Register of Rome and Tax Code 04509190759
VAT number 04509190759
REA (economic and administrative index) RM 1529098

Over S.p.A.
Share capital Euro 1,000,000 fully paid-in
Registered office in Via Turi snc.
70013 Castellana Grotte (Ba)
Business Register of Bari and Tax Code 05470340729
VAT number 005470340729
R.E.A. (economic and administrative index) BA 448233

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Management report

Introduction

Dear Shareholders,

the aggregate financial statements of the companies Take Off S.p.A. and Over S.p.A. (hereinafter the "Take Off Group" or only the "Group") closed as at 31 December 2020 shows a positive result of Euro 3,816 thousand.

Operating conditions and business development

As is well known, Take Off S.p.A. (hereinafter also just "Take Off") is the leading Italian chain of "fashion boutiques" with outlet prices. Founded in 2012, the company now has 30 points of sale including 25 direct and 5 affiliates distributed throughout the country, with a presence mainly concentrated in the South of Italy.

In the Take Off fashion boutiques you can find a selection of clothing, footwear and accessories from the best international brands combined with the exclusive distribution of six proprietary brands. Thanks to the product mix and the design of the fashion boutiques, Take Off's commercial proposal has established a foothold on the reference market and is targeting expansion throughout the national territory.

Over S.p.A. (hereinafter also referred to as "Over"), on the other hand, carries out its activity in the retail sector of children's clothing and accessories, with the Overkids proprietary brand. Its commercial network is made up of n. 114 affiliated stores as at 31.12.2020.

Alternative performance indicators

The Group uses some alternative performance indicators, which are not identified as accounting measures under IFRS, to allow a better assessment of the Group's performance.
These alternative performance indicators are constructed exclusively from historical data of the Company and determined in compliance with the provisions of the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015. They refer only to the performance of the accounting period covered by these financial statements and of the periods compared and not to the expected performance of the Company and should not be considered as a substitute for the indicators envisaged by the reference accounting standards (IFRS).
Below is the definition of the alternative performance indicators used in the aggregate financial statements:

- **EBITDA**: is represented by the Operating Result gross of Amortisation, depreciation and write-downs of tangible and intangible assets and right-of-use assets.
- **Operating result or EBIT**: is represented by the difference between revenues, other income, and costs for raw materials and consumables, costs for services, personnel costs and other operating costs.
- **Net working capital:** calculated as the sum of inventories, trade receivables, other current receivables and tax receivables, net of trade payables, liabilities for returns, tax payables and other current payables and liabilities.

- **Capital invested**: it is represented by the total of non-current assets, and of net working capital, net of liabilities for future employee benefits, provisions for risks and charges and Deferred tax liabilities.
- **Net financial position**: is calculated as the sum of medium/long-term loans, payables to banks and the short-term portion of medium/long-term loans and other financial liabilities (current and non-current), net of cash and cash equivalents and current financial assets. The net financial position was determined in accordance with the provisions of paragraph 127 of the CONSOB recommendations CESR/05-054b of 28 July 2006, in line with the CONSOB provisions of 26 July 2007 for the definition of the net financial position.
- **Adjusted net financial position**: calculated as the sum of medium/long-term loans, payables to banks and the short-term portion of medium/long-term loans and other financial liabilities (current and non-current), excluding leasing liabilities, net of cash and cash equivalents and current financial assets.

Management performance in 2020

The first part of 2020 was characterized by the generalized lock-down imposed by the authorities, which forced us to close all our direct and indirect Take Off points of sale from 10 March 2020 to 18 May 2020 and a partial closure of the Over points of sale, due to the violent Covid-19 pandemic that has hit not only our country. However, the effects of the pandemic were already evident even before 10 March, if we look at the numbers of the main stores in some regions of Northern Italy, and mainly due to a slowdown in the circulation and mobility of people. The Group has been able to withstand the "*spike*" of the pandemic, demonstrating how its business model is "defensive" and managing to perform even in times of crisis. In fact, the companies were able to quickly achieve the same sales results as in the months of 2019, as soon as the restrictions on the mobility of people no longer existed. It is clear that, although our margins are heavily influenced by the discounts applied from time to time in the various periods, the highest margins are recorded both in the first few months of the ***SS (spring-summer,*** March - May period) and in the opening few months of the ***AW*** (***autumn-winter***, October - December period). In this year, despite the closing in the period of highest margins of the PE, although in absolute value we have seen a decrease in our turnover compared to the same period of the previous year due to the closing months, we can say, with full satisfaction, that the measures taken have allowed us to increase our margins both in absolute and relative terms, even in an unfortunate period like this one. In fact, we promptly implemented staff-related measures (redefinition of shifts and the number of employees per store), measures in relation to store rents and suppliers, with positive effects that will continue even after the period in question. As can be seen in the following paragraphs, we recorded a growth in margins (EBITDA) which went from 19.28% in 2019 to 30.67% in 2020. Despite the lock-down, we continued our growth (since in any case we must always plan our future by looking beyond) and at the end of October we opened two new Take Off stores:

- one near the centre of Monopoli in Via Roma 116, opened on 24 October 2020;
- one in Latina in via Isonzo 118, opened on 30 October 2020.

The opening of the aforementioned points of sale is always part of our logic of growing Take Off like wildfire, which through a careful selection of points of sale allows us to minimize opening investments and reach break-even. Again with reference to the investments made, we point out that we are implementing the management software of our Logistics Hub, in order to make it more efficient and effective with less time usage, which is reflected positively in the number of staff employed. The software implementation follows, by anticipating, the growth of our stores.

On the other hand, a careful policy of redeveloping Over's stores was pursued, in order to improve overall management results and concentrate corporate actions on a group of more performing affiliates.

In order to create greater customer loyalty and thus encourage the use of on-line sales channels together with the service offered by physical stores (an important strategy in this period characterised by the pandemic and restrictions on free movement), we have designed and implemented the first Take Off magazine, distributed free of charge at our points of sale, which enables our customers to make exclusive purchases of some of the luxury brands we market.

The lockdown period also prompted us to accelerate the launch of the on-line sales channel, which got under way as at the end of 2020 with the go live of our dedicated website, and which will allow us to offer an additional service to our customers, as well as to further support our traditional sales channel.

Main income statement data

The following table shows the Group's aggregate results achieved in terms of revenues, operating result and pre-tax result as at 31 December 2020 and 2019 respectively:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes	% Changes
Revenues from contracts with customers	21,180,409	32,096,817	(10,916,409)	-34.01%
Gross operating profit (EBITDA)	6,494,979	6,187,647	307,332	4.97%
Operating income	5,026,395	4,631,347	395,048	8.53%
Pre-tax result	4,985,078	5,084,865	(99,787)	-1.96%
Result for the period	3,815,524	3,549,937	265,587	7.48%

Aggregate revenues for the year 2020 decreased by 34.01% compared to those of the previous period, recording a decrease of Euro 10,916 thousand, due to the contraction in sales essentially determined by the closing period imposed to tackle the pandemic by Covid-19.

Starting from a pre-tax result of Euro 4,985 thousand (Euro 5,085 thousand in the period 1.01.19 - 31.12.19), the final result for the period is equal to Euro 3,816 thousand (Euro 3,550 thousand in the period 1.01.19 - 31.12.19).

The company's reclassified income statement compared with that of the same period in 2019 is as follows:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes	% Changes
Revenues from contracts with customers	21,180,409	32,096,817	(10,916,409)	-34%
REVENUES	**21,180,409**	**32,096,817**	**(10,916,409)**	**-34%**
Other income	1,156,132	1,031,609	124,523	12%
Costs for raw materials and consumables	(9,966,095)	(19,004,505)	9,038,410	-48%
Costs for services	(1,657,204)	(2,329,732)	672,527	-29%
Personnel costs	(3,872,767)	(4,749,959)	877,192	-18%

Other operating costs	(345,495)	(856,583)	511,088	-60%
EBITDA	**6,494,979**	**6,187,647**	**307,332**	**5%**
Amortisation/depreciation	(1,468,584)	(1,556,300)	87,716	-6%
EBIT	**5,026,395**	**4,631,347**	**395,048**	**9%**
Financial management result	(41,317)	453,518	(494,835)	-109%
PRE-TAX RESULT	**4,985,078**	**5,084,865**	**(99,787)**	**-2%**
Income taxes	(1,169,554)	(1,534,928)	365,374	-24%
PROFIT FOR THE YEAR	**3,815,524**	**3,549,937**	**265,587**	**7%**

We point out that the item other revenues includes both the public grants for Euro 300 thousand received from the Puglia Region for financing contracted to deal with the pandemic crisis and a capital gain realised from the sale of buildings for Euro 450 thousand (for more information, please refer to the note 45 "Transactions with related parties"), as well as the cost of personnel is positively influenced by the benefit of the CIGS equal to Euro 607 thousand.

Costs for services decreased by Euro 673 thousand and were mainly affected by the lower ordinary maintenance incurred in 2020.

The balance of financial management, expense in 2020 for Euro 41 thousand and income in 2019 for Euro 454 thousand, is affected by the exchange gains made in 2020 and the final income in 2019 for the sale of the securities recognized as assets circulating.

Main statement of financial position data

The Group's aggregate statement of financial position, compared with that as at 31 December 2019, is as follows:

(Euro)	**31 December 2020**	**31 December 2019**
Property, plant and equipment	1,961,109	2,686,565
Intangible assets	15,185	4,680
Right-of-use assets	7,789,800	6,723,432
Equity investments in subsidiaries	0	9,500
Other non-current assets	479,103	456,530
Deferred tax assets	1,543,811	1,929,895
Non-current assets (A)	**11,789,008**	**11,810,602**
Inventories	10,981,873	7,326,555
Trade receivables	179,780	721,366
Other current receivables	737,372	1,242,402
Tax receivables	17,222	44,751
Short-term operating assets (B)	**11,916,248**	**9,335,073**
Trade payables	(6,591,368)	(6,136,994)
Tax payables	(3,031,106)	(3,245,083)
Other current payables and liabilities	(1,540,147)	(1,121,051)
Short-term operating liabilities (C)	**(11,162,621)**	**(10,503,128)**
Net working capital (D) = (B) + (C)	**753,627**	**(1,168,055)**

Liabilities for future employee benefits	(692,147)	(495,435)
Provisions for risks and charges	(42,531)	(42,531)
Other non-current payables and liabilities	(1,662,489)	(2,048,623)
Deferred tax liabilities	(52,257)	(108)
Medium/long-term liabilities (E)	**(2,449,424)**	**(2,586,698)**
INVESTED CAPITAL (A) + (D) + (E)	**10,093,211**	**8,055,850**
Shareholders' equity	11,838,234	12,813,311
Non-current net debt	10,699,900	6,319,745
Current net liquidity	(12,444,923)	(11,077,205)
EQUITY AND NET FINANCIAL POSITION	**10,093,211**	**8,055,850**

Main financial data

The aggregate net financial position as at 31 December 2020, compared with that as at 31 December 2019, is as follows:

(Euro)	31 December 2020	31 December 2019
Cash and cash equivalents	15,405,808	12,602,274
Liquid assets	**15,405,808**	**12,602,274**
Receivables and current financial assets	**0**	**0**
Current financial assets		108,218
Current bank debt	(1,477,061)	(359,623)
Other current financial payables	(1,483,823)	(1,273,664)
Current financial debt	**(2,960,885)**	**(1,525,069)**
Current net liquidity	**12,444,923**	**11,077,205**
Non-current bank debt	(4,115,858)	(773,956)
Other non-current financial payables	(6,584,043)	(5,578,671)
Receivables and other non-current financial assets		32,883
Non-current net debt	**(10,699,900)**	**(6,319,745)**
NET FINANCIAL POSITION	**1,745,023**	**4,757,461**
IFRS impact 16	8,067,866	6,852,335
NET FINANCIAL POSITION Adjusted	**9,812,889**	**11,609,796**

The net financial debt for the year increased compared to the previous year by approximately Euro 5,816 thousand, as the Group took advantage of the opportunities provided by the so-called Liquidity decree to increase liquidity and address uncertainty surrounding the duration of the Covid-19 pandemic.

It was considered appropriate to present, in the previous table, also the adjusted net financial position, which excludes, with respect to the previously described calculation, the payable for the Rights of use equal to Euro 8,068 thousand recognised as at 31.12.2020 (Euro 6,852 thousand as at 31.12.2019), and which, pursuant to accounting standard IFRS 16, is classified under the item Other financial payables.

Net of this amount, the Net Financial Position as at 31.12.2020 is positive and equal to Euro 9,813 thousand (Euro 11,610 thousand as at 31.12.2019).

Economic and efficiency indicators

For a better description of the Group's income, equity and financial situation, the tables below show some profitability, equity and financial ratios compared with the same ratios as at 31 December 2019.

	30 December 2020	**30 December 2019**
EBITDA	6,494,979	6,187,647
EBITDA margin	30.67%	19.28%
ROE Before Tax (Pre-tax result for the period/SE)	42.11%	39.68%
ROI (EBIT/Total Assets)	12.85%	13.67%
ROS (EBIT/Revenues)	23.73%	14.43%

The economic indices[1] confirm the dynamics already commented on and the management results obtained. As at 31 December 2020 there was a strong growth in EBITDA, which stood at 30.67% of revenues compared to 19.28% in the previous year.

The table below shows some financial statement ratios[2] which describe (i) the methods of financing medium/long-term loans and (ii) the composition of the sources of funding, compared with the same ratios relating to the aggregate financial statements closed on 31 December 2019.

The current ratio shows the company's ability to repay the debt. In both periods under comparison, the ratio highlights the company's ability to cover its liabilities with its own assets. The index shows an improvement as at 31 December 2020 compared to the comparison period mainly due to the increase in available assets.

	31 December 2020	**31 December 2019**
Current ratio (current assets/current liabilities)	1.93	1.82
Acid test (Current Assets - Inventories)/Current Liabilities	1.16	1.21
Capital assets (SE - FA)	49,226	969,826
Fixed assets/liabilities and equity margin (SE+MLP-FA)	13,198,550	9,909,151

[1]*ROE (Return On Equity)* - It describes the ratio between the pre-tax result and the company's net equity. It summarises the profitability and return on equity.

ROI (Return On Investment) - It describes the ratio between operating income and total assets. It expresses the ordinary profitability of the invested capital, where by ordinary profitability we mean that gross of financial management and the tax burden.

ROS (Return On Sales) - It describes the ratio between operating income and revenue from sales. It expresses in percentage terms the operating margin realised on the sales of the core business, where core profitability means that gross of financial management and the tax burden.

[2]*Fixed asset/ shareholders' equity margin (also known as Fixed Asset Coverage Margin)* - It measures, in absolute terms, the ability of the company to finance the fixed assets with its own capital, or with the sources contributed by the shareholders. It makes it possible to evaluate whether the shareholders' equity is sufficient or not to cover the fixed assets.

Fixed asset/shareholders' equity ratio (also called Fixed Assets Coverage) - It measures in percentage terms the ability of the company to finance the fixed assets with its own capital. It makes it possible to evaluate the percentage ratio between the shareholders' equity (including the profit or loss for the year) and the total fixed assets.

Information relating to the environment and personnel

Taking into account the social role of the company as also highlighted by the document on the management report of the National Council of Chartered Accountants and Accounting Experts, it is considered appropriate to provide the following information relating to the environment and personnel:

Personnel

During the reporting period:

- there were no serious workplace accidents which resulted in severe injuries to the personnel enrolled in the employee register;
- there were no charges relating to occupational illnesses involving employees or former employees and causes of mobbing for which the company was declared definitively liable.

During the period, the Group made investments in personnel safety.

The workforce as at 31 December 2020 net of terminations was as follows:

(no. units)	31 December 2020	31 December 2019	Changes
Take OFF			
White-collar workers	8	6	2
Blue-collar workers	184	194	(10)
Over			
White-collar workers	8	10	(2)
Blue-collar workers	12	11	1
Total	**212**	**221**	**(9)**

Training plays a decisive role for our company given the constantly changing trends in the fashion sector. Staff training was aimed at developing the technical and commercial skills of all employees. In particular, significant commitment was dedicated to the commercial sector, which is definitely strategic

Environment

Thanks to the investments aimed at the restructuring of our registered offices, we have adapted these into line with all the requirements of the current legislative provisions on environmental matters.

With regard to safety, we have assigned to an external professional the engagement of providing training on the prevention of risks in the workplace, always in compliance with current relevant legislation.

Investments

During the period, investments were made in the following areas:

(Euro)	1 January 2020 - 31 December 2020
Investments in intangible assets	12,772
Investments in property, plant and equipment	2,826,148
Equity investments	100,000
Total investments	**2,938,920**

Research and development activities

Pursuant to article 2428, paragraph 2, number 1, of the Italian Civil Code, the following information is acknowledged: Take Off and Over did not carry out research and development activities during the period.

Relations with related parties

During the reporting period, commercial and financial relations were maintained with subsidiaries, associates and parent companies. All commercial transactions took place on an arm's length basis, while financial transactions are all non-interest bearing. These relations, which do not include atypical and/or unusual transactions, are governed on arm's length basis.

Treasury shares and shares/quotas of parent companies

The Companies do not own and have not acquired or disposed of treasury shares or shares in parent companies during the period, either directly or through a trust company or a third party.

Main risks and uncertainties

The main risk elements to which the Group is exposed are described below, identifiable by type: strategic, operational, financial and compliance.

Market and strategic risks

Market risks associated with social, economic and political changes

The clothing market is highly dependent on the financial resources and propensity to spend of consumers as well as on the general trend of the economy. Events of political instability and/or economic recession, and events that could negatively affect the confidence of the type of customers the Group addresses could have negative repercussions on the economic, financial and equity situation of the Group. The market in question is also closely connected to changes in the propensity to consume as well as to any changes in lifestyles.

Risks relating to competition

The clothing market is highly competitive and therefore it cannot be excluded that in the next few years new companies will position themselves in the segment in which the Group operates, thus becoming direct competitors of the Group.

Risks associated with the definition and implementation of strategies

In formulating its strategy, the Group takes into account some hypothetical assumptions relating to the economic trend and the evolution of demand for clothing in the various geographic areas and the prospects of the potential locations in which to locate its stores. If the Group is unable to implement its strategy and/or if the basic assumptions on which the Group has based its strategy should not prove to be correct, the Group's business and prospects could be adversely affected.

Operational Risks

Risk associated with directly managed points of sale

The risk associated with the management of the currently existing points of sale is mainly linked to possible difficulties in renewing existing lease agreements, the higher cost of lease payments and decreases in sales.

