Take Off S.p.A.

Financial statements for the year ended as at 31 December 2020

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Management report

Management report

Introduction

Dear Shareholders,

the financial statements for the year ended as at 31 December 2020 show a positive result of Euro 1,190 thousand.

Operating conditions and business development

As is well known, your company is the first 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.

Alternative performance indicators

The Company uses some alternative performance indicators, which are not identified as accounting measures under IFRS, to allow a better assessment of the Company'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 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 characterised by the generalised lockdown imposed by the authorities, which forced us to close all our direct and indirect points of sale from 10 March 2020 to 18 May 2020, due to the severe Covid-19 pandemic which 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. Nonetheless, Take Off has been able to withstand the "*spike*" in the pandemic, demonstrating how its business model is "defensive", managing to perform even in times of crisis. In fact, Take Off was able to quickly achieve the same sales results as in the months of 2019, as soon as the restrictions on personal mobility were lifted. 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 the current year, despite the closure of our stores in the period of highest margins of the SS and the subsequent continuation of the government partial lockdown measures, with the associated restriction of personal travel, we can say, with full satisfaction, that although in terms of absolute value we recorded a decrease in our turnover compared to the same period of the previous year, the cost-cutting measures we implemented enabled us to reach a sizeable level of profit margins, essentially equalling the results of last year in percentage terms, albeit with a decrease in absolute terms caused by the unfortunate period experienced. 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 the profit margin (EBITDA), which went from 21.8% in 2019 to 22.1% in 2020. Despite the lock-down, we continued our growth (since, in any case, we must always plan our future by looking ahead) and we opened two new stores at the end of October:

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

The opening of the aforementioned points of sale always falls within our approach of pursuing rapid growth in all directions, which through a careful selection of the points of sale allows us to minimise opening investments and reach a break-even position. 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 implementation of software goes hand in hand with the growth in our stores.

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 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 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	14,472,533	22,824,663	(8,352,130)	-37.00%
Gross operating profit (EBITDA)	3,202,327	4,986,086	(1,783,759)	-35.77%
Operating income	1,861,394	3,564,477	(1,703,083)	-47.78%
Pre-tax result	1,634,038	4,112,266	(2,478,228)	-60.26%
Result for the period	1,189,841	2,904,557	(1,714,716)	-59.04%

Revenues for 2020 decreased by 37% compared to those of the previous period, registering a decrease of Euro 8,352 thousand, due to the contraction in sales essentially determined by the period of closure imposed to tackle the Covid-19 pandemic.

Starting from a pre-tax result of Euro 1,634 thousand (Euro 4,112 thousand in 2019), the final result for the period is equal to Euro 1,190 thousand (Euro 2,905 thousand in 2019).

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	14,472,533	22,824,663	(8,352,130)	-37%
REVENUES	**14,472,533**	**22,824,663**	**(8,352,130)**	**-37%**
Other income	1,032,308	125,902	906,406	720%
Costs for raw materials, ancillary materials and consumables and change in inventories	(7,339,233)	(11,291,971)	3,952,738	-35%
Costs for services	(1,298,524)	(1,971,500)	672,976	-34%
Personnel costs	(3,373,059)	(4,168,511)	795,452	-19%
Other operating costs	(291,698)	(532,497)	240,799	-45%
Amortisation/depreciation and write-downs	(1,340,933)	(1,421,609)	80,676	-6%
EBIT	**1,861,394**	**3,564,477**	**(1,703,083)**	**-48%**
Financial management result	(227,356)	547,789	(775,145)	-142%
PRE-TAX RESULT	**1,634,038**	**4,112,266**	**(2,478,228)**	**-60%**
Income taxes	(444,197)	(1,207,709)	763,512	-63%
RESULT FOR THE PERIOD	**1,189,841**	**2,904,557**	**(1,714,716)**	**-59%**

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 (extraordinary wage guarantee fund) equal to Euro 531 thousand.

Costs for services decreased by Euro 673 thousand and were mainly affected by the lower ordinary maintenance incurred in 2020 deriving from the period of closure required by the ongoing pandemic.

The balance of financial management, a charge in 2020 of Euro 227 thousand and income in 2019 of Euro 548 thousand, was impacted by the income realised during the 2019 financial year on the sale of securities recorded under current assets.

Main balance sheet data

The reclassified financial position of the Company, compared with that as at 31 December 2019, is as follows:

(Euro)	**31 December 2020**	**31 December 2019**
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 assets	398,590	378,718
Deferred tax assets	162,031	166,077
Non-current assets (A)	**9,950,830**	**9,496,249**
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
Short-term operating assets (B)	**7,550,579**	**6,742,357**
Trade payables	(3,932,546)	(3,817,613)
Tax payables	(1,741,597)	(2,149,806)
Other current payables and liabilities	(1,508,012)	(1,042,430)
Short-term operating liabilities (C)	**(7,182,155)**	**(7,009,849)**
Net working capital (D) = (B) + (C)	**368,424**	**(267,493)**
Liabilities for future employee benefits	(524,456)	(351,623)
Provisions for risks and charges	(42,531)	(42,531)
Deferred tax liabilities	(108)	(108)
Medium/long-term liabilities (E)	**(567,095)**	**(394,262)**
INVESTED CAPITAL (A) + (D) + (E)	**9,752,159**	**8,834,494**
Shareholders' equity	8,286,688	11,887,157
Non-current net debt	10,390,767	5,982,149
Current net liquidity	(8,925,296)	(9,034,812)
SHAREHOLDERS' EQUITY AND NET FINANCIAL POSITION	**9,752,159**	**8,834,494**

Main financial data

The 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	11,798,400	10,456,929
Liquid assets	**11,798,400**	**10,456,929**
Receivables and current financial assets	**0**	**108,218**
Current bank debt	(1,477,061)	(359,623)
Other current financial payables	(1,396,043)	(1,170,712)
Current financial debt	**(2,873,104)**	**(1,530,335)**
Current net liquidity	**8,925,296**	**9,034,812**
Non-current bank debt	(4,115,858)	(773,956)
Other non-current financial payables	(6,274,909)	(5,208,193)
Non-current net debt	**(10,390,767)**	**(5,982,149)**
NET FINANCIAL POSITION	**(1,465,471)**	**3,052,663**
NET FINANCIAL POSITION Adjusted	**6,205,481**	**9,431,568**

Net financial debt for the year increased compared to the previous year by approximately Euro 4,518 thousand, as the Company 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 7,671 thousand recognised as at 31.12.2020 (Euro 6,379 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 6,205 thousand (Euro 9,342 thousand as at 31.12.2019).

Economic and efficiency indicators

For a better description of the Company'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.