As for the opening of new stores, it is noted that the increase in costs associated with the new openings may not be accompanied by adequate growth in revenues. In the competitive scenario in which the Group operates, the possibility of expanding the DOS network depends on the ability to obtain the availability, under economically sustainable conditions, of spaces located in positions deemed strategic by the Group. In fact, the Group could find itself having to compete, in the search for new spaces, with other retail operators, endowed with economic and financial capacities similar to or greater than their own.

Risk associated with points of sale managed by affiliates

Part of the Group's distribution network is represented by points of sale managed by affiliates, with which the Group generally favors commercial relationships consolidated over time. The termination of existing commercial relationships with the main indirect distributors, the impossibility of developing new commercial relationships or a significant decrease in the related revenues, could have negative effects on the Group's business. Furthermore, the non-compliance, by the points of sale managed indirectly, with a commercial policy in line with the image of the Group could damage the reputation of the company, as well as the related sales.

Risk of loss of key personnel and know-how

The risk is connected to the significant dependence that the Group may have on certain managerial figures who, to date, are valued as strategic resources, as they are not deemed to be easily and promptly replaced, either from within or from the outside. The absence of the contribution from these personnel could lead to loss of business opportunities, lower revenues, higher costs or damage to the company image.

IT security risks, data management and dissemination

Information Technology (IT) is currently one of the main factors enabling the achievement of corporate business objectives. The IT risk is therefore connected to the significant degree of dependence of the Group and the respective related operational processes with the IT component. Specifically, this refers to the risk of suffering an economic, reputational and market share loss deriving from the possibility that a given threat, be it accidental or intentional, exploits a vulnerability both implicit in the technology itself and deriving from the automation of corporate business processes, causing an event capable of compromising the security of the corporate information assets in terms of confidentiality, integrity and availability.

Financial Risks

As regards financial risks, please refer to the explanatory notes (see note 44 "Financial instruments - fair value and risk management").

Compliance risks

Tax risk

The Group is ordinarily subject to the verification of its tax returns and tax obligations by the tax authorities. The controls to limit the tax risk put in place by management in terms of tax compliance cannot completely rule out the risk of tax assessments.

Risk associated with the evolution of the national regulatory framework in which the Company operates

The Group is subject to the regulations applicable to the products marketed. The rules on the protection of consumers, competition, health and safety of workers and the environment are of particular importance, also in consideration of the ongoing Covid-19 pandemic.

The issuance of new regulations or amendments to current regulations could force the Group to adopt more stringent standards, and this circumstance could entail costs for adapting the sales structures or, again, limiting the operations of the companies, with a consequent effect negative on its growth prospects.

Other relevant information

Both Group companies, in the first months of 2021, gave a mandate to a leading consultancy firm for the adoption of an organization and management model pursuant to Legislative Decree no. 231/2001 and appointment of the supervisory body.

Business outlook

Starting from the first months of 2020, the national and international scenario was negatively affected by the pandemic crisis caused by Covid-19. The lockdown strategies implemented by many governments, including ours, to cope with the spread of the virus have had a negative impact on the entire retail sector and, in particular, on the sale of clothing.

The Group was able to respond promptly to this complex situation, reducing some costs and maintaining an excellent level of profitability, as illustrated above.

The second phase of the pandemic saw a different approach on the part of the institutions, which attempted a difficult balance between the essential need to protect the health and survival of the country's economic and industrial fabric. The partial lockdowns that the government has imposed allow us to continue operating, but the general situation is certainly very complex.

The Group, however, thanks to the cost containment policies implemented and its ability to cope with difficulties, is not only confident in the good trend of future economic results, albeit influenced by the effects of the pandemic, but also considers it essential to continue investing in its growth and development path, also taking advantage of the opportunities that will be generated by the possible crisis of some market operators. Obviously, the hope is that we can soon return to normal.

Rome, 12 October 2021

The Chairman of the Board of Directors

Aldo Piccarreta

Aggregate financial statements as at 31 December 2020

Statement of financial position

(Euro)	Note	AGGREGATE 31 December 2020	AGGREGATE 31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	*(7)*	1,961,109	2,686,565
Intangible assets	*(8)*	15,185	4,680
Right-of-use assets	*(9)*	7,789,800	6,723,432
Equity investments in subsidiaries	*(10)*	0	9,500
Receivables and other non-current financial assets	*(11)*	0	32,883
Other non-current receivables	*(12)*	479,103	456,530
Deferred tax assets	*(13)*	1,543,811	1,929,895
TOTAL NON-CURRENT ASSETS		11,789,008	11,843,485
Current assets			
Inventories	*(14)*	10,981,873	7,326,555
Trade receivables	*(15)*	179,780	721,366
Other current receivables	*(16)*	737,372	1,242,402
Tax receivables	*(17)*	17,222	44,751
Current financial assets	*(18)*	0	108,218
Cash and cash equivalents	*(19)*	15,405,808	12,602,274
TOTAL CURRENT ASSETS		27,322,056	22,045,566
TOTAL ASSETS		39,111,065	33,889,050
SHAREHOLDERS' EQUITY			
Share capital		1,186,667	596,667
Legal reserve		191,399	45,333
Reserve for translation differences		2,440,366	2,440,366
Other reserves		3,593,354	6,282,064
Benefit Plan Reserve (OCI) - Discounted		(122,636)	(85,951)
Profits/losses of previous years		733,560	(15,105)
Result for the period		3,815,524	3,549,937
TOTAL SHAREHOLDERS' EQUITY	*(20)*	11,838,234	12,813,311
LIABILITIES			
Non-current liabilities			
Medium/long-term loans	*(21)*	4,115,858	773,956
Other non-current financial liabilities	*(22)*	6,584,043	5,578,671
Liabilities for future employee benefits	*(23)*	692,147	495,435
Provisions for risks and charges	*(24)*	42,531	42,531
Other non-current liabilities	*(25)*	58,000	48,000
Non-current tax payables	*(32)*	1,604,489	2,000,623
Deferred tax liabilities	*(26)*	52,257	108
TOTAL NON-CURRENT LIABILITIES		13,149,325	8,939,325
Current liabilities			
Payables to banks and short-term portion of long-term loans	*(27)*	1,477,061	359,623
Other current financial liabilities	*(28)*	1,483,823	1,273,664
Trade payables	*(29)*	6,591,368	6,136,994
Liabilities for returns	*(30)*	68,246	0
Current contractual liabilities	*(31)*	0	570,000
Tax payables	*(32)*	3,031,106	3,245,083
Other current payables and liabilities	*(33)*	1,471,901	551,051
TOTAL CURRENT LIABILITIES		14,123,506	12,136,415
TOTAL LIABILITIES		27,272,830	21,075,739
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		39,111,065	33,889,050

Income statement

(Euro)	Note	AGGREGATE 31 December 2020	AGGREGATE 31 December 2019
Revenues from contracts with customers	*(34)*	21,180,409	32,096,817
REVENUES		21,180,409	32,096,817
Other income	*(35)*	1,156,132	1,031,609
of which with related parties		*450,000*	
Costs for raw materials and consumables	*(36)*	(9,966,095)	(19,004,505)
of which with related parties		*(418,405)*	
Costs for services	*(37)*	(1,657,204)	(2,329,732)
Personnel costs	*(38)*	(3,872,767)	(4,749,959)
Other operating costs	*(39)*	(345,495)	(856,583)
Amortisation/depreciation	*(40)*	(1,468,584)	(1,556,300)
OPERATING INCOME		5,026,395	4,631,347
Financial expenses	*(41)*	(100,759)	(443,740)
Financial income	*(42)*	59,442	897,258
PRE-TAX RESULT FROM OPERATING ACTIVITIES		4,985,078	5,084,865
Income taxes	*(43)*	(1,169,554)	(1,534,928)
RESULT OF THE YEAR FROM OPERATING ACTIVITIES		3,815,524	3,549,937
PROFIT FOR THE YEAR		3,815,524	3,549,937
Basic/diluted earnings per share		*0.37*	*0.83*

Comprehensive income statement

(Euro)	Note	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
RESULT OF THE PERIOD		3,815,524	3,549,937
Other items of the comprehensive income statement			
Other components of comprehensive income that will not be subsequently reclassified in profit/(loss) for the year (net of taxes):			
Profits/(losses) from discounting liabilities for future employee benefits		(36,684)	(85,951)
Total other components of comprehensive income		(36,684)	(85,951)
Other components of comprehensive income that will subsequently be reclassified in profit/(loss) for the year (net of taxes)		-	-
OVERALL RESULT FOR THE PERIOD		3,778,840	3,463,986

Statement of changes in shareholders' equity

(Euro)	Note	Share capital	Legal reserve	Reserve from conversion to IAS/IFRS	Other reserves	Profits/(losses) from previous years	Profit/(loss) from the year	Total
Balance as at 1 January 2019		**226,667**	**45,333**	**2,440,366**	**4,143,692**	**- *15,105***	***3,569,602***	**10,410,555**
Result for the year							*3,549,937*	*3,549,937*
Other items of the comprehensive income statement								*0*
Comprehensive income/loss for the year		-	-	-	-		3,549,937	3,549,937
Allocation of the result of the previous year					3,569,602		(3,569,602)	0
Payment of residual share capital increase	*(20)*	370,000						370,000
Benefit Plan Reserve (OCI) - Discounted	*(20)*				(85,951)			(85,951)
Over/Plaza merger					(1,431,230)			(1,431,230)
Balance as at 31 December 2020		**596,667**	**45,333**	**2,440,366**	**6,196,113**	**(15,105)**	**3,549,937**	**12,813,311**

(Euro)	Note	Share capital	Legal reserve	Reserve from conversion to IAS/IFRS	Other reserves	Profits/(losses) from previous years	Profit/(loss) from the year	Total
Balance as at 31 December 2019		**596,667**	**45,333**	**2,440,366**	**6,196,113**	**- *15,105***	***3,549,937***	**12,813,311**
Result for the year							*3,815,524*	*3,815,524*
Other items of the comprehensive income statement								*0*
Comprehensive income/loss for the year		-	-	-	-		3,815,524	3,815,524
Allocation of the result of the previous year			146,066		2,655,205	748,666	(3,549,937)	(0)
Payment of residual share capital increase	*(20)*	590,000						590,000
Benefit Plan Reserve (OCI) - Discounted					(36,684)			(36,684)
Spin-off					(3,343,916)			(3,343,916)
Dividend distribution	*(20)*				(2,000,000)			(2,000,000)
Balance as at 31 December 2020		**1,186,667**	**191,399**	**2,440,366**	**3,470,718**	**733,560**	**3,815,524**	**11,838,234**

Statement of cash flows

	Note	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
Operating activities			
Pre-tax result from continuing operations		4,985,078	5,084,865
Pre-tax result from assets held for sale		0	0
Pre-tax result		4,985,078	5,084,865
Adjustments to reconcile the pre-tax profit with the net cash flow from operating activities:			
Depreciation and impairment of property, plant and equipment	*(40)*	273,778	216,683
Amortisation and impairment of intangible assets and rights of use	*(40)*	1,194,806	1,339,617
Net exchange rate changes	*(38)*	0	0
Provisions for future employee benefits		144,923	212,816
Provisions for risks and charges		0	
Change in reserve for discounting liabilities for future employee benefits		0	
Change in fair value of financial instruments		51,789	0
Profit on disposal of property, plant and equipment		(450,000)	0
Financial income	*(42)*	(59,442)	(897,258)
Financial expenses	*(41)*	100,759	443,740
Other		(91,735)	0
Changes in working capital:			
Trade receivables	*(15)*	541,585	212,525
Other current receivables	*(16)*	(340,169)	1,531,825
Inventories	*(14)*	(3,655,319)	736,024
Trade payables and contractual liabilities	*(29) - (30)*	502,620	(931,882)
Other current payables	*(33)*	(79,150)	61,980
Net change in non-current receivables/payables		(408,707)	(32,453)
Net change in deferred tax assets and liabilities	*(13) - (26)*	449,727	322,914
Interest (paid)/collected	*(41) - (42)*	(37,705)	453,518
Income taxes paid	*(32) - (43)*	(1,383,531)	(1,869,512)
Net cash flow from operating activities		**1,739,307**	**6,885,402**
Investment activity			
Investments in property, plant and equipment	*(7)*	(1,953,421)	(686,117)
Sale of property, plant and equipment	*(7)*	27,101	0
Investments in intangible assets and rights of use	*(8) - (9)*	(12,772)	(1,626,827)
Investments in financial assets		32,883	0
Equity investments in other companies		(100,000)	
Net cash flow from investing activities		**(2,006,209)**	**(2,312,944)**
Financing activities			
Opening of medium/long-term loans	*(21) - (27)*	5,302,170	0
Repayment of medium/long-term loans	*(21) - (27)*	(842,832)	(3,475,774)
Net change in other short-term financial assets	*(19)*	56,429	0
Reimbursement of financial liabilities for rights of use on leases	*(22) - (28)*	(1,035,332)	301,643
Share capital increase	*(19)*	590,000	370,000

Dividends paid	*(19)*	(1,000,000)	0
Net cash flow from financing activities		**3,070,435**	**(2,804,131)**
Net (decrease)/increase in cash and cash equivalents and short-term deposits		**2,803,533**	**1,768,327**
Cash and cash equivalents and short-term deposits at the beginning of the period		**12,602,274**	**10,833,947**
Cash and cash equivalents and short-term deposits at the end of the period		**15,405,808**	**12,602,274**

Explanatory Notes to the aggregate financial statements

Explanatory Notes to the aggregate financial statements as at 31 December 2020

1. Corporate information and structure of the aggregate financial statements

Take Off is a joint stock company incorporated in Italy and registered in the Rome Company Register at no. 04509190759 (hereinafter also referred to as just the "Take Off"). The registered office is located in ROME (RM), Via di Novella 22.

Take Off carries out its activity in the sector of retail trading of clothing items, based on the chain of OUTLET stores blueprint, making use of different points of sale located throughout the country and in particular in Southern Italy.

Over is a joint stock company incorporated in Italy and registered in the Bari Company Register at no. 05470340729 (hereinafter also just "Over") The registered office is located in Castellana Grotte (BA), Via Turi Snc.

Over is a joint stock company that carries out its activity in the retail sector of children's clothing and accessories, with the Overkids proprietary brand and its sales network is made up of no. 114 points of sale as at 31 December 2020.

Take Off S.p.A. and Over S.p.A. are both subject to management and coordination by the parent company Summit S.r.l., based in Monopoli (BA), tax code and VAT number 08274180721.

These aggregate financial statements for the year ended 31 December 2020, prepared in compliance with International Financial Reporting Standards (hereinafter, "IAS/IFRS"), include the equity, economic and financial situation of Take Off and Over, as a whole identified as a Take Off Group (or as "Group"), as at 31 December 2020 and for the year ended on that date. This aggregate financial statements were prepared on the basis of the financial statements of Take Off S.p.A. and the accounting situation of Over, appropriately adjusted to make them homogeneous and compliant with IFRS.

As described above, Take Off S.p.A. has no control over Over S.p.A. and, therefore, in the absence of shareholding relationships between the two companies, this aggregate financial statements have been prepared for the sole purpose of inclusion in the admission document to be drawn up in the as part of the envisaged process for the listing of Take Off S.p.A. shares on the multilateral trading system of AIM Italia - Alternative Capital Market organized and managed by Borsa Italiana S.p.A..

In consideration of the above, no elimination of equity investments was carried out and the value of the aggregate equity is represented by the algebraic sum of the net assets of the two companies involved in the combination. Furthermore, all intercompany balances and transactions, including any unrealized profits and losses deriving from relationships between companies of the Take Off Group are eliminated.

It should also be remembered that, again within the context of the planned listing transaction, Take Off has chosen to prepare the aggregate financial statements in compliance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB) and adopted by the European Union, exercising the option provided for by art. 4 paragraph 5 of Legislative Decree no. 38/2005.

The publication of the aggregate financial statements for the period ended 31 December 2020 was authorized by the Board of Directors on 12 October 2021.

The directors consider that there are no significant uncertainties that could give rise to doubts surrounding this assumption. They have assessed that there is a reasonable expectation that the Group will have adequate resources to continue its operations for the immediate future, not less than 12 months from the financial statements date.

These aggregate financial statements have been drawn up in Euro, as the functional currency of the Company, as well as the explanatory notes, unless otherwise indicated.

The financial statements formats adopted are consistent with those envisaged by the reference accounting standards and in particular:

- the statement of financial position was prepared by classifying the assets and liabilities according to the "current/non-current" criterion;
- the income statement was prepared by classifying operating costs by nature;
- the comprehensive income statement includes not only the result for the period as per the income statement, but the changes in shareholders' equity other than those with shareholders;
- the statement of cash flows was prepared by showing the cash flows deriving from operating activities according to the "indirect method", as allowed by IAS 7 (Statement of cash flows). In this context, the decision was taken to present the amount of interest paid and collected as part of the cash flows from operating activities
- the statement of changes in shareholders' equity was prepared by providing separate evidence of the other components of the comprehensive income statement.

Taking into account the requirements of the reference accounting standards, the comparison of the items of an equity and economic nature is carried out with the aggregate values as at 31 December 2019 or for the year ended on that date.

The Explanatory Notes show, in relation to the individual items, the changes that occurred during the period.

It should be noted that Take Off, despite having held controlling stakes in 2020 and 2019, does not prepare the consolidated financial statements given that the limits set forth by art. 27 of Legislative Decree no. 127/91 are not exceeded.

2. Accounting standards and measurement criteria adopted

The aggregate financial statements for the year ended 31 December 2020 were drawn up on the basis of the historical cost principle. Please refer to the specific paragraphs commenting on the statement of financial position and income statement items for more details on the criteria adopted.

2.1 Discretionary valuations and significant accounting estimates

The preparation of the financial statements of Take Off and Over requires the making of discretionary assessments, estimates and assumptions that influence the values of revenues, costs, assets and liabilities and the indication of potential liabilities at the financial statements date. The final results could differ from these estimates. The uncertainty surrounding these assumptions and estimates could lead to outcomes that will require, in the future, a significant adjustment to the book value of these assets and/or liabilities. The estimates and assumptions are periodically reviewed and the effects of any changes made to them are reflected in the income statement in the period in which the estimate is revised. The main discretionary estimation and evaluation processes relate to the recognition and measurement of the items in the financial statements indicated below.

Estimates and assumptions

The main assumptions regarding the future and the other main causes of valuation uncertainty which, as at the reference date, present the considerable risk of giving rise to significant adjustments to the book values of assets and liabilities within the year are illustrated below. The Group based its estimates and assumptions on parameters available at the time of preparing the aggregate financial statements. However, current circumstances and assumptions about future events may change due to changes in the market or events beyond its control. If these changes occur, they are reflected in the assumptions at the time of their occurrence.