	31 December 2020	31 December 2019
EBITDA	3,202,327	4,986,086
EBITDA margin	22.13%	21.85%
ROE Before Tax (Pre-tax result for the period/SE)	19.72%	34.59%
ROI (EBIT/Total Assets)	6.35%	13.30%
ROS (EBIT/Revenues)	12.86%	15.62%

The economic indices[1] confirm the dynamics already commented on and the management results obtained despite the pandemic crisis caused by Covid-19. As at 31 December 2020, there was a slight increase in EBITDA, which stood at 22.1% of revenues compared to 21.8% in the previous year.

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

The current ratio shows the company's ability to repay the debt. In both periods under comparison, the index highlights the company's ability to cover its liabilities with its own assets. The index shows a worsening as at 31 December 2020 with respect to the period of comparison mainly due to the increase in short-term financial debt.

	31 December 2020	31 December 2019
Current ratio (current assets/current liabilities)	1.92	2.03
Acid test (Current Assets - Inventories)/Current Liabilities	1.20	1.38
Capital assets (SE - FA)	-1,664,142	2,390,909
Fixed assets/liabilities and equity margin (SE+MLP-FA)	9,293,720	8,767,320

Finally, some indicators[3] are set out below which, by combining the management data with the financial structure of the Company, can further describe the overall corporate situation:

	31 December 2020	31 December 2019
Bank debt ratio (payables to banks/SE)	0.67	0.10
EBIT/Financial management	8.19	(6.51)
EBITDA/Financial management	14.09	(9.10)
NFP/EBITDA	(0.46)	0.61

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 Institute of Chartered Accountant, 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, our company made investments in personnel safety.

The workforce as at 31/12/2020 net of terminations is as follows:

(no. units)	31 December 2020	31 December 2019	Changes
White-collar workers	8	6	2
Blue-collar workers	184	194	(10)
Total	**192**	**200**	**(8)**

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, definitely strategic in our company.

Environment

Thanks to the investments aimed at the restructuring of our registered office, we have adapted it to all the requirements set forth in 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	1 January 2019 - 31 December 2019
Investments in intangible assets and rights of use	12,772	5,200
Investments in property, plant and equipment	2,673,947	672,656
Equity investments	100.000	0
Total investments	**2,786,719**	**677,856**

It should also be noted that on 8 October 2020, with the approval of the final deed, the partial spin-off of Take Off was completed in favour of the companies Horizon S.r.l. and Summit S.r.l., whose spin-off plan was approved on 28 May 2020 and filed with the Chamber of Commerce, Industry, Agriculture and Craft Trade. The purpose of this spin-off was to separate the core business from the activities more strictly connected with the management of owned properties and shareholdings in companies operating in sectors relating to different businesses (restaurant) from Take Off, as will be shown in more detail in the explanatory notes.

Research and development activities

Pursuant to article 2428, paragraph 2, number 1, of the Italian Civil Code, the following information is acknowledged: Take Off S.p.A. 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 Company does not own and has not acquired or disposed of treasury shares or stakes in parent companies during the period, either directly, through a trust company or through a third party.

Main risks and uncertainties

The main risk elements to which the Company 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 involving political instability and/or economic recession, and events that could negatively affect the confidence of the customer types the Company targets could have negative repercussions on the economic, financial and equity situation of the Company. 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, a situation where new companies take up positions over the next few years in the segment in which the Company operates, thus becoming its direct competitors, cannot be ruled out.

Risks associated with the definition and implementation of strategies

In formulating its strategy, the Company takes into account some hypothetical assumptions relating to the economic trend and the evolution of demand for clothing in the various geographical areas and the prospects of the potential locations in which to locate its stores. If the Company is unable to implement its strategy and / or if the basic assumptions on which the Company has based its strategy are found to be incorrect, the Company'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 Company 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 Company. In fact, the Company could find itself having to compete, in the search for new spaces, with other retail operators, with economic and financial capabilities similar to or better than their own.

Risk associated with points of sale managed by affiliates

Part of the Company's distribution network is represented by points of sale managed by affiliates, with which the Company generally favours 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 Company's business. Furthermore, the non-compliance, by the points of sale managed indirectly, with a commercial policy in line with the image of the Company 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 Company may have on certain managerial figures who, to date, are considered as strategic personnel, as they cannot be easily and quickly replaced, either in-house or from outside the company. 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 high degree of dependence of the Company 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 42 "Financial instruments - fair value and risk management").

Compliance risks

Tax risk

The Company is ordinarily subject to the verification of its tax returns and tax compliance 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 Company 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 Company to adopt more stringent standards, and this circumstance could entail costs for adapting the sales structures or, again, limiting the Company's operations, with a consequent effect negative on its growth prospects.

Other relevant information

In the first few months of 2021, the Company issued a mandate to a leading consultancy firm for the adoption of an organisation 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.

Our company has been able to promptly respond 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 are attempting a strike 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.

Take off, however, thanks to the cost-cutting policies implemented and its ability to cope with difficulties, is not only confident in the healthy trend of the forward-looking economic results, albeit influenced by the effects of the pandemic, but considers it essential to continue to investing in its growth and development process, also by capitalising on the opportunities generated by potential crises involving certain market operators. Obviously, the hope is that we can soon return to normal.

Proposal to the Shareholders' Meeting

In thanking you for your trust, we invite you to approve these financial statements as at 31 December 2020 submitted for your attention and to resolve on the allocation of the profit for the year totalling Euro 1,189,841.00 as follows:

- for Euro 45,934.00 to the Legal Reserve, up to the capacity of one fifth of the share capital (art. 2430 of the Italian Civil Code);

- for Euro 1,143,907.00 as an ordinary dividend gross of withholding taxes;

as well as resolving on the distribution of a portion of the Extraordinary Reserve recorded in the financial statements for the year ended on 31.12.2020:

- for Euro 1,356,093.00 as an ordinary dividend gross of legal withholdings, and which together with the previous portion of the profit for the year allocated, will determine a gross dividend of Euro 2,500,000.00, equal to Euro 0.25 (gross) per share, to be distributed to the Shareholders in proportion to the stake in the share capital of the Company, respectively held.