Impairment of non-financial assets

Assets such as property, plant and equipment, intangible assets, assets consisting of the right to use an underlying asset suffer a reduction in value when their book value exceeds the recoverable value, represented by the greater of the fair value, less the costs of disposal, and the value in use.

As required by IAS 36, the companies have identified the Cash-Generating Units ("CGU") which represent the smallest identifiable group capable of generating largely independent cash flows; these CGUs correspond to the companies' points of sale.

In light of the significant change in the economic context, which also affected the sector in which the companies operate and in consideration of the ESMA recommendations (Public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of 20 May 2020) and Consob indications (Attention no. 8/20 of 16-7-2020), the Management considered it appropriate to carry out a specific analysis in order to identify any sales outlets that at the closing of the financial statements as at 31 December 2020 may present indicators of impairment in light of the effects of the pandemic, as well as with reference to their corporate assets.

The analysis is carried out by verifying the existence of indicators of impairment at the level of the individual store, determining the relative profitability, both final and forward-looking, by attributing to them the revenues and direct costs incurred for the marketing of the goods, including amortisation of rights of use and excluding costs attributable to Corporate Assets (Logistics and Headquarters), wholesaling and the results of any extraordinary transactions.

The aggregate profitability of the points of sale and wholesaling (Group of CGUs) was subsequently verified, both final and forward-looking, in order to verify the recoverability of the operating costs attributable to the Corporate Assets.

The prospective ability of the Group of CGUs to ensure the full recoverability of the net book value of the Group of CGUs and of the Corporate Assets, represented by the company's Net Invested Capital (CIN), was then verified.

The existence of impairment indicators at point of sale level entails carrying out an impairment test. In the absence of impairment indicators, the impairment test is carried out at the level of the CGU Group.

Checks on the recoverable value are carried out according to the criteria envisaged by IAS 36 and described in more detail in the following Note g) Impairment losses on non-financial assets.

In determining the recoverable amount, management applies the value in use criterion. Value in use means the present value of future cash flows that are expected to originate from the asset being measured, discounted using a discount rate, gross of taxes, which reflects current market valuations of the time value of money and the specific risks of the business.

The expected future cash flows used to determine the value in use are based on the most recent business plan for the period 2021-2025, approved by management, and containing forecasts of volumes, revenues, operating costs, cash flows and investments.

These forecasts cover the next 5 year period; consequently, the cash flows relating to subsequent years are determined on the basis of a long-term growth rate that does not exceed the average long-term growth rate expected for the sector and the country.

Income taxes

Deferred and prepaid income taxes

Deferred tax assets and liabilities are recognised against the temporary differences between the assets recorded in the financial statements and the corresponding values recognised for tax purposes, by applying the tax rate in force on the date in which the temporary difference will be reversed, determined on the basis of the tax rates set forth in the measures enacted or substantially enacted as at the reference date. A deferred tax liability is recognised for all taxable temporary differences, deferred tax assets for all taxable temporary differences, unused tax losses or tax credits are recognised when their recovery is likely, i.e. when it is expected that sufficient taxable income will become available in the future to recover the asset.

The aggregate financial statements of the Group include deferred tax assets, connected to the recognition of income components with deferred tax deductibility, for an amount whose recovery in future years is considered highly probable by the Directors. The recoverability of the aforementioned deferred tax assets is subject to the achievement of future taxable profits sufficiently large to absorb the aforementioned tax losses and to use the benefits of other deferred tax assets. Significant management judgments are required to assess the probability of the recoverability of deferred tax assets, considering all possible evidence, both negative and positive, and to determine the amount that can be recognised in the financial statements, based on the timing and amount of future taxable income, future tax planning strategies as well as the tax rates in force at the time of their reversal. However, when it is found that the companies are unable to recover all or part of the deferred tax assets recognised in future years, the consequent adjustment will be charged to the income statement for the year in which this circumstance arises.

Deferred and prepaid income taxes are recognised in the income statement, with the exception of those relating to items recognised outside the income statement which are booked directly to equity.

Deferred and prepaid income taxes, applied by the same tax authority, are offset if there is a legally exercisable right to offset current tax assets with current tax liabilities that will be generated at the time of their reversal.

Uncertainty about income tax treatments

In defining uncertainty, the Group considers whether a given tax treatment will be acceptable to the Tax Authority. If it is considered that it is probable that the tax authority will accept the tax treatment (with the term probable understood as "more likely than not"), then the companies recognise and measure their current or deferred tax assets and liabilities by applying the provisions of the IAS 12.

Conversely, if there is uncertainty about the treatments for income tax purposes, the companies reflect the effect of this uncertainty by using the method that best provides for the resolution of the uncertain tax treatment. In assessing whether and how uncertainty affects tax treatment, companies assume that the Tax Authority accepts or does not accept uncertain tax treatment, assuming that it, in the verification phase, will check the amounts it has the right to examine and who will be fully aware of all relevant information. When it concludes that it is unlikely that the tax authority will accept an uncertain tax treatment, the companies reflects the effect of uncertainty in determining current and deferred taxes, using the expected value or the most probable amount method, depending on which method best provides for the resolution of uncertainty.

Management makes significant use of professional judgment in identifying uncertainties about income tax treatments and reviews the judgments and estimates made in the presence of a change in facts and circumstances that modify its forecasts of the acceptability of a given tax treatment or estimates prepared on the effects of uncertainty, or both.

Since the uncertain tax positions refer to the definition of income taxes, the Group discloses uncertain tax assets/liabilities as current taxes or deferred taxes.

Expected losses on trade receivables

As at the financial statements date, the Group estimates the possible existence of expected losses on trade receivables.

Provisions for expected losses on financial assets are based on assumptions regarding the risk of default and the related expected losses if default occurs. In formulating these assumptions and selecting the inputs for calculating the expected loss, management uses its own professional judgment, based on its historical experience, on current market conditions, as well as on forward-looking estimates as at the end of each reporting period.

The bad debt provision is determined on the basis of the loss forecast determined by the forecast model of theexpected credit loss (ECL). The ECL, calculated using the probability of default (PD), the loss given default (LGD) and the risk exposure in the event of default (EAD), is the difference between the cash flows due under the contract and the cash flows expected financial assets (including missed collections) discounted using the original effective interest rate.

Losses due to impairment of trade receivables are presented as net impairment losses in the operating result, as are subsequent write-backs.

Employee benefits

The cost of defined benefit pension plans is determined using actuarial valuations.

The calculations of the costs and liabilities associated with these plans are based on estimates made by actuarial consultants, who use a combination of statistical-actuarial factors, including statistical data relating to past years and forecasts of future costs. The discount rates, the expected rate of return on loans, future salary increases, mortality rates and the future increase in pensions are also considered as estimation components. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty.

Contingent liabilities

In the normal course of its business, the Group may be exposed to liabilities of a significant amount, for which it is not always objectively possible to predict the final outcome. The assessment of the risks associated with these proceedings is based on complex elements which, by their nature, imply recourse to the judgment of the directors, also taking into account the elements acquired by external consultants who assist the Group companies, with reference to their classification among contingent liabilities or under liabilities.

Leasing

Accounting for leasing contracts according to the criterion envisaged by IFRS 16 requires some estimates to be carried out, referring in particular to:

- estimate of the duration of a leasing contract in the presence of renewal or early termination options;
- estimate of the related discount rate.

Estimation of the duration of a leasing contract

The Group determines the duration of the lease as the non-cancellable period of the lease to which both the periods covered by the lease extension option must be added, if there is reasonable certainty of exercising this option, and the periods covered by the option to terminate the lease if there is reasonable certainty of not exercising this option.

The Group has the possibility, for some of its leases, to extend the lease or to terminate it early. The Group applies its judgment in assessing whether there is reasonable certainty of exercising the renewal options. Having said that, all the relevant factors that may entail an economic incentive to exercise the renewal options or to conclude the contract are considered.

In the presence of renewal options that can be exercised by both contractual parties, the Group considered the existence or otherwise of significant economic disincentives in refusing the renewal request as required by paragraph B34 of IFRS 16. In the presence of options that can only be exercised by one of the two parties, the companies of the Group have considered paragraph B35 of IFRS 16. The application of the above, taking into account the specific facts and circumstances as well as the estimate on the probability of exercising the option, resulted in the original duration of the lease being generally considered (on average equal to 6 years), without providing for the exercise renewal options. Only for the properties considered strategic by the companies, was the contractually envisaged 6-year renewal option considered within the lease term and therefore in the calculation of the useful life of the properties. These forecasts are consistent with the assumptions made in the most recent business plan for the period 2021-2025, approved by management.

After the effective date of the agreement, the Group reviews its duration if a major event or a significant change in circumstances occurs which, depending on the Group companies' will, has an impact on the reasonable certainty of the lessee to exercise an option not previously included in its lease term determination or not to exercise an option previously included in its lease term determination. In November 2019, a decision was published that clarifies how the concepts of non-cancellable period, duration of the lease (considered for the purpose of recognising the liability) and period of enforceability ("enforceable period" useful for identifying the moment in which the contract no longer generates due rights and obligations) are interpreted and related to one another for the purposes of application of IFRS 16. The decision clarified that, for the purposes of identifying the enforceable period, a lessee must consider the contractual moment in which both parties involved can exercise their right to terminate the contract without incurring penalties that are not irrelevant; the concept of penalty must not have a merely contractual meaning but must be interpreted by considering all the economic aspects of the contract. Once the enforceable period has been identified, the lessor evaluates in the presence of options for renewal or cancellability for which period it is reasonably certain to control the right of use of the asset and therefore determines the duration of the lease. As at the date of preparation of these financial statements, the Group has considered these discussions and conclusions and will continue to monitor their evolution over time.

Estimate of the discount rate

The Group cannot easily determine the implicit interest rate of leases and therefore uses the marginal borrowing rate to measure lease liabilities. This rate corresponds to what the lessee would have to pay for a loan with similar duration and similar collateral, which is necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment and can be determined at individual contract or contract portfolio level. The Companies estimate the marginal borrowing rate using observable data (such as market interest rates) if available.

2.2 Summary of the main accounting principles

a) Business combinations and goodwill

Business combinations are accounted for using the purchase method. This requires the recognition at fair value of the identifiable assets (including previously unrecognised intangible assets) and identifiable liabilities (including contingent liabilities) of the purchased company.
Goodwill and other assets with an indefinite useful life acquired in a business combination are initially measured at cost represented by the excess of the total amount paid over the identifiable net assets acquired and the liabilities assumed by the Group companies.
Acquisition costs are expensed and classified under administrative expenses.
Goodwill and other assets with an indefinite useful life are subjected to tests to identify any reductions in value (impairment), in accordance with the provisions of IAS 36, on an annual basis, unless specific events or changed circumstances entail the possibility, at different times, to verify any such impairment.
Components that meet the definition of "assets acquired in a business combination" are accounted for separately only if their fair value can be reliably determined.

For the purpose of the impairment analysis, goodwill and other assets with an indefinite useful life acquired in a business combination are allocated, at the acquisition date, to the individual cash-generating units of the Group companies, or to the groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the Group companies are assigned to such units or groupings of units.

b) Transactions "under common control"

In the case of business combinations involving entities subject to common control, considering that, in light of the accounting standards established, the contents of IFRS 3 "Business combinations" are not applicable as per specific grounds for exclusion contained in the standard itself, the criterion commonly accepted in similar "pooling of interest" transactions was identified as the criterion for recognising the transaction in question.
In consideration of the purely reorganisation purpose of these transactions, they were therefore recorded on the basis of the continuity of accounting values in the financial statements of the companies involved, without the recognition of economic effects.

c) Intangible assets

Intangible assets refer to assets without physical consistency, identifiable, controlled by the company and capable of producing future economic benefits.

Intangible assets purchased or produced internally are recognised as assets, in accordance with the provisions of IAS 38 - Intangible assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined.

Intangible assets, with a finite useful life, are recognised at purchase or production cost, including any directly attributable ancillary charges necessary to make the asset available for use. Development costs are recognised as an intangible asset only when the technical feasibility of completing the intangible asset can be demonstrated, as well as having the capacity, intention and availability of resources to complete the asset to use or sell it. Research costs are recognised in the income statement. Intangible assets are systematically amortised for the period of their residual useful life. Amortisation is calculated on a straight-line basis based on the estimated useful life, which is reviewed at least annually; any changes in the amortisation criteria are applied prospectively. Amortisation begins when the intangible asset is available for use. Consequently, intangible assets not yet available for use are not amortised but are subjected to an annual impairment test.

Intangible assets are derecognised either at the time of their disposal (as at the date on which the recipient obtains control of them) or when no future economic benefits are expected from their use or disposal. Any profit or loss, recognised in the income statement, is determined as the difference between the net consideration deriving from the disposal, determined in accordance with the provisions of IFRS 15 regarding the price of the transaction, and the net book value of the asset eliminated.

The useful lives used for amortisation are summarised below:

Description	Useful life
Software	5 years
Website	5 years

d) Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including any ancillary charges and direct costs necessary to make the assets available for use, net of the related accumulated depreciation and any accumulated losses in value.

This cost includes the costs for the replacement of part of machinery and plants when they are incurred, if they comply with the recognition criteria. Where it is necessary to periodically replace significant parts of plant and machinery, the Group amortises them separately on the basis of the specific useful life. All other repair and maintenance costs are recognised in the income statement when incurred.

Improvements to third party assets, represented by works carried out on leased assets that do not meet the requirement of autonomous separability and identifiability, are depreciated according to the useful life or, if shorter, the duration of the lease, also taking into account any renewal periods, if the exercise of the renewal option is reasonably certain.

The useful lives used for depreciation are highlighted below:

	Useful life
Description	
Buildings	33 years
Light constructions	10 years
Machinery, apparatus and equipment Various	6.66 years
Scutching	10 years
Furniture	6.66 years
Electronic office machines	5 years
Lifting systems and equipment	13.33 years
Other assets	5 years - 6.66 years
Leasehold improvements	5 years

The residual value and useful life of property, plant and equipment is reviewed at least at the end of each financial year and if, regardless of the depreciation already accounted for, there is an impairment determined on the basis of the application of IAS 36, the fixed asset is written down accordingly; if in subsequent years the reasons for the write-down no longer apply, its value is reinstated within the limit of the book value that would have been determined (net of write-down or depreciation) if no impairment loss had been recognised for the asset in previous years.

The book value of an item of property, plant and equipment and any significant component initially recognised is eliminated at the time of disposal (i.e. on the date on which the buyer obtains control of it) or when no future economic benefit is expected from its use or disposal. The profit/loss that emerges at the time of the derecognition of the asset (calculated as the difference between the net book value of the asset and the consideration received) is recognised in the income statement when the element is derecognised.

e) Leased assets

The contract is, or contains, a lease if, in exchange for consideration, it confers the right to control the use of an identified asset for a period of time. When the companies of the Group act as lessee, on the effective date it recognizes an asset consisting of the right of use and a leasing liability.

Assists consisting of the right of use (Right-of-use assets)

Right-of-use assets are recognised at cost net of accumulated depreciation and include the amount of the initial measurement of the lease liability, the payments due for the lease made on or before the effective date, net of leasing incentives received, the initial direct costs incurred and, if applicable, the costs and related dismantling activity.

Right-of-use assets are depreciated on a straight-line basis for the shorter of the lease term and the estimated useful life.

If, at the end of the lease term, ownership is transferred to the lessee or if the cost of the right-of-use asset reflects the fact that the lessee will exercise the purchase option, the depreciation period corresponds to the useful life of the underlying asset.

The right-of-use assets are subject to an impairment test as reported in the paragraph “Impairment of non-financial assets”.

Lease liabilities

Lease liabilities are recognised at the present value of payments due over the lease term not paid at the effective date, and include fixed payments net of any lease incentives to be received, variable payments due for the lease that depend on an index or rate, the amounts that the lessee is expected to pay as collateral for the residual value, the strike price of the call option, if the lessee has reasonable certainty of exercising the option, lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Payments due for the lease are discounted using the implied lease interest rate, if this can be easily determined. If this is not possible, the marginal borrowing rate is used, i.e. the interest rate that would have to be paid for a loan, with a similar duration and with similar guarantees, necessary to obtain an asset of similar value to the right-of-use asset in a similar economic context. The marginal loan rates applied were determined on the basis of the maturity band to which the contracts belong.

The value of the lease liabilities is increased to take into account interest and decreased to take into account payments made. Furthermore, the book value of the lease liabilities is remeasured in the event of a change in the duration of the lease, a change in the valuation of a purchase option of the underlying asset, a change in future payments due for the lease resulting from a change in the index or rate used to determine payments.

Group companies include any extension periods covered by the renewal option in the duration of the contract, when assumed with reasonable certainty that the same will be exercised, also in consideration of the experience acquired. A condition for the renewal of the term is also that the companies of the Group can exercise the option without the consent of the counterparty or that the lessor is exposed to a significant penalty in the event of termination of the contract.

In adopting IFRS 16, the Group also made use of the following practical expedients:

- classification of contracts that expire within 12 months of the transition date as a short-term lease and whose underlying asset is of modest value (low value lease). For these contracts, the leasing instalments have been recognised in the income statement on a straight-line basis;
- use of the information present at the transition date to determine the lease term, with particular reference to the exercise of extension and early termination options.

With reference to the contractual amendments deriving from the Covid-19 pandemic, the Group has decided not to apply the practical expedient granted by the amendment to IFRS 16 "Covid-19-Related rent concessions - amendment to IFRS 16", and has therefore accounted for the reductions in contractual rents for the year 2020 as a contractual amendment, with recalculation of the right of use and contextual recalculation of the leasing liability.

f) Equity investments

The book value of these equity investments, possibly including goodwill, is subjected to an impairment test if the conditions envisaged by the provisions of IAS 36 are met.

g) Impairment of non-financial assets

With reference to each financial year, it is determined whether or not there are indicators of impairment of the assets with a definite useful life and therefore, with reference to these assets, if such indicators emerge, the impairment test is carried out.

Any assets not yet available for use are subjected to an impairment test annually or more frequently in the presence of indicators of impairment.

The companies apply IAS 36 to determine, for each reference period, whether the activities of each individual point of sale, both for owned and leased points of sale, suffer impairment. The recording of any losses in value is carried out following the impairment tests, conducted for each point of sale, in order to assess whether the book value of the same is at least equal to or greater than the recoverable value. If the book value of an asset or cash-generating unit is higher than its recoverable value, this asset has suffered a loss in value and is consequently written down to bring it back to the recoverable value.