Rome, 1 March 2021

The Chairman of the Board of Directors

Aldo Piccarreta

Financial statements as at 31 December 2020

Statement of financial position

(Euro)	Note	31 December 2020	31 December 2019	31 December 2018
ASSETS				
Non-current assets				
Property, plant and equipment	(8)	1,951,743	2,674,369	2,203,585
Intangible assets	(9)	15,185	4,680	0
Right-of-use assets	(10)	7,423,281	6,262,905	5,859,974
Equity investments in subsidiaries	(11)	0	9,500	9,500
Other non-current receivables	(12)	398,590	378,718	373,791
Deferred tax assets	(13)	162,031	166,077	61,175
TOTAL NON-CURRENT ASSETS		**9,950,830**	**9,496,249**	**8,508,025**
Current assets				
Inventories	(14)	7,320,936	5,512,768	5,921,700
Trade receivables	(15)	34,447	270,906	208,942
Other current receivables	(16)	179,723	915,155	1,940,506
Tax receivables	(17)	15,473	43,528	11,296
Current financial assets	(18)	0	108,218	563,291
Cash and cash equivalents	(19)	11,798,400	10,456,929	7,434,086
TOTAL CURRENT ASSETS		**19,348,979**	**17,307,504**	**16,079,822**
TOTAL ASSETS		**29,299,809**	**26,803,752**	**24,587,846**
SHAREHOLDERS' EQUITY				
Share capital		1,000,000	410,000	40,000
Legal reserve		154,066	8,000	8,000
Reserve for translation differences		2,440,366	2,440,366	2,440,366
Other reserves		2,743,924	6,124,234	3,456,833
Profits/losses of previous periods		758,491	0	0
Result for the period		1,189,841	2,904,557	2,753,351
TOTAL SHAREHOLDERS' EQUITY	(20)	**8,286,688**	**11,887,157**	**8,698,551**
LIABILITIES				
Non-current liabilities				
Medium/long-term loans	(21)	4,115,858	773,956	1,133,579
Other non-current financial liabilities	(22)	6,274,909	5,208,193	4,854,518
Liabilities for future employee benefits	(23)	524,456	351,623	158,975
Provisions for risks and charges	(24)	42,531	42,531	50,000
Deferred tax liabilities	(25)	108	108	0
TOTAL NON-CURRENT LIABILITIES		**10,957,862**	**6,376,411**	**6,197,072**
Current liabilities				
Payables to banks and short-term portion of long-term loans	(26)	1,477,061	359,623	498,400
Other current financial liabilities	(27)	1,396,043	1,170,712	1,005,456
Trade payables	(28)	3,932,546	3,817,613	5,273,856
Payables for contractual obligations	(29)	68,247	0	0
Current contractual liabilities	(30)	0	550,000	0
Tax payables	(31)	1,741,597	2,149,806	2,474,490
Other current payables and liabilities	(32)	1,439,766	492,430	440,020
TOTAL CURRENT LIABILITIES		**10,055,259**	**8,540,184**	**9,692,224**
TOTAL LIABILITIES		**21,013,121**	**14,916,595**	**15,889,295**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**29,299,809**	**26,803,752**	**24,587,846**

Income statement

(Euro)	Note	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
Revenues from contracts with customers	(33)	14,472,533	22,824,663
REVENUES		**14,472,533**	**22,824,663**
Other income		1,032,308	
of which with related parties	(34)	450,000	125,902
Costs for raw materials and consumables	(35)	(7,339,233)	(11,291,971)
Costs for services	(36)	(1,298,524)	(1,971,500)
Personnel costs	(37)	(3,373,059)	(4,168,511)
Other operating costs	(38)	(291,698)	(532,497)
Amortisation/depreciation	(39)	(1,340,933)	(1,421,609)
OPERATING INCOME		**1,861,394**	**3,564,477**
Financial expenses	(40)	(281,087)	(341,813)
Financial income	(41)	53,731	889,602
PRE-TAX RESULT FROM OPERATING ACTIVITIES		**1,634,038**	**4,112,266**
Income taxes	(42)	(444,197)	(1,207,709)
RESULT OF THE PERIOD FROM OPERATING ACTIVITIES		**1,189,841**	**2,904,557**
RESULT FOR THE PERIOD		**1,189,841**	**2,904,557**
Basic/diluted earnings per share	*(43)*	*0.12*	*0.61*

Comprehensive income statement

(Euro)	Note	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
RESULT FOR THE PERIOD		**1,189,841**	**2,904,557**
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		(36,394)	(85,951)
Total other components of comprehensive income		**(36,394)**	**(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		**1,153,447**	**2,818,606**

Statement of changes in shareholders' equity

(Euro)	Share capital	Legal reserve	Reserve from IAS/IFRS conversion difference	Other reserves	Profits/losses of previous periods	Profit/(loss) for the year	Total
Balance as at 1 January 2019	**40,000**	**8,000**	**2,440,366**	**3,456,833**	**-**	**2,753,351**	**8,698,550**
Result for the year						**2,904,557**	**2,904,557**
Other items of the comprehensive income statement				(85,951)			(85,951)
Overall result for the period				**(85,951)**		**2,904,557**	**2,818,606**
Allocation of the result of the previous year				**2,753,351**		**(2,753,351)**	
Share capital increase	**370,000**						**370,000**
Rounding							**1**
Balance as at 31 December 2019	**410,000**	**8,000**	**2,440,366**	**6,124,234**		**2,904,557**	**11,887,157**
Result for the period						1,189,841	1,189,841
Other items of the comprehensive income statement	-	-	-	(36,394)	-	-	(36,394)
Overall result for the period	-	-	-	(36,394)	-	1,189,841	1,153,447
Allocation of the result of the previous period		146,066		2,000,000	758,491	(2,904,557)	0
Share capital increase	590,000						590,000
Dividend distribution				(2,000,000)			(2,000,000)
Transactions "under common control"				(3,343,916)			(3,343,916)
Balance as at 31 December 2020	**1,000,000**	**154,066**	**2,440,366**	**2,743,924**	**758,491**	**1,189,841**	**8,286,688**

Statement of cash flows

(Euro)	Note	1 January 2020 - 31 December 2020	1 January 2019 - 31 December 2019
Operating activities			
Pre-tax result from continuing operations		1,634,039	4,112,265
Pre-tax result from assets held for sale		0	
Pre-tax result		**1,634,039**	**4,112,265**
Adjustments to reconcile the pre-tax result with the net cash flow from operating activities:			
Depreciation and impairment of property, plant and equipment	(39)	270,220	201,872
Amortisation and impairment of intangible assets and rights of use	(39)	1,070,712	1,219,737
Provisions for future employee benefits	(23)	169,206	116,848
Provisions for risks and charges		0	2,531
Change in fair value of financial instruments	(40)	51,789	137,787
Financial income	(41)	(53,731)	(889,602)
Financial expenses	(40)	281,087	341,814
Other		(116,108)	(3,967)
Changes in working capital:			
Trade receivables	(15)	236,459	(61,964)
Other current receivables	(16)	763,487	993,119
Inventories	(14)	(1,808,168)	408,932
Trade payables and contractual liabilities	(28)-(29)-(30)	(366,821)	(906,244)
Other current payables	(32)	(52,665)	(403,315)
Net change in non-current receivables/payables		(19,872)	(4,927)
Net change in deferred tax assets and liabilities	(13) - (25)	15,539	(77,652)
Payments for employee benefits	(23)	(46,787)	(39,479)
Utilisation of provisions for risks and charges	(24)	0	(10,000)
Interest (paid)/collected	(40) - (41)	(224,827)	687,761
Income taxes paid	(31) - (42)	(852,407)	(1,214,453)
Net cash flow from operating activities		**951,153**	**4,611,063**
Investment activity			
Investments in property, plant and equipment	(8)	(2,673,947)	(672,656)
Investments in intangible assets and rights of use	(9) - (10)	(12,772)	(5,200)
Equity investments in subsidiary companies	(11)	(100,000)	0
Net cash flow from investing activities		**(2,786,719)**	**(677,856)**
Financing activities			
New medium/long-term loans	(21) - (26)	5,302,170	0
Repayment of medium/long-term loans	(21) - (26)	(842,832)	(498,400)
Net change in other short-term financial assets	(18)	56,429	317,286
Repayment of financial liabilities for rights of use on leases	(27)	(928,730)	(1,099,250)
Share capital increase	(20)	590,000	370,000
Dividends paid	(20)	(1,000,000)	0
Net cash flow from financing activities		**3,177,038**	**(910,364)**
Net (decrease)/increase in cash and cash equivalents and short-term deposits		**1,341,471**	**3,022,843**
Opening cash and short-term deposits		**10,456,929**	**7,434,086**
Closing cash and short-term deposits		**11,798,400**	**10,456,929**