In determining the amount of the investment to be subjected to impairment testing in relation to the leased points of sale, both right-of-use assets and any improvements made to them are considered, represented by works carried out on leased assets that do not meet the requirement of autonomous separability and identifiability.

The recoverable value is the greater of the fair value of an asset or unit generating cash flows net of costs to sell and its value in use, and is determined for each individual asset, except in the case in which this asset generates cash flows that are not largely independent from those generated by other assets or groups of assets, in which case the Group companies estimate the recoverable value of the cash flow generating unit to which the asset belongs.

In determining the fair value less costs to sell, recent transactions on the market are taken into account, if available. If such transactions cannot be identified, an appropriate valuation model is used.

In determining the value in use, the estimated future cash flows are discounted, using a pre-tax discount rate that reflects the market valuations of the time value of money and the specific risks of the asset.

For the purposes of estimating the value in use, the future cash flows are derived from the business plans, which constitute the best estimate that can be made by the companies of the Group on the expected economic conditions in the period covered by the plan; the long-term growth rate used to estimate the terminal value of the asset or unit is in line with the average long-term growth rate of the sector, country or market of reference and, if appropriate, can correspond to zero or it can also be negative.

Future cash flows are estimated with reference to current conditions: the estimates therefore do not consider either the benefits deriving from future restructuring for which the Group is not yet committed or future investments to improve or optimize the asset or unit.

Impairment losses incurred by continuing operations are recognised in the income statement in the cost categories consistent with the function of the asset that showed the impairment loss.

At each reporting date, the Group companies also assess the possible existence of indicators of a decrease in previously recognised impairment loss and, if such indicators exist, draws up a new estimate of the recoverable value.

The value of a previously written down asset can be reinstated only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recognition of an impairment loss. In this case, the book value of the asset is brought to the recoverable value, without, however, the increased value being able to exceed the book value that would have been determined, net of depreciation, if no impairment loss had been recognised in previous years.

Each reinstatement is recorded as income in the income statement; after a recovery of value has been recognised, the depreciation charge for the asset is adjusted in future periods, in order to divide the modified book value, net of any residual values, on a straight-line basis over the remaining useful life. Goodwill cannot be subject to write-backs.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. They are recognised and measured in accordance with IAS 32 and IFRS 9.

A financial asset or liability is recognized in the financial statements when, and only when, the companies of the Group become party to the contractual clauses of the instrument.

i) Financial assets

Upon initial recognition, financial assets are classified according to the subsequent measurement methods, i.e. at amortised cost, at Fair Value through Other Comprehensive Income (FVOCI) and at Fair Value through Profit or Loss (FVPL).

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Group companies use for their management. With the exception of trade receivables which do not contain a significant financing component or for which the Group has applied the practical expedient, the Group companies initially measure a financial asset at its fair value plus, in the case of a financial asset, at fair value recognized in the income statement, the transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are valued at the transaction price determined in accordance with IFRS 15 as commented on in the paragraph “Revenues from contracts with customers”. In order for a financial asset to be classified and valued at amortised cost or at fair value recognised in comprehensive income statement, it must generate cash flows that depend solely on the principal and interest on the amount of capital to be repaid (so-called 'solely payments of principal and interest (SPPI)'). This measurement is referred to as the SPPI test and is performed at instrument level. For the purposes of subsequent recognised, financial assets are classified into four categories:

1 Financial assets at amortised cost

The Group evaluates financial assets at amortised cost if both of the following requirements are met:

- the financial asset is owned within the framework of a business model whose objective is the possession of financial assets aimed at collecting contractual cash flows and
- the contractual terms of the financial asset provide for cash flows on certain dates represented solely by payments of principal and interest on the amount of capital to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is eliminated, modified or revalued.

2 Financial assets at fair value through other comprehensive income

The Group measures debt instrument assets at fair value recognised through other comprehensive income if both of the following conditions are met:

- the financial asset is held within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets and
- the contractual terms of the financial asset provide for cash flows on certain dates represented solely by payments of principal and interest determined on the amount of principal to be repaid.

For assets measured at fair value through other comprehensive income, interest income, exchange differences and impairment losses, together with write-backs, are recorded in the income statement and are calculated in the same way as financial assets measured at amortised cost. The remaining changes in fair value are recognised through other comprehensive income. Upon elimination, the cumulative change in fair value through other comprehensive income is reclassified to the income statement.

3 Investments in equity instruments

Upon initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognised at fair value in the comprehensive income statement when they meet the definition of equity instruments pursuant to IAS 32 "Financial instruments: Presentation" and are not held for trading. The classification is determined for each individual instrument.

The profits and losses achieved on these financial assets are never reversed to the income statement. Dividends are recognised as financial income in the income statement when the right to payment has been resolved, except when the Group companies benefit from such income as a recovery of part of the cost of the financial asset, in which case these profits are recognised in the income statement. total. Equity instruments measured at fair value through other comprehensive income are not subject to impairment tests.

4 Financial assets at fair value through profit or loss

This category includes assets held for trading, assets designated at the time of first-time recognition as financial assets at fair valuewith changes recognised in the income statement, or financial assets that must be measured at fair value, as per mandatory requirements. Assets held for trading are all those assets acquired for their sale or repurchase in the short term. Derivatives, including embedded ones, are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows that are not represented solely by payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model. Financial instruments at fair value with changes measured through profit or loss are recognised in the statement of financial position at fair value and the net changes in fair value through profit or loss.

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is first derecognised (e.g. removed from the Group's financial position) when:

- the rights to receive cash flows from the asset are extinguished, or
- the company has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has substantially transferred all the risks and rewards of ownership of the financial asset, or (b) has not transferred or withheld substantially all the risks and rewards of the asset, but has transferred control of the same.

j) Financial liabilities

Financial liabilities are classified, at the time of initial recognition, among financial liabilities at fair value through profit or loss, and are represented by mortgages and loans.

All financial liabilities are initially measured at fair value to which, in the case of mortgages, loans and payables, the transaction costs directly attributable to them are added.

The financial liabilities of the Group include trade payables and other payables, mortgages and loans, including overdrafts.

For the purposes of subsequent valuation, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (financing and loans)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value with changes recognised in the income statement include liabilities held for trading and financial liabilities initially recorded at fair value with changes recognised in the income statement.

Financial liabilities at amortised cost (financing and loans)

After initial recognition, the loans are measured with the amortised cost criterion, using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

The amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included under financial charges in the income statement.

The financial liability is derecognised when it is extinguished, i.e. when the contractual obligation is fulfilled or cancelled or expired.

k) Cash and cash equivalents

Cash and cash equivalents include cash values, i.e. those values that meet the requirements of availability on demand or very short-term (with an expected maturity of no later than three months or less), the successful outcome or the absence of collection costs, and are measured at fair value. For the purposes of the statement of cash flows, cash and cash equivalents do not include bank overdrafts at the end of the financial year.

l) Inventories

Inventories of goods are valued at the lower of the purchase cost (determined according to the weighted average cost criterion) and the net presumed realisable value (estimated sales price in the normal course of business net of the estimated costs to make the sale) based on market trends. Returns, trade discounts, allowances and bonuses are deducted from the purchase cost.

Inventories whose realisation value can be inferred from market trends is lower than the relative book value are subject to a potential write-down. If, in whole or in part, the conditions for the write-down are no longer valid due to the increase in the realisable value inferable from market trends, the value adjustment is carried out within the limits of the cost originally incurred.

m) Employee benefits

The benefits guaranteed to employees paid on or after the termination of the employment relationship through defined benefit plans (severance indemnity) are recognised in the period in which the right accrues.

The liability relating to defined benefit plans, net of any assets serving the plan, is determined on the basis of actuarial assumptions and is recognised on an accrual basis in line with the work services needed to obtain the benefits.

The cost of the benefits envisaged under defined benefit plans is determined using the actuarial projected unit credit method. Actuarial gains and losses are booked directly in the comprehensive income statement, as required by IAS 19. Net interest on the net liability for defined benefits must be determined by multiplying the net liability by the discount rate.

The actuarial valuation of the liability was entrusted to independent actuaries.

The amount reflects not only the payables accrued at the balance sheet date, but also future salary increases and the related statistical dynamics.

The benefits guaranteed to employees through defined contribution plans (also by virtue of the recent changes to national pension legislation) are recognised on an accruals basis and, at the same time, give rise to the recognition of a liability measured at nominal value.

n) Provisions for risks and charges

The provisions for risks and charges are recognised against charges for the Group's obligations of a legal, contractual or implicit nature, deriving from a past event. Provisions for risks and charges are recognised if it is probable that such charges will materialise and if it is possible to make a reliable estimate.

If it is estimated that these obligations will arise beyond twelve months and the related effects are significant, they are discounted at a discount rate that takes into account the cost of money and the specific risk of the liability recognised. Any change in the estimate of the provisions is reflected in the income statement in the period in which it occurs. In cases where discounting is carried out, the increase in the provision due to the passage of time and any effect deriving from the change in the discount rate are recognised as a financial charge.

o) Revenues from contracts with customers

Revenues are recognised when control of the assets is transferred to the customer for an amount that reflects the consideration that the Group companies expect to receive in exchange for such assets. This transfer of control normally takes place with the delivery of the goods to the end customer and with the relative payment of the consideration. Revenues from these sales are recognised on the basis of the specific price, net of estimated discounts. There are no significant financing components, as deferred payments are not granted on sales. The Group applies the practical expedient for short-term advances received from customers. The amount of the promised consideration is, in fact, not adjusted to take into account significant financial components if the period between the transfer of the promised goods or services and the payment is less than or equal to one year.

The Group companies recognise the right of return to its customers, guaranteeing a period of 30 days from the purchase of the goods to return them, as long as they are intact and unworn items. In case of return, the customer has the right alternatively:

- to the replacement of the garment with another garment of the same design, substituting size and colour
- to the replacement of the garment with another garment present in the store, if necessary by paying the difference (if the garment chosen is more expensive than the garment returned) or to receive a voucher for the difference issued (if the garment chosen costs less)
- to a refund, with the authorisation of the management
- to the issue of a gift voucher for the total amount.

If the voucher is issued, it can be spent within 60 calendar days.

The Group uses the expected value method to estimate the value of the assets that will not be returned, substantially corresponding to the vouchers issued at the financial statements date, in accordance with the provisions of IFRS 15. With reference to this case, the companies of the Group recognised liabilities for returns of Euro 26 thousand as at 30 June 2021. There are also no customer loyalty programmes.

Contractual balances

Trade receivables

A receivable is recorded if the consideration is unconditionally owed by the customer (that is to say, it is only necessary for the time to elapse for the payment of the consideration to be obtained). Please refer to the paragraph "Financial instruments".

Contractual liabilities

The contractual liability is an obligation to transfer to the customer goods or services for which the Group companies have already received the consideration (or for which a portion of the consideration is due). The contractual liability is recognised if the payment has been received or the payment is due (whichever comes first) by the customer before the Group companies have transferred control of the goods or services to it. Liabilities deriving from the contract are recognised as revenues when the Group companies fulfill the obligations to perform in the related contract (i.e. control of the assets has been transferred to the customer).

p) Government grants

Government grants are recognised when there is reasonable certainty that they will be received and that all the conditions relating to them are met. Grants related to cost components are recognised as revenues, but are systematically divided between the financial years so as to be commensurate with the recognition of the costs they intend to offset. Grants related to assets are recognised as revenues on a straight-line basis over the expected useful life of the reference asset.

q) Costs

Costs are recognised when they relate to goods and services sold or consumed during the year or by systematic distribution, or when it is not possible to identify their future usefulness in compliance with the principle of inherence and accrual accounting.

Costs are recognised according to their nature, considering the principles applicable in the context of the IFRS.

r) Financial income and expenses

Interest is recognised according to accrual accounting on the basis of the effective interest method, i.e. using the interest rate that makes all inflow and outflows financially equivalent (including any premiums, discounts, commissions, etc.) that make up a given transaction.

s) Income taxes

Current taxes

Income taxes for the period were determined on the basis of the best estimate of the weighted average rate expected for the entire year.

Deferred taxes

Deferred tax assets and liabilities are allocated according to the global allocation method (liability method), i.e. they are calculated on all the temporary differences that emerge between the value of the assets and liabilities determined for tax purposes and the relative book value, with the exception of goodwill.

Deferred tax assets and liabilities are calculated using the tax rates which are expected, as at the balance sheet date, to be applicable in the year in which the asset is realised or the liability is extinguished.

Deferred tax assets are recognised to the extent that it is considered probable that taxable income will be at least equal to the amount of the differences that will be reversed in the financial years in which the relative temporary differences will be cancelled.

The value of deferred tax assets to be reported in the financial statements is reviewed at each financial statements date and reduced to the extent that it is no longer probable that sufficient tax profits will be available in the future in order to allow all or part of this credit to be used, also due to changes in the reference tax legislation.

Current and deferred taxes are recognised in the income statement as an expense or income for the year. However, current and deferred taxes are debited or credited directly to shareholders' equity or to the comprehensive income statement if they relate to entries in the financial statements recorded directly in these items.

t) Fair value

Fair value is the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators at the measurement date in the main market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of a liability reflects the risk of default.

Some accounting criteria and disclosure requirements applied by Group companies require the determination of fair value for financial and non-financial assets and liabilities.

When available, Group companies determine the fair value of an instrument using the price listed on an active market for the same instrument. A market is considered “active” when transactions for a particular asset or liability take place with sufficient frequency and volumes to provide information useful for determining the price on an ongoing basis.

In the absence of prices listed on active markets, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The techniques chosen take into account the factors that would be considered by the parties to a transaction to decide the price.

All assets and liabilities for which the fair value is measured or shown in the financial statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - the prices quoted (unadjusted) in active markets for identical assets or liabilities that the entity can access as at the measurement date;
- Level 2 - Inputs other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the input of the lowest hierarchy level used for the measurement is classified.

For assets and liabilities recognised in the financial statements at fair value on a recurring basis, the Group determines whether any transfers have taken place between the levels of the hierarchy by reviewing the categorization (based on the lowest level input, which is significant for the purposes of assessing fair value in its entirety) at each financial statement date.

u) Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency using the exchange rates on the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are converted into the functional currency at the exchange rate as at the closing date of the accounting period. Non-monetary items that are valued at historical cost in a foreign currency are converted at the exchange rate as at the date of the transaction. Profits and losses on foreign currency exchange rates are recognised in the income statement and posted under financial income and charges.

3. New accounting standards and interpretations effective from 1 January 2020

Starting from January 1, 2020, the following new accounting standards and/or interpretations and amendments of previously in force standards are applicable by the Group. The Group has not adopted in advance any other standard, interpretation or amendment published but not yet in force.

Amendments to IFRS 3: Definition of a business

The amendments to IFRS 3 clarify that, to be considered a business, an integrated set of activities and assets must include at least one input and an underlying process that together significantly contribute to the ability to create an output. Furthermore, it has been clarified that a business can exist without including all the inputs and processes necessary to create an output. These changes have not had any impact on the Group's aggregate financial statements but could have an impact on future years should the Group carry out business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of the interest rate benchmark

The amendments to IFRS 9 and IAS 39 provide a number of practical expedients that apply to hedging relationships that are directly impacted by the reform of the reference interest rates. A hedging relationship that is impacted by the reform is subject to uncertainties as to the timing and extent of cash flows based on the reference rate in relation to the hedged instrument. These changes have no impact on the Group's aggregate financial statements as there are no interest rate hedges.

Amendments to IAS 1 and IAS 8 - Definition of materiality

The amendments provide a new definition of materiality which states that information is material if it is reasonable to assume that its omission, misstatement or concealment could affect the decisions that key users of general purpose financial statements make based on of these financial statements, which provide financial information about the specific entity preparing the financial statements.

Relevance depends on the nature or extent of the information, or both. An entity assesses whether the information, individually or in combination with other information, is material in the context of the financial statements, taken as a whole. The information is hidden if it is communicated in such a way as to have, for the main users of the financial statements, an effect similar to that of the omission or incorrect indication of the same information. These changes have not had any impact on the Group's aggregate financial statements nor are any future impact expected.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework does not represent a standard and none of the concepts it contains take precedence over the concepts or requirements of a standard. The purpose of the Conceptual Framework is to support the IASB in the development of standards, to help editors to develop homogeneous accounting policies where there are no applicable standards in the specific circumstances, and to help all parties involved to understand and interpret the standards.

The revised version of the Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts. These changes have not had any impact on the Group's aggregate financial statements.

Amendment to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of the contractual changes for the reductions in lease payments granted by the lessors that are a direct consequence of the Covid-19 epidemic. The change introduces a practical expedient whereby a lessee may choose not to consider whether the lease fee reductions represent contractual changes. A lessee who chooses to use this expedient accounts for these reductions as if they were not contractual changes in the scope of IFRS 16.

The amendments are applicable to financial statements whose accounting period begins on 1 June 2020 or later. Early adoption is allowed. These changes have not had any impact on the Group's aggregate financial statements, as it has not adopted this practical expedient in evaluating the accounting effects of the contractual amendments stipulated in 2020 on existing leasing contracts.

4. Accounting standards, amendments and interpretations not yet applicable

Some principles and interpretations are illustrated below which, at the state of the information existing as at the date of preparation of the aggregate financial statements, had already been issued but were not yet in force. The Group intends to adopt these principles when they come into force.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The changes clarify:

- what is meant by the right to postpone the deadline
- that the right of postponement must exist as at the end of the financial year
- that the classification is not impacted by the likelihood with which the entity will exercise its right to
  postponement
- only if an embedded derivative in a convertible liability is itself an equity instrument does the liability's maturity have no impact on its classification.

The amendments will be effective for the financial years starting on 1 January 2023 or later, and must be applied retrospectively. The Companies believe that the amendments will not have a significant impact on the financial statements, unless the renegotiation of existing loan agreements becomes necessary in the future.

Reference to the Conceptual Framework - Amendments to IFRS 3

In May 2020, the IASB published the amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments aim to replace the references to the Framework for the Preparation and Presentation of Financial Statements, published in 1989, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change in the requirements of the standard.

The Board also added an exception to the IFRS 3 measurement principles to avoid the risk of potential "next day" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately.

At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets will not be impacted by the update of the references to the Framework for the Preparation and Presentation of Financial Statements.

The amendments will be effective for the financial years starting 1 January 2022 and will apply prospectively. It is believed that they will not have significant effects on the financial statements of the Group companies.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB published Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of products sold during the period in which that asset it is brought to the place or conditions necessary for it to be able to operate in the manner for which it was designed by management. Conversely, the entity records the revenues deriving from the sale of such products and the costs of producing such products in the income statement.

The amendment will be effective for financial years starting on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the start date of the period prior to the period in which the entity applies this change for the first time.

No material impacts are expected for Group companies with reference to these changes.

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB published amendments to IAS 37 to specify which costs must be considered by an entity in assessing whether a contract is onerous or loss-making.

The amendment provides for the application of an approach called the "directly related cost approach". Costs that refer directly to a contract for the supply of goods or services include both incremental costs and costs directly attributed to contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly recharged to the counterparty on the basis of the contract.
The amendments will be effective for the financial years starting on 1 January 2022 or later.
No material impacts are expected for Group companies with reference to these changes.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
As part of the 2018-2020 annual improvements process of IFRS standards, the IASB has published an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. This amendment allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to account for the accumulated translation differences on the basis of the amounts accounted for by the parent, considering the date of transition to IFRS by the parent company. This amendment also applies to associates or joint ventures that choose to apply paragraph D16(a) of IFRS 1.
The amendment will be effective for the financial years starting on or after 1 January 2022, early application is permitted. It is believed that this change will not have any effect on the financial statements of the Group companies.

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
As part of the 2018-2020 annual improvement process of IFRS standards, the IASB has published an amendment to IFRS 9. This amendment clarifies the fees that an entity includes in determining whether the conditions of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the borrower or lender on behalf of others. An entity applies this modification to financial liabilities that are modified or exchanged after the date of the first financial year in which the entity first applies the modification.
The amendment will be effective for the financial years starting on 1 January 2022 or later, early application is permitted.
The Companies will apply this amendment to financial liabilities that are modified or exchanged subsequently or on the date of the first financial year in which the entity first applies this amendment.
No material impacts are expected for Group companies with reference to this amendment.

In addition, amendments were issued by the IASB referring to:

- The Disclosure Initiative - IASB amends the accounting policy requirements: guides and examples have been published to facilitate the application of the concept of materiality to disclosure on accounting policies.
- The IASB defines accounting estimates: the distinction between changes in accounting estimates and changes in accounting policies and correction of errors has been clarified.

No material impacts are expected for Group companies with reference to these amendments.

5. Impacts of the Covid-19 emergency

Starting from the first months of 2020, the national and international scenario was negatively affected by the pandemic crisis caused by Covid-19. The lockdown strategies implemented by many governments, including ours, to cope with the spread of the virus have had a negative impact on the entire retail sector and, in particular, on the sale of clothing.

Our Group has been able to respond promptly to this complex situation, reducing some costs and maintaining an excellent level of profitability, as illustrated above.

The second phase of the pandemic saw a different approach on the part of the institutions, which attempted a difficult balance between the essential need to protect the health and survival of the country's economic and industrial fabric. The partial lockdowns that the government has imposed allow us to continue operating, but the general situation is certainly very complex.

However, thanks to the cost containment policies implemented and its ability to cope with difficulties, the Group is not only confident in the good performance of the prospective economic results, albeit influenced by the effects of the pandemic, but also considers it essential to continue investing in its path of growth and development, also taking advantage of the opportunities that will be generated by the possible crises of some market operators. Obviously, the hope is that we can soon return to normal.

With regard to existing lease agreements, by closely and successfully cooperating with the landlords and in the spirit of strengthening relations with them, also in view of future developments (new openings, upcoming contract renewals, etc.), reductions in rents were agreed for 2020 and 2021.

In order to strengthen its structure and its capital solidity, the Group considered it appropriate to increase recourse to bank debt by taking out new medium/long-term loans for an amount of Euro 4,950 thousand. This allowed, among other things, the confirmation of the Company's development projects, with the opening of two points of sale in Monopoli and Latina.

In compliance with paragraphs 9 and 12 of IAS 36, the appropriate assessments were conducted on the existence of indicators that suggest an asset may have suffered a reduction in value (impairment), carefully considering the effects of the COVID-19 epidemic. The determination of the recoverable values, in the current context of uncertainty, required careful evaluation by the management, which concluded that, despite the contraction in sales due to the pandemic, the levels of expected margins, at the level of the individual points of sale, as well as of the Group of CGUs, are in line with management's expectations. For this reason, no impairment on the assets and right-of-use assets of the Company were recognised as at 31 December 2020.

6. Transactions "under common control"

On 28 May 2020, the Shareholders' Meeting of Take Off approved the partial spin-off of the Company in favour of the parent company Summit S.r.l. and the related party Horizon S.r.l., as part of a project to restructure the activities of the group to which Take Off belongs.

In particular, the aim of the spin-off was to separate from the core business the activities more strictly connected with the management of owned properties and shareholdings in companies operating in sectors relating to different businesses from that of the Company.

The demerger therefore pursued the following objectives:

- separate the operational activity of managing the outlet points of sale, which continues to be carried out by the company to be spun off (Take Off), from that of real estate and restaurant management;
- transfer the real estate business unit, consisting of properties and other assets representative of this activity, currently present in the Take Off, in favor of the related Horizon S.r.l.;
- transfer the branch assigned to the catering activity held by Take Off through the investment in Vistamare S.r.l. to the parent company Summit S.r.l.

The spin-off deed was drawn up on 8 October 2020.

As a result of the spin-off, Take Off''s shareholders' equity as at 31 December 2020 underwent a reduction equal to the book value of the demerged branch (Euro 3,343,916), obtained through the use of the extraordinary reserve and without any change in the share capital.
The following table highlights the asset classes subject to the spin-off:

(Euro)	**Net book value at the spin-off date**
Property, plant and equipment	3,234,416
Equity investments in subsidiaries	109,500
Total net assets spun-off	**3,343,916**

7. Property, plant and equipment

The composition of the item "Property, plant and equipment" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	**Lands and buildings**	**Plant and equipment**	**Industrial and commercial equipment**	**Other assets**	**Leasehold improvements**	**Assets under construction**	**Total**
Historical cost as at 31 December 2019	**2,210,004**	**279,482**	**232,630**	**1,013,205**	**8,800**	**0**	**3,744,121**
Increases during the year	1,759,307	156,353		602,645	234,558	73,285	2,826,148
Sales of the year	(150,000)						(150,000)
Adjustments			(7,619)				(7,619)
G/C Assets under construction							0
Spin-off	(3,079,970)	(139,706)		(133,526)			(3,353,202)
Historical cost as at 31 December 2020	**739,341**	**296,129**	**225,011**	**1,482,324**	**243,358**	**73,285**	**3,059,447**
Accumulated depreciation as at 31 December 2019	**(138,014)**	**(129,903)**	**(133,156)**	**(656,483)**	**0**	**0**	**(1,057,556)**
Depreciation for the year	(39,110)	(43,785)	0	(167,209)	(23,675)	0	(273,778)
Sales of the year			25,100		(2,201)	0	22,899

Adjustments	74,703	36,728		489	(20,609)		91,311
Spin-off	73,021	32,997		12,768			118,786
Accumulated depreciation as at 31 December 2020	**(29,400)**	**(103,963)**	**(108,056)**	**(810,434)**	**(46,485)**	**0**	**(1,098,338)**
Net book value as at 31 December 2019	**2,071,990**	**149,579**	**99,474**	**356,723**	**8,800**	**0**	**2,686,565**
Net book value as at 31 December 2020	**709,941**	**192,166**	**116,955**	**671,890**	**196,873**	**73,285**	**1,961,109**

The item "Buildings" includes the acquisition values of the properties and land where the business is carried out.

The item “Plant and machinery” relates to the incurring of costs relating to the plant engineering present in the registered offices and in the various points of sale and logistics offices.

The “Industrial and commercial equipment” item mainly regards costs sustained to set up the new sales points.

The item “Leasehold improvements” is representative of some costs for setting up the points of sale, incurred on third-party assets.

The item “Other assets” relates to residual assets that produce repeated benefits (for example furniture and furnishings, office machines, telephones) functional to the fitting out and operation of the points of sale.

The item "Assets under construction and advances" relates to advances paid for supplies of furniture not yet delivered at the end of the financial year.

The investments made by the companies of the Group during the period, equal to Euro 2,826 thousand, mainly refer to the purchase of new plant and machinery, other assets and improvements to third party assets. The decreases, on the other hand, mainly refer to the equity effects of the spin-off transaction described above. It should also be noted that, during the year, a building was sold to a related party with a net book value of Euro 150 thousand. The sale, agreed at a price of Euro 600 thousand (of which Euro 550 thousand already received as a deposit during 2019), produced a capital gain of Euro 450 thousand, recorded under "Other income".

It should be noted that property, plant and equipment were not subject to write-downs during the year just ended and did not show any indicators of impairment.

8. Intangible assets

The composition of the item "Intangible assets" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	Software applications	Website	Brand names	Intangible assets under development	Total
Historical cost as at 31 December 2019	5,200	0	0	0	**5,200**
Increases during the year	9,360	2,912	0	500	12,772
Historical cost as at 31 December 2020	**14,560**	**2,912**	**0**	**500**	**17,972**

Accumulated amortisation as at 31 December 2019	(520)	0	0	0	**(520)**
Amortisation for the year	(2,267)	0	0	0	(2,267)
Accumulated amortisation as at 31 December 2020	(2,787)	0	0	0	**(2,787)**
Net book value as at 31 December 2019	**4,680**	**0**	**0**	**0**	**4,680**
Net book value as at 31 December 2020	**11,773**	**2,912**	**0**	**500**	**15,185**

As highlighted above, intangible assets are represented by software used to manage the points of sale.

The change in the period, equal to Euro 10.5 thousand, refers to investments in application software and website implementation, net of the amortisation charge for the period.

9. Tangible assets for rights of use

The breakdown of the item "Right-of-use assets" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	**Properties**	**Vehicles**	**Equipment**	**Total**
Historical cost as at 31 December 2019	**7,949,271**	**0**	**0**	**7,949,271**
Renegotiations	(205,901)	0	0	(205,901)
Increases during the year	2,613,088	36,976	20,022	2,650,064
Terminations	(222,307)	0	0	(222,307)
Historical cost as at 31 December 2020	**10,114,128**	**36,976**	**20,022**	**10,171,126**
Accumulated amortisation as at 31 December 2019	**(1,225,838)**	**0**	**0**	**(1,225,838)**
Amortisation for the year	(1,188,587)	(2,774)	(1,178)	(1,192,539)
Terminations	37,051	0		37,051
Accumulated amortisation as at 31 December 2020	**(2,377,374)**	**(2,774)**	**(1,178)**	**(2,381,326)**
Net book value as at 31 December 2019	**6,723,433**	**0**	**0**	**6,723,433**
Net book value as at 31 December 2020	**7,736,754**	**34,202**	**18,845**	**7,789,800**

The rights of use refer to the real estate lease agreements in place and relating to the points of sale, to the headquarters of Over, as well as to vehicles and office equipment. The change in the year includes the effect of depreciation for Euro 1,193 thousand, increases due to the opening of new points of sale for Euro 2,650 thousand, as well as the effect deriving from the contractual changes stipulated in 2020, connected to the pandemic in progress , which led to the redefinition of the amounts due on some existing lease agreements. These changes led to a reduction in right-of-use assets, as well as a corresponding reduction in leasing liabilities, of Euro 206 thousand.

It should be noted that, as required by paragraph 59 of IFRS 16, the rights of use refer to the leasing of the Take Off and Over points of sale, the Over headquarters, as well as two company vehicles and office equipment. Furthermore, no provision is made for following: guarantees on the residual value of the assets, leases not yet stipulated for which the lessee has undertaken an obligation; restrictions or agreements imposed by leases and sale and leaseback transactions. As regards the exercise of the extension or termination option, please refer to the previous paragraph "Accounting standards and measurement criteria adopted - Leasing".

As at December 31, 2020, in accordance with the provisions of IAS 36, the management considered the economic and financial effect caused by the COVID-19 epidemic as a trigger event, making the appropriate assessments in order to identify possible reductions in value (impairment). With particular reference to the leased outlets, the management analysed the performance of all the outlets and concluded that for none of the outlets under analysis it was necessary to carry out an impairment test as at 31 December 2020.

However, an analysis was carried out on the prospective capacity of the Group of CGUs identified in the Take Off (the set of points of sale and wholesale sales), to cope with the full recoverability of the overall book value (Carrying amount) of the Group of CGU and Corporate Assets (logistics and Head Quarter), represented specifically by the company's Net Invested Capital (CIN) as at 31.12.2020. Therefore, with the application of the Discounted Cash Flow method, the cash flows obtainable from the Take Off economic forecasts for the coming years have been discounted, taking into account only the current company perimeter. The discount rate used is equal to the Weighted Average Cost of Capital determined at 8.73%, considering the risk coefficients and the currently estimated financial market structure. An explicit time horizon of 5 years was therefore taken into account, subsequently defining the Terminal Value as a perpetual annuity. The growth rate was conservatively estimated to be zero.

A sensitivity analysis was also carried out in order to verify the impacts on the results of the impairment test on changes in the weighted average cost of capital and the growth rate (from -1% to +1%). As a result of the analysis carried out, including the sensitivity analyzes, there are no potential losses in value to be considered in the preparation of these aggregate financial statements.

10. Equity investments in subsidiaries

The composition of the item "Equity investments in subsidiaries" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	Vistamare S.r.l.	Total
As at 31 December 2019	**9,500**	**9,500**
Increases	100,000	
Decreases	(109,500)	(9,500)
Equity method effect		
- of which in the income statement		
- of which in the comprehensive income statement		
- of which in equity		
As at 31 December 2020	**0**	**0**

The equity investment was included among the assets subject to the partial spin-off of Take Off with the parent company Summit Srl as the beneficiary and whose deed of spin-off was finalized on 08 October 2020.

11. Receivables and other non-current financial assets

The composition of the item "Receivables and other non-current financial assets" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Insurance policies	0	15,000	(15,000)
Other titles	0	17,883	(17,883)
Total other non-current financial assets	**0**	**32,883**	**(32,883)**

The item includes insurance policies and securities held by Over and sold during the 2020 financial year.

12. Other non-current receivables

The composition of the item "*O*ther non-current assets" as at 31 December 2020, compared with the same values as at 31 December 2019, is as follows:

(Euro)	31 December 2020	31 December 2019	Change
Term deposits	479,103	456,530	22,573
Total other non-current assets	**479,103**	**456,530**	**22,573**

The item mainly includes sureties issued on utilities for approximately Euro 2.5 thousand and term deposits on the rental contracts of some commercial premises where the commercial activity is carried out for Euro 476 thousand.

13. Deferred tax assets

The composition of the item "deferred tax assets" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Deferred tax assets	1,543,811	1,929,895	(386,084)
Total deferred tax assets	**1,543,811**	**1,929,895**	**(386,084)**

Deferred tax assets were mainly determined on the value of the tax losses accrued in previous years by Over and carried forward indefinitely, amounting to € 5,285,760, as well as on the provision for the inventory write-down as shown below and the tax effects of non-related costs. deductible in the year and negative IAS / IFRS conversion adjustments. With regard to the aforementioned tax losses, on 25 February 2020 the Revenue Agency gave a positive opinion to the appeal presented by the company on the carrying over of the same. The recoverability of such deferred tax assets is therefore subject to the achievement of future taxable profits sufficient to utilise the benefits of deferred tax assets. Management's assessment of the aforementioned recoverability takes into account the estimate of future taxable income and is based on prudent tax planning; however, when it is found that Over is unable to recover all or part of the aforementioned deferred tax assets recognized in future years, the consequent adjustment will be charged to the income statement for the year in which this circumstance occurs.

14. Inventories

The composition of the item "Inventories" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Finished products and goods	11,281,873	7,326,555	3,955,319
Inventory write-down provision	(300,000)	0	(300,000)
Total inventories	**10,981,873**	**7,326,555**	**3,655,319**

Inventories as at 31 December 2020 amounted to € 10,982 thousand, reduced compared to 31 December 2019 by € 3,655 thousand. As indicators of inventory obsolescence emerged for Over, a provision for inventory depreciation was prudently set aside, equal to Euro 300 thousand, and such as to adjust the value of the inventories to their presumed market value.

15. Trade receivables

The composition of the item "Trade receivables" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Receivables from customers	180,580	726,773	(546,193)
Invoices to be issued	9	0	9
Credit notes to be issued	(253)	0	(253)
Bad debt provision	(556)	(5,408)	4,852
Total trade receivables	**179,780**	**721,366**	**(541,585)**

Trade receivables refer to receivables accrued from the owners of Over's franchised points of sale. Following the analysis carried out, no expected losses on trade receivables emerged as at the aggregate financial statements date.

16. Other current receivables

The composition of the item "Other current receivables" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Advances to suppliers	728,755	1,184,742	(455,987)
Advances to employees	0	0	0
INAIL (national institute for insurance against accidents at work)	524	(722)	1,246
CIG (wage guarantee fund) receivable	0	0	0

Credit notes to be received	0	6,464	(6,464)
Accrued income and prepaid expenses	8,094	51,918	(43,824)
Total other current receivables	**737,372**	**1,242,402**	**(505,029)**

Advances to suppliers refer to advances for goods and services.

The reduction in absolute value compared to the previous year, equal to Euro 505 thousand, is due to the combined effect of the finalization of the purchase of a property which took place in the first months of 2020, against which an advance of Euro 873 had been paid. thousand, and the payment of advances for the purchase of goods for Euro 173 thousand made during the period.

17. Tax receivables

The composition of the item "Tax receivables" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
IRAP	0	37,641	(37,641)
Other tax receivables	17,222	7,110	10,112
Total tax receivables	**17,222**	**44,751**	**(27,529)**

The decrease compared to the previous year, equal to Euro 28 thousand, is mainly due to the use of the IRAP advance.

18. Current financial assets

The composition of the item "Current financial assets" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Financial receivables from subsidiaries	0	50,000	(50,000)
Equity securities	0	99,433	(99,433)
Investment funds	0	96,572	(96,572)
Provision for devaluation of securities	0	(137,787)	137,787
Total current financial assets	**0**	**108,218**	**(108,218)**

The decrease compared to the previous year, equal to Euro 108 thousand, is due to the collection of the receivables due from the subsidiary and the sale of the securities in the portfolio with the recognition of a capital loss of Euro 52 thousand recorded under financial charges.

19. Cash and cash equivalents

The composition of the item "Cash and cash equivalents" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Bank deposits	15,388,541	12,503,814	2,884,727
Cheque cashing	0	0	0
Cash on hand	17,267	98,460	(81,193)
Total cash and cash equivalents	**15,405,808**	**12,602,274**	**2,803,534**

The values shown can be converted into cash promptly and are subject to an insignificant risk of change in value.