Explanatory notes to the financial statements

Explanatory notes to the financial statements for the year ended 31 December 2020

1. Corporate information

Take Off is a joint stock company incorporated in Italy and registered in the Rome Company Register at no. 04509190759 (hereinafter also the "Company"). The registered office is located in ROME (RM), Via di Novella 22. The Company is subject to management and coordination by the parent company Summit Srl, with registered office in Monopoli (BA), tax code and VAT number 08274180721. The explanatory notes therefore present the essential data of the latest approved financial statements of the company that exercises management and coordination activities over Take Off.

The Company 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.

As part of the process envisaged for the admission of the ordinary shares of Take Off S.p.A. (hereinafter also "the Company" or "Take Off") to trading on the multilateral trading system AIM Italia - Alternative Capital Market organised and managed by Borsa Italiana SpA (hereinafter "AIM Italia"), the Company has chosen to prepare the 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 set forth in by art. 4 paragraph 5 of Legislative Decree no. 38/2005.

Therefore, the Take Off financial statements for the year ended as at 31 December 2020 represent the first financial statements prepared in compliance with International Financial Reporting Standards (hereinafter, “IAS/IFRS”). The Board of Directors of the Company approved the adoption of the international accounting standards on 28 September 2020, and therefore the Date of First Time Adoption was defined as 1 January 2019. The latest financial statements drawn up in compliance with the Italian Accounting Standards are those relating to the year ended 31 December 2019.

The effects deriving from the adoption of the international accounting standards are reported in the following Note 50 “Transition to the international accounting standards”, to which reference should be made for more details.

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

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 both statement of financial position and income statement items is carried out with the values as at 31 December 2019 of Take Off's financial statements, restated on the basis of international accounting standards.

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

As required by international accounting standard IFRS 1, the Company has prepared the opening statement of financial position in accordance with IFRS as of 1 January 2019, the date of transition to IFRS or first time adoption ("FTA").

It should be noted that the Company, 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 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 balance sheet and income statement items for more details on the criteria adopted.

2.1 Discretionary valuations and significant accounting estimates

The preparation of Take Off's financial statements requires the preparation of discretionary assessments, estimates and assumptions that influence the values of revenues, costs, assets and liabilities and the indication of contingent liabilities as at the reporting 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, at the end of the year, 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 Company based its estimates and assumptions on parameters available at the time of preparing the financial statements. However, current circumstances and assumptions about future events may change due to changes in the market or events beyond the Company's 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 company has identified the Cash-Generating Units ("CGU") which represent the smallest identifiable group capable of generating largely independent cash flows; these CGUs correspond to the company's points of sale.

In light of the significant change in the economic context, which also affected the sector in which the company operates 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 guidelines (Warning notice no. 8/20 of 16-7-2020), the Management considered it appropriate to carry out a specific analysis in order to identify any points of sale 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.

Based on the analyses carried out, no impairment indicators emerged on the Company's points of sale.

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 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 Company's financial statements include deferred tax assets, connected to the recognition of income components subject to deferred tax deductibility, for an amount whose recovery in future years is considered highly probable by the Directors. The recoverability of the aforementioned prepaid taxes 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 Company is 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 shareholders' 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 Company considers whether a given tax treatment will be acceptable to the Tax Authority. If it is considered likely that the tax authority will accept the tax treatment (with the term probable intended as "more likely than not"), then the Company recognises and measures its current or deferred tax assets and liabilities by applying the provisions of IAS 12.

Conversely, if there is uncertainty about the treatments for income tax purposes, the Company reflects 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 the tax treatment, the Company assumes that the Tax Authority accepts or does not accept an uncertain tax treatment, assuming that, in the verification phase, it 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 Company 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 uncertain tax positions refer to the definition of income taxes, the Company discloses uncertain tax assets/liabilities as current taxes or deferred taxes.

Expected losses on trade receivables

As at the reporting date, the Company 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 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 the expected 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 Company 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 Company, 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.

Estimate of the duration of a leasing contract

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

In the presence of renewal options that can be exercised by both contractual parties, the Company has 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 Company has 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 company, 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 Company reviews its duration if a major event or a significant change in circumstances occurs which, depending on the Company's 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 Company has considered these discussions and conclusions and will continue to monitor their evolution over time.

The maturity by time bands of the leasing liabilities is shown below:

(Euro)	31 December 2020	31 December 2019
<1 year	1,396,043	1,170,712
1-2 years	1,420,588	1,200,311
2-3 years	1,267,534	1,196,943
3-4 years	1,041,500	1,050,112
4-5 years	626,606	827,367
> 5 years	1,918,681	933,460
Total	**7,670,952**	**6,378,905**

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	1,040,052	-	1,040,052
Variable fee with minimum payment	-	51,493	51,493
Total	**1,040,052**	**51,493**	**1,091,545**
As at 31 December 2019			
Fixed fee	1,213,351	-	1,213,351
Variable fee with minimum payment	-	51,333	51,333
Total	**1,213,351**	**51,333**	**1,264,684**

Estimate of the discount rate

The Company 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 Company estimates 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 net identifiable assets acquired and the liabilities assumed by the Company.
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 Company, or to groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the Company are assigned to such units or groups 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 machinery 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 Company depreciates them separately on the basis of the specific useful life. All other repair and maintenance costs are recognised in the income statement when incurred.

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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:

Description	Useful life
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 Company acts as lessee, on the effective date it recognises an asset consisting of the right of use and a liability of the lease.

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.

The Company includes 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 Company 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 Company 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 Company 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 concurrent 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 company applies IAS 36 to determine, for each reference period, whether the assets of each individual point of sale, both for the owned points of sale and for the leased points of sale, suffer losses in value. 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 cash flow generating unit less 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 Company estimates 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 the Company can make 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 reference sector, country or market and, if appropriate, may be zero or 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 Company is not yet committed or future investments to improve or optimise 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 Company also assesses 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 recognised in the financial statements when, and only when, the Company becomes a 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 Company uses for their management. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially values a financial asset at its fair value plus the transaction costs, in the case of a financial asset that is not recognised at fair value in the income statement. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are valued at the transaction price determined according to 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 Company measures 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 Company 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 Company may irrevocably choose to classify its equity investments as equity instruments measured at fair value through other comprehensive income 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 Company benefits from such income as a recovery of part of the cost of the financial asset, in which case these profits are recorded in the comprehensive income statement. 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 value with 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 Company's financial liabilities 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.

In consideration of the inventory management policies, which currently allow a high inventory turnover rate, the Company does not record any inventory obsolescence provision as of the reporting date.

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 obligations of the Company 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 Company expects 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 Company 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 Company recognises the right of return to its customers, guaranteeing a period of 15 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 Company uses the expected value method to estimate the value of the assets that will not be returned, substantially corresponding to the vouchers issued as at the balance sheet date, in accordance with the provisions of IFRS 15. With reference to this case, the Company recognised liabilities for returns for Euro 68 thousand as at 31 December 2020. There are also no customer loyalty programmes.

Contractual balances

Trade receivables

A credit 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 Company has already received consideration (or for which a portion of the consideration is due). The contractual liability is recognised if payment has been received or payment is due (whichever comes first) by the customer before the Company has transferred control of the goods or services to him/her. Liabilities deriving from the contract are recognised as revenues when the Company satisfies the performance obligations 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 balance sheet 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 the Company require the determination of fair value for financial and non-financial assets and liabilities.

When available, the Company determines the fair value of an instrument using the price quoted in 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 Company uses measurement techniques that maximise the use of relevant observable inputs and minimise the use of non-observable 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 Company determines whether any transfers have taken place between the levels of the hierarchy by reviewing the categorisation (based on the lowest level input, which is significant for the purposes of assessing the fair value in its entirety) as at each balance sheet 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 1 January 2020, the following new accounting standards and/or interpretations and amendments of previously in force standards are applicable by the Company. The Company has not arranged for the early adoption of any other standard, interpretation or amendment published but not yet effective.

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 Company's financial statements but could have an impact on future years should the Company 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 Company's 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 amendments have not had any impact on the Company's financial statements nor are any future impacts 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 Company's 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 Company's financial statements, as the Company has not adopted this practical expedient in measuring the accounting effects of the contractual amendments stipulated in 2020 on the existing leasing contracts.

4. Accounting standards, amendments and interpretations not yet applicable

Certain standards and interpretations are illustrated below which, based on the currently available information at the date of preparation of the financial statements, had already been issued but were not yet in force. The Company intends to adopt these standards when they come into effect.

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 Company believes that the changes 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 Company's financial statements.

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 the Company with respect 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 the Company with respect 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 modification will not have any effect on the Company's financial statements.

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 Company 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 the Company 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 the Company with reference to these amendments.

5. Impacts of the Covid-19 emergency

The Covid-19 health emergency has prompted the governments of all the states involved to take decisions on restrictions, prohibitions and suspensions of commercial activities, the movement of people and international traffic (so-called lockdown), with an exceptionally negative impact on tourist flows worldwide, resulting in the temporary closure of the Company's points of sale.

In 2020, the Company incurred direct costs to deal with this emergency, in particular the costs relating to the measures adopted to protect the health of employees both in the offices and in direct stores and benefited, where possible, from the grants and concessions from the various government authorities, such as the CIGS (extraordinary wage guarantee fund), maintaining the employment and salary levels of all its employees.

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. The impact of the renegotiations led to a reduction in leasing liabilities, and a corresponding reduction in right-of-use assets of Euro 1,120 thousand.

To strengthen its structure and its capital solidity, the Company deemed it appropriate to increase recourse to bank debt, 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 the Company 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 the Company 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 spin-off therefore pursues 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 representing this activity, currently present in the Company, in favour of the related party Horizon S.r.l.;
- transfer the branch assigned to the restaurant business held by the Company 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, the Company's shareholders' equity 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**

For more details on the property, plant and equipment subject to the spin-off, see note 7 below "Property, plant and equipment".
Since the spun-off assets do not represent a significant independent line of business, the economic result of the assets held for sale has not been separately shown in the income statement.

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 1 January 2019	**1,899,004**	**113,801**	**41,103**	**532,541**	-	-	**2,586,449**
Increases during the year	311,000	137,605	83,471	140,580	-	-	672,656
Sales of the year	-	-	-	(38,033)	-	-	(38,033)
Historical cost as at 31 December 2019	**2,210,004**	**251,406**	**124,574**	**635,088**	-	-	**3,221,072**
Increases during the year	1,759,307	156,353	-	602,645	232,357	73,285	2,823,947
Sales of the year	(150,000)	-	-	-	-	-	(150,000)
Adjustments	-	-	(7,619)	-	-	-	(7,619)
Spin-off	(3,079,970)	(139,706)	-	(133,526)	-	-	(3,353,202)
Historical cost as at 31 December 2020	**739,341**	**268,053**	**116,955**	**1,104,207**	**232,357**	**73,285**	**2,534,198**

Accumulated depreciation as at 1 January 2019	**(64,480)**	**(72,434)**	**(16,579)**	**(229,371)**	-	-	**(382,864)**
Depreciation for the year	(73,534)	(29,394)	(8,521)	(90,423)	-	-	(201,872)
Sales of the year	-	-	-	38,033	-	-	38,033
Accumulated depreciation as at 31 December 2019	**(138,014)**	**(101,828)**	**(25,100)**	**(281,761)**	-	-	**(546,703)**
Depreciation for the year	(39,110)	(43,785)	(10,613)	(155,538)	(21,175)	-	(270,220)
Adjustments	74,703	36,728	3,276	21,585	(20,609)	-	115,683
Spin-off	73,021	32,997	-	12,768	-	-	118,786
Accumulated depreciation as at 31 December 2020	**(29,400)**	**(75,888)**	**(32,437)**	**(402,946)**	**(41,784)**	-	**(582,454)**
Net book value as at 31 December 2019	**2,071,990**	**149,578**	**99,474**	**353,327**	-	-	**2,674,369**
Net book value as at 31 December 2020	**709,941**	**192,165**	**84,518**	**701,261**	**190,573**	**73,285**	**1,951,743**

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 at the registered office and in the various points of sale and the logistics office.

The item “Industrial and commercial equipment” mainly relates to the costs incurred for setting up the new points of sale.