20. Shareholders' equity

The share capital of Take Off SpA at 31 December 2020 amounts to Euro 1 million, fully paid up, and is made up of n. 10,000,000 shares with a nominal value of € 0.10. During the previous year, the Company carried out a paid share capital increase for Euro 960 thousand, of which Euro 590 thousand paid in 2020. The Company also resolved, by notarial deed of notary Maria Paola Cuomo dated 5.11.2020, to change the nominal value of the shares from Euro 1.00 per share to the current Euro 0.10, after replacing the existing shares and issuing of 10,000,000 shares with a nominal value of Euro 0.10.

The share capital of Over at 31 December 2020 amounts to Euro 187 thousand, fully paid up, and consists of n. 186,667 shares with a nominal value of Euro 1.00.

The aggregate shareholders' equity of the Group at 31 December 2020 is equal to € 11,838 thousand, with a decrease compared to 31 December 2019 of € 794 thousand. This net decrease is the result of the collection of the tenths subscribed and not yet paid of the aforementioned capital increase of Take Off, the distribution of dividends for Euro 2 million, the decrease in the extraordinary reserve due to the spin-off operation for Euro 3,344, in addition to the aggregate profit for the year of € 3,816 thousand.

For a breakdown of the movements in shareholders 'equity at 31 December 2020, please refer to the statement of movements in shareholders' equity.

The composition of the reserves as at 31 December 2020 is shown below, compared with the same values as at 31 December 2019:

(Euro)	31 December 2019	Increases	Decreases	31 December 2020
Legal reserve	45,333	146,066		191,399
Reserve from IAS/IFRS conversion	2,440,366			2,440,366
Other reserves	6,196,113	(36,685)	(2,688,710)	3,470,718
Extraordinary reserve	*6,122,064*		*(2,688,710)*	3,433,354
Other capital reserves	*160,000*			160,000
Benefit Plan Reserve (OCI) - Discounted	*(85,951)*	*(36,685)*		(122,636)
Reserve for exchange gains	*0*			0
Profits/(losses) of previous years	*(15,105)*	748,666		733,560
Total reserves	**8,666,707**	**858,047**	**(2,688,710)**	**6,836,043**

The legal reserve, equal to Euro 191 thousand, increased by virtue of the allocation of the profit for the year as at 31 December 2019.

The IAS/IFRS conversion reserve, positive for Euro 2,440 thousand, includes the overall effect of the transition to international accounting standards.

With regard to Other Reserves:

- the "extraordinary reserve", equal to Euro 3,433 thousand, decreased substantially as a result of the spin-off operation completed in 2020;
- the "other capital reserves", equal to Euro 160 thousand;
- the "Benefit Plan reserve (OCI) - Discounted", negative for Euro 123 thousand, represents the effect of discounting the defined benefit plans in place with employees (Severance Indemnity);

The "profits / (losses) of previous years", equal to Euro 734 thousand, derive from the allocation of the result of the previous year.

The table relating to the possibility of use and distribution of the reserves is shown below:

(Euro)	December 31 2020	Possibility of use	Quota available
Legal reserve	191,399	B	-
Reserve from IAS/IFRS conversion	2,440,366	-	-
Revaluation reserve		-	-
Extraordinary reserve	3,433,354	A, B, C	3,433,354
Other capital reserves	160,000	A, B	160,000
Reserve from translation of foreign subsidiary financial statements		-	-
Benefit Plan Reserve (OCI) - Discounted	(122,636)	-	-
Reserve for exchange gains			-
Reserve for hedging operations of expected cash flows		-	-
Profits/(losses) of previous years	733,560	A, B, C	733,560
Total reserves	**6,836,043**		**4,326,914**
Non-distributable portion			(160,000)
Distributable share			**4,486,914**

A = for share capital increase
B = to cover losses
C = for distribution to shareholders

21. Medium/long-term loans

The composition of the item "Medium / long-term loans" as at 31 December, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
BCC loan - long-term portion	71,849	175,055	(103,206)
BPB loan - long-term portion	335,631	598,902	(263,271)
BCC 2 loan - long-term portion	589,664	0	589,664
SANPAOLO 2 loan - long-term portion	703,361	0	703,361
BPM loan - long-term portion	822,811	0	822,811

BPB 2 loan - long-term portion	774,445	0	774,445
BDF loan - long-term portion	818,097	0	818,097
Total medium/long-term loans	**4,115,858**	**773,957**	**3,341,901**

The item refers to the medium/long-term portion of bank loans outstanding as at the reference dates.

The overall movements in short and medium/long-term payables to banks are shown below:

(Euro)	31 December 2019	Disbursements	Reimbursements	31 December 2020
BCC loan	275,968		(100,913)	175,055
BPB loan	857,611		(258,709)	598,902
Sanpaolo loan	0	500,000	(374,629)	125,371
BCC 2 loan	0	800,000	(83,085)	716,915
Sanpaolo 2 loan	0	1,000,000		1,000,000
BPM loan	0	850,000		850,000
BPB 2 loan	0	800,000		800,000
BDF loan	0	1,000,000	(25,495)	974,505
Total medium/long-term loans	**1,133,579**	**4,950,000**	**(842,831)**	**5,240,748**
Intesa Sanpaolo Spa import finan.	0	83,483		83,483
Intesa Sanpaolo spa confirming	0	268,687		268,687
Total payables to banks	**1,133,579**	**5,302,170**	**(842,831)**	**5,592,919**
of which due within the next financial year	773,956			1,477,061
of which due beyond the next financial year	359,623			4,115,858

In particular, with reference to loans granted in previous years:

- Unsecured loan granted by BCC Alberobello for a nominal amount of Euro 500 thousand, with a duration of 5 years, maturity 31/08/2022, with monthly instalments, 3-month Euribor interest rate + spread;
- Loan granted by Banca Popolare di Bari for a nominal value of Euro 1,300 thousand, with a duration of 5 years, maturity 31/03/2023, with monthly instalments, 6-month Euribor interest rate + spread, guaranteed by the Guarantee Fund for SMEs as per Law no. 662/96;

With reference to the loans granted during the year:

- Unsecured loan granted by Intesa San Paolo for a nominal amount of Euro 500 thousand, with a duration of 1.5 years, maturity 06/03/2021, with monthly instalments, fixed interest rate;
- Loan granted by the BCC Alberobello and Sammichele di Bari for a nominal amount of Euro 800 thousand, with a duration of 6 years, maturity 30/04/2026 with monthly instalments, 3-month Euribor interest rate + spread, guaranteed by the Guarantee Fund for SMEs as per Law no. 662/96;
- Loan granted by Intesa San Paolo for a nominal amount of Euro 1,000 thousand, with a duration of 3 years with pre-amortisation, maturity 26/05/2023 with monthly instalments, fixed interest rate, guaranteed by the Guarantee Fund for SMEs as per Decree Law no. 23 of 8.04.2020;
- Loan granted by Banca Popolare di Milano for a nominal value of Euro 850 thousand, with a duration of 6 years, maturity 06/03/2023, with quarterly instalments, fixed interest rate, guaranteed by the Guarantee Fund for SMEs as per Decree Law no. 23 of 8.04.2020;

- Unsecured loan granted by Banca Popolare di Bari for a nominal amount of Euro 800 thousand, with a duration of 5 years with one year of pre-amortisation, maturity 31/10/2026, with monthly instalments, fixed interest rate, guaranteed by the Guarantee Fund for SMEs as per Law no. 662/96;
- Unsecured loan granted by Banca del Fucino for a nominal amount of Euro 1,000 thousand, with a duration of 6 years, maturity 28/10/2026, with monthly instalments, fixed interest rate, guaranteed by the Guarantee Fund for SMEs as per Law no. 662/96.

It should be noted that none of the loans are backed by covenants. For the change in financial liabilities deriving from financial assets, see note 42 "Financial instruments – *fair value* and risk management".

22. Other non-current financial liabilities

The composition of the item "Other non-current financial liabilities" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Change
Leasing payables - long-term portion	6,584,043	5,578,671	1,005,371
Total other non-current financial liabilities	**6,584,043**	**5,578,671**	**1,005,371**

The item refers to the residual long-term payables deriving from existing lease agreements, relating to the commercial premises of the sales points and the Over headquarters.

The movements in financial liabilities from 1 January 2020 until 31 December 2020 are shown below:

(Euro)	Lease liabilities
Balance as at 31 December 2019	**6,852,335.10**
Renegotiations	(205,901)
New contracts	2,650,064
Reimbursements	(1,035,332)
Terminations	(193,300)
Balance as at 31 December 2020	**8,067,866**
of which current	1,483,823
of which non-current	6,584,043

The renegotiations refer to reductions in contractual rents for most of the points of sale, resulting from the Covid-19 pandemic.

Below is the maturity of the leasing payables by time bands:

(Euro)	31 December 2020	31 December 2019
<1 year	1,483,824	1,273,664
1-2 years	1,453,028	1,275,863
2-3 years	1,314,067	1,224,686
3-4 years	1,089,129	1,091,909
4-5 years	670,544	870,221
>5 years	2,057,275	1,115,991
Total	**8,067,866**	**6,852,335**

Information is provided below on the nominal value of the Company's leasing payments, broken down between fixed payments and variable payments:

(Euro)	Fixed payments	Variable payments	Total
As at 31 December 2020			
Fixed fee	1,146,655	-	1,146,655
Variable fee with minimum payment	-	51,493	51,493
Total	**1,146,655**	**51,493**	**1,198,148**
As at 31 December 2019			
Fixed fee	1,320,848	-	1,320,848
Variable fee with minimum payment	-	51,333	51,333
Total	**1,320,848**	**51,333**	**1,372,181**

23. Liabilities for future employee benefits

The composition of the item "Liabilities for future employee benefits" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	Severance Indemnity
Balance as at 31 December 2019	**495,435**
Social security cost related to current service	197,652
Interest expense	3,611
(Profits)/losses from discounting	48,269
Uses	(52,822)
Balance as at 31 December 2020	**692,147**

The item refers to the Severance indemnity ("TFR") accrued in relation to employees.

The actuarial valuation of the employee leaving indemnity is carried out on the basis of the "accrued benefits" method using the Projected Unit Credit Method as required by IAS 19. This methodology takes the form of valuations that express the average current value of the pension obligations accrued on the basis of the service that the worker has provided up to the time when the valuation itself is carried out, not projecting the worker's salaries according to the regulatory changes introduced by the recent Social Security Reform. The calculation methodology can be summarised in the following phases:

- projection for each employee in force as at the valuation date, of the severance indemnity already set aside up to the random payment period;
- determination for each employee of the probable severance indemnity payments to be made by the Group companies in the event of the employee leaving due to dismissal, resignation, incapacity, death and retirement as well as in the event of a request for advances;
- discounting, as at the valuation date, of each probable payment.

The actuarial model for the valuation of the severance pay is based on various assumptions, both of a demographic and economic-financial type. The main assumptions of the model are:

- death: RG48 mortality tables published by the State General Accounting Office;
- disability: INPS tables broken down by age and sex;
- retirement: 100% upon reaching the AGO requirements in keeping with Decree Law no. 4/2019;
- turnover frequency: 8%;
- frequency of advances: 1.00%;
- annual rate of increase in severance indemnity: 2.4%;
- inflation rate: 1.2%;
- discount rate: 0.77%.

The following table shows the effects that would have resulted for the defined benefit obligation following the change in the discount rate:

(Euro)	Sensitivity	New severance indemnity
Discount rate	+0.25%	673,041
	-0.25%	703,317
Inflation rate	+0.25%	700,574
	-0.25%	675,525
Turnover rate	+1%	681,953
	-1%	694,632

The number of employees by category as at 31 December 2020, compared with 31 December 2019, is shown in the following table:

(no. units)	31 December 2020	31 December 2019	Changes
Take OFF			
White-collar workers	8	6	2
Blue-collar workers	184	194	(10)
Over			
White-collar workers	8	10	(2)
Blue-collar workers	12	11	1
Total	**212**	**221**	**(9)**

24. Provisions for risks and charges

The composition of the item "Provisions for risks and charges" as at 31 December 2020, compared with the same values as at 31 December 2019 is shown below:

(Euro)	Provision for risks on disputes	Total
Balance as at 31 December 2019	**42,531**	**42,531**
Provision for the period	-	-
Uses in the period	-	-
Balance as at 31 December 2020	**42,531**	**42,531**

At 31 December 2020, the item includes the amount set aside for risks deemed probable due to labor law disputes.

25. Other non-current liabilities

The composition of the item "Other non-current liabilities" as at 31 December 2020, compared with the same values as at 31 December 2021 is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Security deposits	58,000	48,000	10,000
Total other payables and non-current liabilities	**58,000**	**48,000**	**10,000**

At 31 December 2020 the item includes the amount of security deposits as non-interest bearing guarantees paid to Over.

26. Deferred tax liabilities

The composition of the item "Deferred tax liabilities" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Deferred tax liabilities	52,257	108	52,149
Total deferred tax liabilities	**52,257**	**108**	**52,149**

Deferred tax liabilities mainly reflect the tax effects of the positive IAS/IFRS conversion adjustments. For more details on deferred taxes, please refer to the comment on income taxes.

27. Payables to banks and short-term portion of loans

The composition of the item "Payables to banks and short-term portion of long-term loans" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Intesa Sanpaolo Spa import finan.	83,483	0	83,483
Intesa Sanpaolo spa confirming	268,687	0	268,687
BCC loan - short-term portion	103,206	100,914	2,292
BPB loan - short-term portion	263,271	258,709	4,562
Sanpaolo loan - short-term portion	125,371	0	125,371
BCC 2 loan - short-term portion	127,251	0	127,251
Sanpaolo 2 loan - short-term portion	296,639	0	296,639
BPM loan - short-term portion	27,189	0	27,189
BPB 2 loan - short-term portion	25,555	0	25,555
BDF loan - short-term portion	156,408	0	156,408
Total payables to banks and short-term portion of fin. long-term	**1,477,061**	**359,623**	**1,117,438**

As at December 31, 2020, the item refers to the short-term portion of bank loans, for the comment on which see note 21 "Medium / long-term loans", as well as the amount of payables vs. banking institutions for import advances.

28. Other current financial liabilities

The breakdown of the item "Other current financial liabilities" as at 31 December 2020, compared with the same values as at 31 December 2019, is as follows:

(Euro)	31 December 2020	31 December 2019	Change
Leasing payables - short-term portion	1,483,823	1,273,664	210,160
Total other current financial liabilities	**1,483,823**	**1,273,664**	**210,160**

The item mainly refers to residual short-term payables for lease contracts relating to the commercial premises of the sales points and the Over headquarters.

29. Trade payables

The composition of the item "Trade payables" as at 31 December 2020, compared with the same values as at 31 December 2019, is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Payables to suppliers	2,688,344	5,229,881	(2,541,538)
Invoices to be received	98,717	135,888	(37,171)
Banca IFIS Spa	1,058,346	771,299	287,047
Credit notes to be received	(7,951)	(75)	(7,876)
Goods for purchases during travel	132,341	0	132,341
Suppliers in litigation	2,621,570	0	2,621,570
Total trade payables	**6,591,368**	**6,136,994**	**454,374**

Trade payables refer to payables incurred for the purchase of goods to be resold.
The amount of Euro 2,622 thousand from suppliers with whom a dispute is underway with Over is worth noting.

30. Liabilities for returns

The composition of the item "Liabilities for returns" as at 31 December 2020, compared with the same values as at 31 December 2019 is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Vouchers issued	68,246	0	68,246
Total liabilities for returns	**68,246**	**0**	**68,246**

The balance refers to vouchers issued by individual points of sale for returns made by customers.

31. Current contractual liabilities

The composition of the item "Current contractual liabilities" as at 31 December 2020, compared with the same values as at 31 December 2019 is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Collect from customers	0	570,000	(570,000)
Total current contractual liabilities	**0**	**570,000**	**(570,000)**

The balance mainly referred to a deposit paid for the purchase of a property which was then completed in 2020.

32. Tax payables

The composition of the item "Tax payables" as at 30 June 2021, compared with the same values as at 31 December 2020 is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Withholdings on employee work and self-employment	70,464	93,136	(22,672)
IRES (corporate income tax)	1,081,960	1,115,705	(33,745)
IRAP	343,888	203,375	140,513
VAT	163,112	463,165	(300,052)
Payables for tax transactions	396,138	394,159	1,979
Payables for tax settlement - portion due beyond the year	1,604,493	2,000,623	(396,130)
Payables for penalties and interest	975,543	975,543	0
Total tax payables	**4,635,599**	**5,245,706**	**(610,107)**
of which current portion	*3,031,106*	*3,245,083*	*(2,107,281)*
of which non-current portion	*1,604,493*	*2,000,623*	*(2,199,438)*

At 31 December 2020 the item mainly refers to the payable for IRES and IRAP respectively for Euro 1,082 thousand and Euro 344 thousand, in addition to VAT (Euro 163 thousand) and withholdings.

It should be noted that the payable for tax transaction, equal to Euro 397 thousand for the portion due in the year and Euro 1,604 thousand due beyond the year, relates to the payable accrued following the tax transaction pursuant to Article 182-ter of the LF, defined in the composition with creditors by Over.

The decrease compared to the previous year, equal to Euro 214 thousand, is mainly due to the decrease in the VAT payable.

33. Other current payables and liabilities

The composition of the item "Other current payables and liabilities" as at 31 December 2020, compared with the same values as at 31 December 2019 is shown below:

(Euro)	31 December 2020	31 December 2019	Changes
Payables to social security institutions	78,037	209,020	(130,983)
Short-term security deposits	0	3,000	(3,000)
Payables to employees	373,693	309,346	64,347
Payables to the parent company	1,000,000	0	1,000,000
Accrued expenses and deferred income	20,171	29,685	(9,514)
Total other current payables and liabilities	**1,471,901**	**551,051**	**920,850**

At 31 December 2020, the item mainly includes payables to social security institutions for € 78 thousand, payables for fees to be paid to employees for € 374 thousand, payables to the parent company, Summit Srl, for dividends to be paid for € 1,000 thousand, accrued liabilities and deferred income for Euro 20 thousand.

The increase compared to the previous year is mainly due to the payable to the parent company Summit Srl, which arose following the 2020 dividend distribution resolution by Take Off.

INCOME STATEMENT

34. Revenues from contracts with customers

The composition of the item "Revenue from contracts with customers" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Wholesale sales of goods	425,922	859,029	(433,107)
Proceeds from store sales	20,517,844	31,050,757	(10,532,913)
Other sales proceeds	236,643	187,032	49,611
Total revenues from contracts with customers	**21,180,409**	**32,096,817**	**(10,916,409)**

The "Revenues from contracts with customers" item includes revenues from wholesale sales, revenues from retail sales and other sales revenues.
The sales prices of the shops as at 31.12.2020 represent 98% of the turnover and refer to the revenues generated by the n. 25 directly owned and directly managed points of sale and from the revenues generated by the n. 5 points of sale affiliated with Take Off, in addition to the sales of n. 114 points of sale in affiliation with Over. The change in the period is essentially due to the effects resulting from lower sales following the spread of the Covid-19 pandemic, appropriately commented in the report on operations to which reference should be made.

Below is the breakdown of revenues deriving from contracts with Group customers according to the geographical criterion and the timing of recognition of the same:

	1 January 2020 - 31 December 2020		
(Euro)	**Wholesale sales of goods**	**Retail merchandise sale**	**Other sales proceeds**
Type of assets			
Wholesale sales of goods	425,922		
Proceeds from store sales		20,517,844	
Other sales proceeds			236,643
Total revenues from contracts with customers	**425,922**	**20,517,844**	**236,643**
Geographical area			
Italy	425,922	20,517,844	236,643
Abroad	-	-	-
Total revenues from contracts with customers	**425,922**	**20,517,844**	**236,643**
Timing of revenue recognition			
Goods transferred at a point in time	425,922	20,517,844	236,643
Goods transferred over time	-	-	-
Total revenues from contracts with customers	**425,922**	**20,517,844**	**236,643**

	1 January 2019 - 31 December 2019		
(Euro)	**Wholesale sales of goods**	**Retail merchandise sale**	**Other sales proceeds**
Type of assets			
Wholesale sales of goods	859,029		
Proceeds from store sales		31,050,757	
Other sales proceeds			187,032
Total revenues from contracts with customers	**859,029**	**31,050,757**	**187,032**
Geographical area			
Italy	859,029	31,050,757	187,032
Abroad	-	-	-
Total revenues from contracts with customers	**859,029**	**31,050,757**	**187,032**
Timing of revenue recognition			
Goods transferred at a point in time	859,029	31,050,757	187,032
Goods transferred over time	-	-	-
Total revenues from contracts with customers	**859,029**	**31,050,757**	**187,032**

The timing of revenue recognition, for the sales of goods, both through the retail and wholesale channels, occurs when control of the asset has been transferred to the customer, generally at the time of delivery.

35. Other income

The composition of the item "Other income" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Leases and subleases	32,725	41,624	(8,899)
Various contributions	380,866	14,150	366,716
Reimbursement of affiliate expenses	47,287	43,252	4,035
Discounts/allowances receivable	4,467	4,335	132
Contingent assets	143,622	874,504	(730,882)
Capital gains	498,619	0	498,619
Other minor proceeds	48,546	53,745	(5,199)
Total other income	**1,156,132**	**1,031,609**	**124,523**
of which to related parties	***450,000***		

It should be noted that the item is positively influenced, in particular, by the contributions received from the Puglia Region such as "Investment aid for small and medium-sized enterprises" POR Puglia FESR-FSE 2014-2020 for a total of Euro 381 thousand and by capital gains deriving from the sale of operational buildings for Euro 499 thousand, of which Euro 450 thousand relating to a sale made with a related party.

36. Costs for raw materials, semi-finished products and consumables

The composition of the item "Costs for raw materials and consumables" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Purchases of goods	13,048,792	17,645,998	(4,597,206)
Purchases of consumables	120,594	68,080	52,514
Ancillary charges on purchases	452,028	554,404	(102,376)
Change in inventories of goods	(3,655,319)	736,024	(4,391,343)
Total costs for raw materials, semi-finished products and consumables	**9,966,095**	**19,004,505**	**(9,038,410)**
of which from related parties	**418,405**		

The costs for raw materials, ancillary materials and consumables mainly refer to the purchase of goods for resale in the individual points of sale. The increase in the change in inventories is mainly attributable to goods relating to the S/S 2020 season not sold in the closing period in order to deal with the Covid-19 pandemic and which will be put back on sale in the next S/S 2021 season.

The reduction of these costs compared to the previous year, equal to Euro 9,038 thousand, is due to the containment of some costs following the restrictive measures implemented by the Government to deal with the Covid-19 pandemic.

37. Costs for services

The composition of the item "Costs for services" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes

Telephone expenses	35,640	43,226	(7,586)
Security services	30,656	72,000	(41,344)
Electricity	228,138	272,030	(43,892)
Water supply	13,516	15,638	(2,122)
Maintenance and repairs	173,798	767,400	(593,602)
Insurance	24,381	33,134	(8,753)
Transportation	87,473	65,207	22,265
Advertising	119,923	133,250	(13,328)
Consulting	243,310	260,411	(17,101)
Remuneration to corporate bodies	188,031	190,955	(2,925)
Other costs for services	512,339	476,479	35,860
Total costs for services	**1,657,204**	**2,329,732**	**(672,527)**

Costs for services include costs for electricity and water utilities, costs for security services, maintenance and repairs, insurance, transport costs, advertising, maintenance costs, services provided for technical, legal, administrative and professional consultancy, the costs relating to remuneration for administrative and control bodies as well as other residual items.

The decrease in the item compared to the previous year, equal to Euro 673 thousand, is also mainly due to the containment policies implemented and, in particular, to the reduction in costs for maintenance and repairs.

38. Personnel costs

The composition of the item "Personnel costs" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	**1 January 2020 - 31 December 2020**	**1 January 2019 - 31 December 2019**	**Changes**
Remuneration	2,903,589	3,585,083	(681,494)
Social security and insurance charges	760,103	999,539	(239,436)
Severance indemnity provision	198,259	142,467	55,792
Other personnel costs	10,816	22,871	(12,054)
Total personnel costs	**3,872,767**	**4,749,959**	**(877,192)**

Personnel costs relate to costs for employees in the workforce during the period.

The reduction in personnel costs compared to the same previous period, equal to Euro 877 thousand, derives from the effects of the temporary closure of the points of sale due to the *lockdown* from Covid-19 and the relative application of the CIGS, as well as the redistribution of work shifts in the working hours of opening.

39. Other operating costs

The composition of the item "Other operating costs" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Resident expenses	19,036	14,278	4,757
Rents	2,126	16,919	(14,793)
Other costs relative to leases	96,645	155,818	(59,173)
Lease instalments	291	0	291
Non-income taxes	134,543	201,065	(66,521)
Contingent liabilities	66,736	246,629	(179,893)
Capital losses	0	36,481	(36,481)
Credit losses	731	2,279	(1,549)
Costs arising from mergers	0	24,382	(24,382)
Other minor operating costs	25,388	158,733	(133,345)
Total other operating costs	**345,495**	**856,583**	**(511,088)**

As at December 31, 2020, the item mainly includes resident expenses and additional costs of rental points of sale for Euro 97 thousand, taxes and non-income taxes for Euro 138 thousand and contingent liabilities for Euro 67 thousand.

In particular, the other costs relating to leases refer to expenses for equipment used in the points of sale and promotional activities.

One of Take Off's lease agreements provides for the payment of variable rental fees, linked to the turnover of the point of sale, with the provision of a minimum payment. However, note that during 2019 and 2020, only the minimum rent was paid. The variable component, when paid, is recognised in the income statement.

The Group has no early termination options which it intends to exercise but which it has not valued as a lease liability. With regard to the renewal options, in its accounting policies for determining the duration of the lease, the Group has considered the renewal options it intends to exercise, as described in the measurement criteria to which reference should be made for further information. There are also no lease agreements not yet stipulated for which the Group has undertaken commitments.

40. Amortisation, depreciation and write-downs

The composition of the item "Amortisation, depreciation and write-downs" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Amortisation of intangible assets	2,267	0	2,267
Amortisation of rights of use	1,192,539	1,339,617	(147,078)
Depreciation of property, plant and equipment	273,778	216,683	57,095
Total amortisation/depreciation and write-downs	**1,468,584**	**1,556,300**	**(87,716)**

This relates to the depreciation of buildings, furnishings, electronic machines, generic systems and equipment, in addition to the amortisation rate of the rights of use.

For more detail, please refer to the comment on intangible assets, rights of use and property, plant and machinery.

41. Financial expenses

The composition of the item "Financial expenses" for the year 2020, compared with the same values for the year 2019, is shown below:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Bank interest expense	68,329	41,095	27,234
Exchange rate losses	7,523	1,717	5,805
Interest expense on lease contracts	169,937	178,440	(8,503)
Other financial expenses	6,622	9,465	(2,843)
Write-down of short-term equity securities	51,789	137,787	(85,999)
Exchange rate fluctuation	(203,441)	75,235	(278,676)
Total financial charges	**100,759**	**443,740**	**(342,981)**

The decrease in the item compared to the previous year, equal to Euro 343 thousand, is mainly due to lower interest on leasing contracts, devaluation of shares for an amount lower than the previous year and to exchange rate fluctuations.

42. Financial income

The composition of the item "Financial income" for the period from 1 January to 30 June 2021, compared with the same values for the period from 1 January to 30 June 2020, is as follows:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Financial income from securities held in circulation	0	827,485	(827,485)
Exchange rate gains	9,235	1,738	7,497
Interest income	50,201	58,969	(8,768)
Earnings on investment funds	5	9,066	(9,060)
Total financial income	**59,442**	**897,258**	**(837,816)**

The decrease in the item is mainly due to the recognition in the same period of the previous year of financial income from the disposal of financial assets.

43. Income taxes

The composition of the item "Income taxes" for the period from 1 January to 31 December 2020, compared with the same values for the period from 1 January to 31 December 2019, is as follows:

(Euro)	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019	Changes
Taxes for the period	716,183	1,406,532	(690,348)
Prepaid taxes	405,744	128,289	277,455
Deferred taxes	47,626	108	47,518
Total income taxes	**1,169,554**	**1,534,928**	**(365,374)**

Current taxes refer to the IRES (corporate income tax) and IRAP (regional income tax) amounts accrued for the period.

Deferred tax assets include the tax effects of non-deductible costs in the current year and of the negative adjustments of IAS/IFRS conversion.

The following tables show the reconciliation of theoretical taxes with actual taxes.

Reconciliation between financial statement tax burden and theoretical tax burden (IRES)

Result before taxes	**4,985,078**	
Theoretical tax burden (24% rate)		**1,196,419**
Temporary differences deductible in subsequent years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	39,999	
Non-deductible write-downs	300,000	
Exchange rate variations not deductible	(217,289)	
Non-deductible interest expense	0	
Total	122,710	
Reversal of temporary differences from previous years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	(119,527)	
Interest expense not deducted in previous years	(971,641)	
Total	(1,091,168)	
Differences that will not be reversed in subsequent years:		
Non-deductible or unpaid taxes	18,343	
Non-deductible expenses for means of transport pursuant to art. 164	61,883	
Other increases	107,315	
Other decreases	(86,224)	
Total	101,317	
Use of tax losses		
Use of tax losses	(1,974,621)	
ACE (aid for economic growth) deduction		
Total	(1,974,621)	
Taxable amount	**2,143,316**	
Current income taxes for the year		**514,396**

Reconciliation between tax burden as per financial statements and theoretical tax burden (IRAP)

Difference between value and cost of production	5,026,395	
Costs not relevant for IRAP purposes	4,252,767	
Other relevant items	0	
Total	**9,279,162**	
Theoretical tax burden (rate 4.82%)		**447,256**
Differences that will not be reversed in subsequent years:		
Costs, fees and profits pursuant to art. 11 of Legislative Decree no. 446	25,148	
Municipal property tax	41,086	
Other increases for IRAP purposes	195,018	
Other decreases for IRAP purposes	(29,902)	
Total	231,350	
IRAP deductions	3,428,408	
Taxable IRAP	**6,082,104**	
Current IRAP for the year (net of the benefit of Article 24 of Legislative Decree no. 34/2020)		**201,788**

The breakdown of deferred tax assets is shown below:

	31/12/2020			31/12/2019			31/12/2020	
(In thousands of Euro)	Amount of temporary differences	Tax effect %	Tax effect	Amount of temporary differences	Tax effect %	Tax effect	Effect on the income statement	Effect on the comprehensive income statement
Deferred tax assets								
Excess maintenance	445,237	24.00%	106,857	509,967	24.00%	122,392	19,088	-
Short-term employee benefit measurement	78,074	24.00%	18,738	78,074	24.00%	18,738	0	-
Registration of rights of use on leases	115,128	28.82%	33,180	99,436	28.82%	28,657	(4,523)	-
Discounting of severance indemnity	124,974	24.00%	29,994	73,404	24.00%	17,617	(792)	(11,585)
Tax losses that can be carried forward indefinitely	5,285,760	24.00%	1,268,582	7,260,381	24.00%	1,742,491	473,909	
Non-deductible write-downs	300,000	28.82%	86,460				(86,460)	
Total deferred tax assets	6,349,173		1,543,811	8,021,262		1,929,895	401,222	(11,585)
Cost/(Revenue) for deferred taxes							401,222	(11,585)
Net deferred tax liabilities			(1,543,811)			(1,929,895)		

(In thousands of Euro)	31/12/2020 Amount of temporary differences	31/12/2020 Tax effect %	31/12/2020 Tax effect	31/12/2019 Amount of temporary differences	31/12/2019 Tax effect %	31/12/2019 Tax effect	31/12/2020 Effect on the income statement	31/12/2020 Effect on the comprehensive income statement
Deferred tax assets								
Exchange rate variations not deductible	217,289	24.00%	52,149			0	(52,149)	-
Other variations	450	24.00%	108	450	24.00%	108	-	-
Total deferred tax assets	217,739		52,257	450		108	(52,149)	0
Cost/(Revenue) for deferred taxes							453,371	(11,585)

44. Financial instruments - fair value and risk management

A. Accounting classification

The classification of the Group's financial assets and liabilities is shown below:

(Euro)	31 December 2020	31 December 2019
Financial assets at amortised cost		
Receivables and other non-current financial assets	0	32,883
Other non-current receivables	479,103	456,530
Trade receivables	179,780	721,366
Other current receivables	737,372	1,242,402
Tax receivables	17,222	44,751
Current financial assets	0	108,218
Total financial assets at amortised cost	**1,413,478**	**2,606,149**
Financial liabilities at amortised cost		
Medium/long-term loans	4,115,858	773,956
Other non-current financial liabilities	6,584,043	5,578,671
Payables to banks and short-term portion of long-term loans	1,477,061	359,623
Other current financial liabilities	1,483,823	1,273,664
Trade payables	6,591,368	6,136,994
Payables for contractual obligations	68,246	-
Tax payables	3,031,106	3,245,083
Other current payables and liabilities	1,471,901	551,051
Total financial liabilities at amortised cost	**24,823,406**	**17,919,042**

B. Fair value measurement

The following table shows the comparison, by single class, between the book value and the fair value of the financial instruments held by the Group, excluding those whose book value reasonably approximates the fair value:

	Book value		**Fair value**	
(Euro)	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Financial assets				
Financial receivables from subsidiaries	-	50,000	-	50,000
Equity securities	-	58,218	-	58,218
Total financial assets	**0**	**108,218**	**0**	**108,218**
Financial liabilities				
BCC loan	175,055	275,968	175,055	275,968
BPB loan	598,902	857,611	598,902	857,611
Sanpaolo loan	125,371	-	125,371	-
BCC 2 loan	716,915	-	716,915	-
Sanpaolo 2 loan	1,000,000	-	1,000,000	-
BPM loan	850,000	-	850,000	-
BPB 2 loan	800,000	-	800,000	-
BDF loan	974,505	-	974,505	-
Sanpaolo 3 loan				-
Intesa Sanpaolo Spa import finan.	83,483	-	83,483	-
Intesa Sanpaolo spa confirming	268,687	-	268,687	-
Total financial liabilities	**5,592,919**	**1,133,579**	**5,592,919**	**1,133,579**
Total net financial assets	**5,592,919**	**1,025,361**	**5,592,919**	**1,025,361**

The management has verified that the fair value of cash and cash equivalents and short-term deposits, of shares readily convertible to cash, of trade receivables and payables, of bank overdrafts and other current liabilities approximates the book value as a result of the short-term maturities of these instruments.

The following table shows the classification of the Group's financial assets and liabilities in Level 1, Level 2 or Level 3 of the fair value hierarchy:

	31/12/2020		
(Euro)	**Prices quoted in active markets (level 1)**	**Significant observable inputs (level 2)**	**Significant unobservable inputs (level 3)**
Financial liabilities for which fair value is indicated			
BCC loan	-	175,055	-
BPB loan	-	598,902	-
Sanpaolo loan	-	125,371	-
BCC 2 loan	-	716,915	-
Sanpaolo 2 loan	-	1,000,000	-
BPM loan	-	850,000	-

BPB 2 loan	-	800,000	-
BDF loan	-	974,505	-
Intesa Sanpaolo Spa import finan.	-	83,483	-
Intesa Sanpaolo spa confirming	-	268,687	-
Total financial liabilities	**-**	**5,592,919**	**-**

	31/12/2019		
(Euro)	**Prices quoted in active markets (level 1)**	**Significant observable inputs (level 2)**	**Significant unobservable inputs (level 3)**
Financial assets for which fair value is indicated			
Financial receivables from subsidiaries	-	50,000	-
Equity securities	58,218	-	-
Total financial assets	**58,218**	**50,000**	**-**
Financial liabilities for which fair value is indicated			
BCC loan	-	275,968	-
BPB loan	-	857,611	-
Total financial liabilities	**-**	**1,133,579**	**-**

The following methods and assumptions were used to estimate fair value:

- financial receivables from subsidiaries are valued by the Group on the basis of parameters such as the interest rate, the individual creditworthiness of the subsidiary and the characteristic risk of the financial project;
- the fair value of the shares is determined using the market value as at the reference date;
- the fair value of the Group's loans and loans that bear interest are determined using the discounted cash flow method, with a discount rate that reflects the rate of the loan used by the issuer at the end of the year. Its default risk as at 31 December 2020 and 31 December 2019 was assessed immaterial.

There were no transfers between Level 1 and Level 2, nor estimates of the fair value at Level 3 as at 31 December 2020 and 31 December 2019.

C. Financial Risks

The Group is exposed to varying degrees to risks of a financial nature associated with company activities. In particular, the Group is simultaneously exposed to market risk (interest rate risk and price risk), liquidity risk and credit risk.

Financial risk management is carried out on the basis of guidelines defined by management. The objective is to guarantee a liability structure that is always balanced with the composition of the statement of financial position assets, in order to maintain adequate asset solvency.

The sources of financing used by the Company are divided into a mix of risk capital, contributed on a permanent basis by the shareholders, and debt capital, including:

- medium/long-term loans with a multi-year amortisation plan, to cover investments in non-current assets;
- real estate leasing contracts.