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 Company during the period, equal to Euro 2,824 thousand, refer mainly to the purchase of new plant and machinery, furnishings and leasehold improvements. 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	Intangible assets under development	Total
Historical cost as at 1 January 2019	**0**		**0**	**0**
Increases during the year	5,200			5,200
Historical cost as at 31 December 2019	**5,200**		**0**	**5,200**
Accumulated amortisation as at 1 January 2019	**0**		**0**	**0**
Amortisation for the year	(520)			(520)
Accumulated amortisation as at 31 December 2019	**(520)**		**0**	**(520)**
Historical cost as at 1 January 2020	**5,200**	**0**	**0**	**5,200**
Increases during the year	9,360	2,912	500	12,772
Historical cost as at 31 December 2020	**14,560**	**2,912**	**500**	**17,972**
Accumulated amortisation as at 1 January 2020	**(520)**	**0**	**0**	**(520)**
Amortisation for the year	(2,267)		0	(2,267)
Accumulated amortisation as at 31 December 2020	**(2,787)**	**0**	**0**	**(2,787)**
Net book value as at 31 December 2019	**4,680**	**0**	**0**	**4,680**
Net book value as at 31 December 2020	**11,773**	**2,912**	**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. Intangible 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)	Buildings	Vehicles	Total
Historical cost as at 1 January 2019	**5,859,974**	**-**	**5,859,974**
Renegotiations	(33,350)	-	(33,350)
Increases during the year	2,833,433	-	2,833,433
Terminations	(1,291,714)	-	(1,291,714)
Historical cost as at 31 December 2019	**7,368,343**	-	**7,368,343**
Renegotiations	(205,901)	-	(205,901)
Increases during the year	2,577,002	42,976	2,619,978
Terminations	(222,307)	-	(222,307)

Historical cost as at 31 December 2020	**9,517,137**	**42,976**	**9,560,113**
Accumulated depreciation as at 1 January 2019	**-**	**-**	**-**
Increases	(1,219,217)	-	(1,219,217)
Terminations	113,779	-	113,779
Accumulated depreciation as at 31 December 2019	**(1,105,438)**	**-**	**(1,105,438)**
Increases	(1,065,671)	(2,774)	(1,068,445)
Terminations	37,051	-	37,051
Accumulated depreciation as at 31 December 2020	**(2,134,058)**	**(2,774)**	**(2,136,832)**
Net book value as at 31 December 2019	**6,262,905**	**-**	**6,262,905**
Net book value as at 31 December 2020	**7,383,079**	**40,202**	**7,423,281**

The rights of use refer to the real estate lease contracts in place and relating to 25 points of sale, as well as vehicles. The change in the year includes the effect of amortisation for Euro 1,068 thousand, increases following the opening of new points of sale for Euro 2,620 thousand, contractual terminations deriving from the closure of points of sale for Euro 185 thousand, as well as the effect deriving from the contractual changes stipulated in 2020, linked to the ongoing pandemic, 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 points of sale, as well as two company vehicles. 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.

By contrast, an analysis was carried out, however, on the forward-looking capacity of the Group of CGUs identified (the set of points of sale and wholesaling), to deal with the full recoverability of the overall carrying amount of the Group of CGUs and Corporate Assets (logistics and Headquarters), 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 analyses, there are no potential losses in value to be considered in the preparation of these 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	100,000
Decreases	(109,500)	(109,500)
As at 31 December 2020	**0**	**0**

The equity investment was included among the assets subject to the partial spin-off of the Company with the parent company Summit S.r.l. as the beneficiary and whose deed of spin-off was finalised on 8 October 2020.

11. 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	398,590	378,718	19,873
Total other non-current assets	**398,590**	**378,718**	**19,873**

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 sales activities are carried out for Euro 396 thousand.

12. 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	162,031	166,077	(4,046)
Total deferred tax assets	**162,031**	**166,077**	**(4,046)**

Deferred tax assets mainly reflect the tax effects of non-deductible costs in the year and negative IAS/IFRS translation adjustments.

13. 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	7,320,936	5,512,768	1,808,168
Total inventories	**7,320,936**	**5,512,768**	**1,808,168**

Inventories as at 31 December amounted to Euro 7,321 thousand, marking an increase of Euro 1,808 thousand compared to 31 December 2019. The stock at the end of the year is characterised by the presence of goods purchased during SS 2020 and then earmarked, for Euro 1,114 thousand, to meet the needs of the following summer season, due to the temporary closures imposed by the lockdown. Stocks relating to the FW 2020 season are also higher than in previous seasons, undoubtedly due to the partial lock-down measures imposed by the competent authorities in the last part of the year. Nonetheless, based on the analyses carried out, and in consideration of the sales of the first few months of 2021, no indicators of inventory obsolescence emerged.

14. 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	34,447	270,906	(236,459)
Total trade receivables	**34,447**	**270,906**	**(236,459)**

Trade receivables refer to receivables accrued from the owners of the franchised points of sales.Following the analysis carried out, no expected losses on trade receivables emerged at the balance sheet date.

15. 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	173,118	907,116	(733,998)
Credit notes to be received	0	6,464	(6,464)
Accrued income and prepaid expenses	6,606	1,574	5,032
Total other current receivables	**179,723**	**915,155**	**(735,431)**

Advances to suppliers refer to advances for goods and services.

The reduction in absolute value compared to the previous year, equal to Euro 735 thousand, is due to the combined effect of the finalisation of the purchase of a property which took place in the first few months of 2020, against which an advance of Euro 873 thousand had been paid, and the payment of advances for the purchase of goods for Euro 173 thousand made during the period.

16. 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	15,473	5,887	9,587
Total tax receivables	**15,473**	**43,528**	**(28,054)**

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

17. 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. The sale of the securities in the portfolio resulted in the recognition of a capital loss of Euro 52 thousand recorded under financial charges.

18. 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	11,781,371	10,358,495	1,422,876
Cash on hand	17,029	98,434	(81,405)
Total cash and cash equivalents	**11,798,400**	**10,456,929**	**1,341,471**

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

19. Shareholders' equity

The share capital as at 31 December amounts to Euro 1 million, fully paid up, and is made up of 10,000,000 shares with a nominal value of Euro 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.

Shareholders' equity as at 31 December 2020 was equal to Euro 8,287 thousand, marking a decrease of Euro 3,600 thousand compared to the previous year. This net decrease is the result of the collection of the tenths subscribed and not yet paid and the distribution of dividends for Euro 2 million, the decrease in the extraordinary reserve due to the spin-off operation for Euro 3,344, as well as the profit for the year equal to Euro 1,190 thousand.

For a breakdown of the movements in shareholders' equity as at 31 December, reference should be made to the statement of changes 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	8,000	146,066		154,066
Reserve from IAS/IFRS conversion	2,440,366		0	2,440,366
Other reserves	6,124,234			2,743,924
Extraordinary reserve	6,050,185		(3,343,916)	2,706,268
Other capital reserves	160,000			160,000
Benefit Plan Reserve (OCI) - Discounted	(85,951)		(36,394)	(122,344)
Profits/(losses) of previous years	0	758,491		758,491

Total reserves	**8,572,600**	**904,557**	**0**	**6,096,847**

The legal reserve, equal to Euro 154 thousand, increased by virtue of the allocation of the profit for the year as at 31 December 2019, as per the resolution of the shareholders of 6 April 2020.

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

With regard to Other Reserves:

- the “extraordinary reserve”, equal to Euro 2,706 thousand, decreased due to the spin-off operation completed in 2020;
- the "other capital reserves", equal to Euro 160 thousand, did not increase during the year;
- the “Benefit Plan reserve (OCI) - Discounted”, negative for Euro 122 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 758 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)	31 December 2020	Possibility of use	Quota available
Legal reserve	154,066	B	-
Reserve from IAS/IFRS conversion	2,440,366	-	-
Revaluation reserve		-	-
Extraordinary reserve	2,706,268	A, B, C	2,706,268
Other capital reserves	160,000	A, B	160,000
Reserve from translation of foreign subsidiary financial statements		-	-
Benefit Plan Reserve (OCI) - Discounted	(122,344)	-	-
Reserve for hedging operations of expected cash flows		-	-
Profits/(losses) of previous years	758,491	A, B, C	758,491
Total reserves	**6,096,847**		**3,624,759**
Non-distributable portion			(160,000)
Distributable share			**3,784,759**

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

20. Medium/long-term loans

The composition of the item "Medium/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
BCC loan - long-term portion	71,849	175,054	(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**	**773,956**	**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	*359,623*			*1,477,061*
of which due beyond the next financial year	*773,957*			*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 these financial liabilities deriving from financial assets, see note 42 “Financial instruments - fair value and risk management”.

21. 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	6,274,910	5,208,193	1,066,717
Total other non-current financial liabilities	**6,274,910**	**5,208,193**	**1,066,717**

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

The movements in financial liabilities from 1 January 2019 until 31 December 2020 are shown below:

(Euro)	Lease liabilities
Balance as of 01/01/2019	**5,859,974**
Renegotiations	(33,350)
New contracts	2,833,432
Reimbursements	(1,099,250)
Terminations	(1,181,902)
Balance as at 31/12/2019	**6,378,904**
Renegotiations	(205,901)
New contracts	2,613,978
Reimbursements	(922,730)
Terminations	(193,300)

Balance as at 31/12/2020	**7,670,952**
of which current	1,396,043
of which non-current	6,274,909

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

The resolutions refer to the closure of the La Spezia point of sale.

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

(Euro)	31 December 2020	31 December 2019
<1 year	1,396,043	1,170,712
1-2 years	1,420,588	1,200,311
2-3 years	1,267,534	1,196,943
3-4 years	1,041,500	1,050,112
4-5 years	626,606	827,367
>5 years	1,918,681	933,460
Total	**7,670,952**	**6,378,905**

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	1,040,052	-	1,040,052
Variable fee with minimum payment	-	51,493	51,493
Total	**1,040,052**	**51,493**	**1,091,545**
As at 31 December 2019			
Fixed fee	1,213,351	-	1,213,351
Variable fee with minimum payment	-	51,333	51,333
Total	**1,213,351**	**51,333**	**1,264,684**

22. 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 1 January 2019	**158,975**
Social security cost related to current service	116,848
Interest expense	2,186
(Profits)/losses from discounting	113,093
Uses	(39,480)
Balance as at 31 December 2019	**351,623**
Social security cost related to current service	169,207
Interest expense	2,527

(Profits)/losses from discounting	47,886
Uses	(46,787)
Balance as at 31 December 2020	**524,456**

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 that must be made by the Company in the event of the employee leaving due to dismissal, resignation, disability, 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 indemnity 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%	512,979
	-0.25%	536,450
Inflation rate	+0.25%	534,445
	-0.25%	514,787
Turnover rate	+1%	519,631
	-1%	530,028

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
White-collar workers	8	6	2
Blue-collar workers	184	194	(10)
Total	**192**	**200**	**(8)**

23. 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 year	0	0
Uses in the year	0	0
Balance as at 31 December 2020	**42,531**	**42,531**

As at 31 December 2020, the item includes the amount set aside by the Company for risks deemed probable due to labour law disputes.

24. 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	108	108	0
Total deferred tax liabilities	**108**	**108**	**0**

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.

25. Payables to banks and short-term portion of long-term 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 long-term loans	**1,477,061**	**359,623**	**1,117,438**

As at 31 December 2020, the item refers to the short-term portion of bank loans; for comment on the latter, please refer to note 20 "Medium/long-term loans", as well as the amount of payables due to banking institutions for import advances.

26. 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	1,396,043	1,170,712	225,331
Total other current financial liabilities	**1,396,043**	**1,170,712**	**225,331**

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

27. 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	2,681,346	2,944,872	(263,525)
Invoices to be received	68,464	101,442	(32,978)
Credit notes to be received	(7,951)	0	(7,951)
Goods for purchase during travel	132,341	0	132,341
Bank to Factor	1,058,346	771,299	287,047
Total trade payables	**3,932,546**	**3,817,613**	**114,933**

Trade payables refer to payables incurred for the purchase of goods to be resold.

28. 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
Redemption vouchers issued	68,247	0	68,247
Total payables for contractual obligations	**68,247**	**0**	**68,247**

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

29. 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	550,000	(550,000)
Total contractual liabilities	**0**	**550,000**	**(550,000)**

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

30. Tax payables

The composition of the item "Tax 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
Withholdings on employee work and self-employment	57,649	70,788	(13,140)
IRES (corporate income tax)	982,441	1,101,215	(118,774)
IRAP (regional business tax)	198,848	202,297	(3,449)
VAT	57,795	317,420	(259,625)
Payables for penalties and interest	458,086	458,086	0
Withholdings	(13,223)	0	(13,223)
Total tax payables	**1,741,596**	**2,149,806**	**(408,210)**

As at 31 December 2020, the item mainly refers to the payable for IRES and IRAP for Euro 969 thousand and Euro 199 thousand, respectively, in addition to VAT and withholdings.

The decrease compared to the previous year, equal to Euro 408 thousand, is mainly due to the decrease in the IRES and VAT payable.

31. 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	71,755	177,571	(105,816)
Payables to employees	350,224	286,051	64,173
Security deposits	0	3,000	(3,000)
Payables to the parent company	1,000,000	0	1,000,000
Accrued expenses and deferred income	17,786	25,807	(8,022)
Total other current payables and liabilities	**1,439,766**	**492,430**	**947,335**

As at 31 December 2020, the item mainly includes payables to social security institutions for Euro 72 thousand, payables for fees to be paid to employees for Euro 350 thousand, payables to the parent company Summit S.r.l. for dividends to be paid for Euro 1,000 thousand, accrued liabilities and deferred income for Euro 18 thousand.

The increase compared to the previous year is mainly due to the payable to the parent company Summit S.r.l., which arose following the resolution for the distribution of dividends.