Market risk

Market risk is the risk of fluctuations in the future flows of a financial instrument following changes in market prices. It is made up of two types of risk:

- the interest rate risk;
- the price risk.

Interest rate risk

Interest rate risk is the risk of fluctuations in the future flows of a financial instrument following changes in interest rates.

The sensitivity to interest rate risk of the Group is managed by appropriately taking into account the overall exposure: as part of the general policy of optimising financial resources, the Group seeks a balance by resorting to the least expensive forms of financing.

The main sources of exposure of the Group to interest rate risk are attributable to bank loans, with a variable rate and therefore subject to a risk of changes in cash flows. This risk affects the leasing liabilities, measured at the marginal borrowing rate.

The following table shows the book value, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

(Euro)	Interest rate	Expiration	31 December 2020	31 December 2019
Non-current financial liabilities				
BCC loan	Euribor 3 months + spread	2022	71,849	175,055
BPB loan	Euribor 6 months + spread	2023	335,631	598,902
Sanpaolo 2 loan	fixed	2023	703,361	
BCC 2 loan	Euribor 3 months + spread	2023	589,664	
BPM loan	fixed	2023	822,811	
BPB 2 loan	fixed	2026	774,445	
BDF loan	fixed	2026	818,097	
Payables for leases	2.5%	2022-2031	6,584,043	5,578,671
Total non-current financial liabilities			**10,699,900**	**6,352,628**
Current financial liabilities				
BCC loan	Euribor 3 months + spread	2021	103,206	100,914
BPB loan	Euribor 6 months + spread	2021	263,271	258,709
Sanpaolo loan	fixed	2021	125,371	
BCC 2 loan	Euribor 3 months + spread	2021	127,251	
Sanpaolo 2 loan	fixed	2021	296,639	
BPM loan	fixed	2023	27,189	
BPB 2 loan	fixed	2026	25,555	
BDF loan	fixed	2026	156,408	
Intesa Sanpaolo Spa import finan.		2021	83,483	
Intesa Sanpaolo spa confirming		2021	268,687	
Payables for leases	2.5%	2022-2031	1,483,823	1,273,664
Total current financial liabilities			**2,960,885**	**1,633,287**

Price risk

The main price risk identified derives from the fluctuation of the prices of the traded goods. In order to monitor this risk, the Group pays particular attention to procurement policies, the optimisation of fixed costs and the efficiency of the organisational structure.

Credit risk

The main exposure to credit risk for the Group derives from trade receivables, the quality and seniority of which is constantly monitored by the administrative structure, in order to ensure prompt intervention and reduce the risk of losses. With regard to overdue loans, there are no particular risks.

The Group's financial assets, which include cash and cash equivalents and other financial assets, present a maximum risk equal to the book value of these assets in the event of counterparty insolvency.

Liquidity risk

The Group manages liquidity risk through strict control of the elements making up the operating working capital and, in particular, of trade receivables and trade payables.

The Group is committed to ensuring a healthy generation of cash and then using it to finance the outgoings needed for payments to suppliers without, therefore, compromising the short-term balance of the treasury and avoiding critical issues and tensions in current liquidity, using, in addition and where necessary, bank overdrafts and short-term loans. The medium/long-term loans in place are instead used to make investments, consisting in the expansion of the distribution network.

The table below summarises the maturity profile of the Group's financial liabilities on the basis of the expected payments relating to the principal.

(Euro)	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Balance as at 31 December 2020							
BCC loan	103,206	71,849					175,055
BPB loan	263,271	267,916	67,715				598,902
Sanpaolo loan	125,371						125,371
BCC 2 loan	127,251	130,468	133,768	137,151	140,619	47,658	716,915
Sanpaolo 2 loan	296,639	500,344	203,017				1,000,000
BPM loan	27,189	165,567	168,064	170,599	173,173	145,408	850,000
BPB2 loan	25,555	154,904	157,637	160,418	163,248	138,237	800,000
BDF loan	156,408	161,462	165,305	169,241	173,269	148,820	974,505
Intesa Sanpaolo spa confirming	268,687						268,687
Intesa Sanpaolo Spa import finan.	83,483						83,483
Payables for leases	1,483,823	1,453,028	1,314,067	1,089,129	670,544	2,057,276	8,067,866
Other non-current liabilities		456,119	400,115	402,120	404,135		1,662,489
Trade payables	6,591,368						6,591,368
Payables for contractual obligations	68,246						68,246
Tax payables	3,031,106						3,031,106
Other current payables and liabilities	1,471,901						1,471,901
Total	**14,123,506**	**3,361,657**	**2,609,688**	**2,128,658**	**1,724,988**	**2,537,399**	**26,485,895**

(Euro)	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Balance as at 31 December 2019							
BCC loan	100,914	105,496	69,559	-	-	-	275,969
BPB loan	258,709	263,272	267,916	67,714	-	-	857,611
Sanpaolo loan							-
BCC 2 loan							-
Sanpaolo 2 loan							-
BPM loan							-
BPB2 loan							-
BDF loan							-
Sanpaolo 3 loan							-
Intesa Sanpaolo spa confirming							-
Intesa Sanpaolo Spa import finan.							-
Payables for leases	1,273,664	1,275,863	1,224,686	1,091,909	870,221	1,115,991	6,852,335
Other non-current liabilities		444,134	398,119	400,115	402,120	404,135	2,048,623
Trade payables	6,136,994						6,136,994
Current contractual liabilities	570,000						570,000
Payables for contractual obligations	-						-
Tax payables	3,245,083						3,245,083
Other current payables and liabilities	551,051						551,051
Total	**12,136,415**	**2,088,766**	**1,960,281**	**1,559,738**	**1,272,341**	**1,520,126**	**20,537,666**

Changes in financial liabilities deriving from financial assets

Below is a breakdown of the changes in financial liabilities deriving from financial assets as at 30 June 2021, compared with 31 December 2020:

(Euro)	31 December 2019	Cash Flows	New leasing contracts	Other	31 December 2020
Medium/long-term loans	773,957	4,466,791		(1,124,890)	4,115,858
Payables to banks and short-term portion of loans	359,623	(7,452)		1,124,890	1,477,061
Lease liabilities - non-current portion	5,578,671		2,650,064	(1,644,692)	6,584,043
Leasing liabilities - current portion	1,273,664	(1,035,332)		1,245,492	1,483,823
Total	**7,985,915**	**3,424,006**	**2,650,064**	**(399,200)**	**13,660,785**

The "Other" column includes the effects of the reclassification of loans from "non-current" to "current", including leasing obligations, linked to the passage of time, as well as the effect of renegotiations and terminations of operating leasing contracts.

D. Capital management

The primary objective of the Group's capital management is to ensure that a solid credit rating and adequate levels of capital indicators are maintained in order to support the business and maximize shareholder value. The Group manages the capital structure of companies and changes it according to changes in economic conditions. To maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay the capital or issue new shares. No changes were made to the objectives, policies or procedures during the years 2020 and 2019.

The Group includes in net debt, interest-bearing loans, leasing liabilities, trade payables and other payables, net of cash and cash equivalents, as shown below:

(Euro)	31 December 2020	31 December 2019
Onerous financing	5,592,919	1,133,581
Lease liabilities	8,067,866	6,852,335
Trade and other payables	12,825,110	12,551,751
Cash and cash equivalents	(15,405,808)	(12,602,274)
Net debt	**11,080,087**	**7,935,392**
Shareholders' equity	**11,838,234**	**12,813,311**
Equity and net debt	**22,918,321**	**20,748,703**
Net debt / equity	**93.60%**	**61.93%**

The change in the Net Debt / Equity ratio compared to 2019 is attributable to the increase in bank loans obtained, as commented on in note 21 "Medium / long-term loans", as well as to the reduction in shareholders' equity due to the demerger, as commented in note 6 “Transactions under common control”.

45. Earnings per share

As required by IAS 33, information is provided on the data used to calculate the basic and diluted earnings per share. The basic earnings per share is calculated by dividing the aggregate economic result for the period, profit or loss, attributable to the shareholders of the Group companies by the weighted average number of shares in circulation during the reference period.

It should be noted that the diluted earnings per share coincides with the basic earnings per share because there are no events and/or transactions that have a diluting effect on the result.

The values used in the calculation of the basic and diluted earnings per share are shown below:

(Euro)	31 December 2020	31 December 2019
Net result for the year	3,815,524	3,549,937
Average number of ordinary shares	10,186,667	4,286,667
Basic and diluted earnings per share	**0.37**	**0.83**

The reduction in earnings per share compared to 2019 is due to the effect of the increase in the average number of shares in circulation, consequent to the capital increase approved in July 2019.

It should be noted that, following the change in the nominal value of the shares from Euro 1.00 to Euro 0.10, which took place by means of a deed dated 5 November 2020, with a subsequent increase in the number of shares in circulation from 1,000,000 to 10,000,000, the calculation of the basic and diluted earnings per share was carried out considering the effects of this change also for the comparative year, in order to ensure the comparability of the data.

46. Significant events occurring after the end of the period

The Italian government has injected huge impetus into the vaccination plan and has pursued the implementation of a series of partial lock-downs, differentiated by Region, and more targeted by geographic area. These two actions have greatly contributed to reducing the spread of Covid-19, although in recent times further variants of the virus are again increasing the number of cases of contagion.
It is therefore undeniable that the general situation remains very complex, continuing to hinder the return to normality which would certainly encourage significant growth in sales in our points of sale.
Considering this general market condition, the administrative bodies have continued to take actions to reduce company costs to ensure, in any case, the economic and financial equilibrium of the Group.
The large-scale and significant implementation of the vaccination plan for the entire population has prompted cautious optimism, in the belief that only in this way can we quickly get back to a completely normal social and economic situation.

47. Transactions with related parties

The details of the financial and economic transactions of the Company with related parties as at 31 December 2020 are shown below:

STATEMENT OF FINANCIAL POSITION TRANSACTIONS

(Euro)	Receivables and other current financial assets	Other current liabilities
Balance as at 31 December 2020		
Vistamare S.r.l.	-	-
Summit S.r.l.	-	1,000,000
Total	-	**1,000,000**
Balance as at 31 December 2019		
Vistamare S.r.l.	50,000	-
Summit S.r.l.	-	-
Total	**50,000**	**0**

INCOME STATEMENT TRANSACTIONS

(Euro)	Ricavi da contratti con i clienti	Altri proventi	Costi per materie prime e materiali di consumo
Saldo al 31 dicembre 2020			
Vistamare S.r.l.	-	-	-
Summit S.r.l.	-	-	418.405
Manuela Piccarreta	-	450.000	-
Totale	-	**450.000**	**418.405**
Saldo al 31 dicembre 2019			
Vistamare S.r.l.	-	-	-
Summit S.r.l.	-	-	-
Totale	-	-	-

At the end of 2020 and following the spin-off transaction described above, Take Off signed two lease agreements with the related company Horizon S.r.l. (beneficiary in the spin-off operation) relating to the Ostuni store and the Logistics Hub and Offices in via Baione (Monopoli), the rents of which were determined by means of a specific appraisal and reduced in percentage to take into account the current market context. The lease agreements also provide for an initial rent-free period with the associated accrual starting from 1 January 2021.

Furthermore, during the year the company sold a property to a related party recorded at a net book value of Euro 150 thousand. As a result of the transaction, and in consideration of the market value of the same, the Company realised a capital gain of Euro 450 thousand, recorded under other income.

It should be noted that all transactions with related parties were concluded under normal market conditions. The other current liabilities towards the parent company Summit S.r.l. are instead due to the residual debt for dividends whose distribution was approved during the period.

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Dear Shareholders,

We invite you to approve the aggregate financial statements as at 31 December 2020 as prepared by me.

***

Rome, 12 October 2021

The Chairman of the Board of Directors
Aldo Piccarreta

The undersigned Aldo Piccarreta, as legal representative, pursuant to and by effect of art. 23 of Legislative Decree no. 82/2005 and aware of the criminal responsibilities referred to in art. 76 of Presidential Decree no. 445/2000 in the assumption of the falsification of documents and false declarations, hereby certifies that the attached documents conform to those filed in the Company's records.

Annex - Financial statements as at December 31, 2020 of Take Off S.p.A. and Over S.p.A.

Financial statements as at 31 December 2020 of Take Off S.p.A.

(Euro)	TAKE OFF 31 December 2020	TAKE OFF 31 December 2019
ASSETS		
Non-current assets		
Property, plant and equipment	1,951,743	2,674,369
Intangible assets	15,185	4,680
Right-of-use assets	7,423,281	6,262,905
Equity investments in subsidiaries	0	9,500
Other non-current receivables	398,590	378,718
Deferred tax assets	162,031	166,077
TOTAL NON-CURRENT ASSETS	9,950,830	9,496,249
Current assets		
Inventories	7,320,936	5,512,768
Trade receivables	34,447	270,906
Other current receivables	179,723	915,155
Tax receivables	15,473	43,528
Current financial assets	0	108,218
Cash and cash equivalents	11,798,400	10,456,929
TOTAL CURRENT ASSETS	19,348,979	17,307,503
TOTAL ASSETS	29,299,809	26,803,751
SHAREHOLDERS' EQUITY		
Share capital	1,000,000	410,000
Legal reserve	154,066	8,000
Reserve for translation differences	2,440,366	2,440,366
Other reserves	2,866,269	6,210,185
Benefit Plan Reserve (OCI) - Discounted	(122,345)	(85,951)
Profits / losses of previous years	758,491	0
Result for the period	1,189,841	2,904,557
TOTAL SHAREHOLDERS' EQUITY	8,286,690	11,887,157
LIABILITIES		
Non-current liabilities		
Medium/long-term loans	4,115,858	773,956
Other non-current financial liabilities	6,274,910	5,208,193
Liabilities for future employee benefits	524,456	351,623
Provisions for risks and charges	42,531	42,531
Deferred tax liabilities	108	108
TOTAL NON-CURRENT LIABILITIES	10,957,863	6,376,411
Current liabilities		
Payables to banks and short-term portion of long-term loans	1,477,061	359,623
Other current financial liabilities	1,396,043	1,170,712
Trade payables	3,932,546	3,817,612
Liabilities for returns	68,246	0
Current contractual liabilities	0	550,000
Tax payables	1,741,596	2,149,806
Other current payables and liabilities	1,439,765	492,430
TOTAL CURRENT LIABILITIES	10,055,257	8,540,183
TOTAL LIABILITIES	21,013,120	14,916,594
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	29,299,809	26,803,751

(Euro)	TAKE OFF 31 December 2020	TAKE OFF 31 December 2019
Revenues from contracts with customers	14,472,534	22,824,662

REVENUES	**14,472,534**	**22,824,662**
Other income	1,032,308	125,902
of which with related parties	*450,000*	
Costs for raw materials and consumables	(7,339,234)	(11,291,971)
of which with related parties	*(418,405)*	
Costs for services	(1,298,524)	(1,971,500)
Personnel costs	(3,373,059)	(4,168,511)
Other operating costs	(291,697)	(532,497)
Amortisation/depreciation	(1,340,933)	(1,421,609)
OPERATING INCOME	**1,861,395**	**3,564,477**
Financial expenses	(281,087)	(341,813)
Financial income	53,731	889,602
PRE-TAX RESULT FROM OPERATING ACTIVITIES	**1,634,039**	**4,112,266**
Income taxes	(444,197)	(1,207,709)
RESULT OF THE YEAR FROM OPERATING ACTIVITIES	**1,189,841**	**2,904,557**
PROFIT FOR THE YEAR	**1,189,841**	**2,904,557**

Financial statements as at 31 December 2020 of Over S.p.A.

(Euro)	OVER 31 December 2020	OVER 31 December 2019
ASSETS		
Non-current assets		
Property, plant and equipment	9,367	12,195
Right-of-use assets	366,520	460,528
Receivables and other non-current financial assets	0	32,883
Other non-current receivables	80,513	77,813
Deferred tax assets	1,381,780	1,763,818
TOTAL NON-CURRENT ASSETS	1,838,178	2,347,236
Current assets		
Inventories	3,660,937	1,813,787
Trade receivables	145,333	450,460
Other current receivables	557,649	327,247
Tax receivables	1,749	1,224
Current financial assets	0	0
Cash and cash equivalents	3,607,408	2,145,345
TOTAL CURRENT ASSETS	7,973,077	4,738,063
TOTAL ASSETS	9,811,255	7,085,299
SHAREHOLDERS' EQUITY		
Share capital	186,667	186,667
Legal reserve	37,333	37,333
Other reserves	727,084	71,879
Benefit Plan Reserve (OCI) - Discounted	(291)	0
Profits / losses of previous years	(24,931)	(15,105)
Result for the period	2,625,682	645,380
TOTAL SHAREHOLDERS' EQUITY	3,551,545	926,154
LIABILITIES		
Non-current liabilities		
Medium/long-term loans	0	0
Other non-current financial liabilities	309,133	370,479
Liabilities for future employee benefits	167,691	143,812
Other non-current liabilities	58,000	48,000
Non-current tax payables	1,604,489	2,000,623
Deferred tax liabilities	52,149	0
TOTAL NON-CURRENT LIABILITIES	2,191,462	2,562,914
Current liabilities		
Payables to banks and short-term portion of long-term loans	0	0
Other current financial liabilities	87,781	102,952
Trade payables	2,658,821	2,319,382
Liabilities for returns	0	0
Current contractual liabilities	0	20,000
Tax payables	1,289,511	1,095,277
Other current payables and liabilities	32,136	58,621
TOTAL CURRENT LIABILITIES	4,068,249	3,596,232
TOTAL LIABILITIES	6,259,711	6,159,145
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9,811,255	7,085,299

(Euro)	OVER 31 December 2020	OVER 31 December 2019
Revenues from contracts with customers	6,707,875	9,272,155
REVENUES	6,707,875	9,272,155

Other income	123,825	905,707
of which with related parties		
Costs for raw materials and consumables	(2,626,862)	(7,712,535)
of which with related parties		
Costs for services	(358,680)	(358,232)
Personnel costs	(499,708)	(581,448)
Other operating costs	(53,798)	(324,086)
Amortisation/depreciation	(127,652)	(134,691)
OPERATING INCOME	3,165,000	1,066,870
Financial expenses	180,328	(101,927)
Financial income	5,711	7,656
PRE-TAX RESULT FROM OPERATING ACTIVITIES	3,351,039	972,599
Income taxes	(725,356)	(327,220)
RESULT OF THE YEAR FROM OPERATING ACTIVITIES	2,625,682	645,380
PROFIT FOR THE YEAR	2,625,682	645,380