INCOME STATEMENT

32. 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	14,046,611	21,965,635	(7,919,023)
Total revenues from contracts with customers	**14,472,533**	**22,824,663**	**(8,352,130)**

The item “Revenues from contracts with customers” includes revenues from the sale of wholesale goods and revenues from shop sales. The latter, which represent 96% of the turnover, refer to the revenues generated by the 25 direct points of sales owned by the Company and by the revenues generated by the 5 directly managed franchised points of sale. 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 the Company's customers according to the geographic criterion and the timing of their recognition:

	1 January 2020 - 31 December 2020	
(Euro)	**Wholesale sales of goods**	**Retail sales of goods**
Type of assets		
Wholesale sales of goods	425,922	-
Proceeds from store sales	-	14,046,612
Total revenues from contracts with customers	**425,922**	**14,046,612**
Geographical area		
Italy	425,922	14,046,612
Abroad	-	-
Total revenues from contracts with customers	**425,922**	**14,046,612**
Timing of revenue recognition		
Goods transferred at a point in time	425,922	14,046,612
Goods transferred over time	-	-
Total revenues from contracts with customers	**425,922**	**14,046,612**

	1 January 2019 - 31 December 2019	
(Euro)	**Wholesale sales of goods**	**Retail sales of goods**
Type of assets		
Wholesale sales of goods	859,029	-
Proceeds from store sales	-	21,965,634
Total revenues from contracts with customers	**859,029**	**21,965,634**
Geographical area		
Italy	859,029	21,965,634
Abroad	-	-
Total revenues from contracts with customers	**859,029**	**21,965,634**
Timing of revenue recognition		
Goods transferred at a point in time	859,029	21,965,634
Goods transferred over time	-	-
Total revenues from contracts with customers	**859,029**	**21,965,634**

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.

33. 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	380,613	14,150	366,463
Discounts/allowances receivable	2,948	2,274	675
Contingent assets	103,633	41,045	62,588
Capital gains	498,619	0	498,619
Other minor proceeds	13,770	26,810	(13,040)
Total other income	**1,032,308**	**125,902**	**906,405**
of which with 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.

34. 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	8,981,918	10,680,944	(1,699,025)
Purchases of consumables	86,478	65,503	20,975
Ancillary charges on purchases	79,006	136,592	(57,586)
Change in inventories of goods	(1,808,169)	408,933	(2,217,102)
Total costs for raw materials, semi-finished products and consumables	**7,339,233**	**11,291,971**	**(3,952,738)**

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 3,953 thousand, is due to the containment of some costs as a result of the restrictions implemented by the Government to deal with the Covid-19 pandemic.

35. 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	22,846	33,896	(11,050)

Security services	29,636	70,980	(41,344)
Electricity	214,041	257,882	(43,841)
Water supply	13,516	15,638	(2,122)
Maintenance and repairs	172,911	767,075	(594,165)
Insurance	23,886	32,499	(8,613)
Advertising	104,661	106,553	(1,892)
Consulting	198,634	177,934	20,700
Remuneration to corporate bodies	97,631	102,520	(4,889)
Other costs for services	420,763	406,523	14,240
Total costs for services	**1,298,524**	**1,971,500**	**(672,976)**

Costs for services include costs for electricity and water utilities, costs for surveillance services, maintenance costs, services provided for technical, legal, administrative and professional consultancy, 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.

36. 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	2,529,883	3,166,873	(636,991)
Social security and insurance charges	665,259	862,389	(197,130)
Severance indemnity provision	169,175	116,848	52,327
Other personnel costs	8,742	22,400	(13,658)
Total personnel costs	**3,373,059**	**4,168,511**	**(795,452)**

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 795 thousand, derives from the effects of the temporary closure of the points of sale due to the lockdown linked to Covid-19 and the relative application of the CIGS (extraordinary wage guarantee fund), as well as the redistribution of work shifts in the opening hours.

37. 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
Rents	2,126	16,919	(14,793)
Resident expenses	19,036	14,278	4,757
Other costs relative to leases	80,766	109,738	(28,972)
Lease instalments	291	0	291
Non-income taxes	130,124	188,886	(58,762)
Contingent liabilities	48,235	13,070	35,165
Capital losses	0	36,481	(36,481)
Other minor operating costs	11,121	153,125	(142,004)
Total other operating costs	**291,698**	**532,497**	**(240,798)**

As at 31 December 2020, the item mainly includes condominium expenses and additional costs of rental points of sale for Euro 102 thousand, taxes and non-income taxes for Euro 130 thousand and contingent liabilities for Euro 48 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 the Company'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, it should be noted that, during 2019 and 2020, only the minimum fee was paid. The variable component, where paid, is recognised in the income statement.

The Company has no early termination options which it intends to exercise but which it has not valued in the lease liability. With regard to the renewal options, in its accounting policy for determining the duration of the lease, the Company 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 Company has undertaken commitments.

38. 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
Depreciation of rights of use	1,068,445	1,219,217	(150,772)
Depreciation of property, plant and equipment	270,220	202,392	67,828
Total amortisation/depreciation and write-downs	**1,340,933**	**1,421,609**	**(80,676)**

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.

39. 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	57,258	28,058	29,200
Exchange rate losses	7,523	1,717	5,805
Interest expense on lease contracts	159,190	165,137	(5,947)
Other financial expenses	5,328	9,113	(3,785)
Write-down of short-term equity securities	51,789	137,787	(85,999)
Total financial expenses	**281,087**	**341,813**	**(60,726)**

The increase in the item compared to the previous year, equal to Euro 61 thousand, is mainly due to the write-down of some securities in the portfolio, which were then sold.

40. Financial income

The composition of the item "Financial 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
Financial income from securities held in circulation	0	827,485	(827,485)
Exchange rate gains	9,235	1,738	7,497
Interest income	44,490	51,313	(6,823)
Earnings on investment funds	5	9,066	(9,060)
Total financial income	**53,731**	**889,602**	**(835,871)**

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.

41. 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	425,110	1,285,361	(860,250)
Deferred tax assets	19,087	(77,760)	96,847
Deferred tax liabilities	0	108	(108)
Totale imposte sul reddito	**444.197**	**1.207.709**	**(763.511)**

Current taxes refer to IRES and IRAP for the year.

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)

Pre-tax result	**1,634,038**	
Theoretical tax burden (24% rate)		**392,169**
Deferred tax liabilities and Deferred tax assets:		
Deferred tax liabilities and Deferred tax assets	-35,760	
Total	-35,760	
Temporary differences deductible in subsequent years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	39,999	
Total	39,999	
Reversal of temporary differences from previous years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	-119,527	
Total	-119,527	
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	60,618	
Deferred tax assets	-35,760	
Other increases	79,855	
Other decreases	-63,665	
Total	59,391	
Taxable amount	**1,649,661**	
Current income taxes for the year		**395,919**

Reconciliation between tax burden as per financial statements and theoretical tax burden (IRAP)		
Difference between value and cost of production	1,861,317	
Costs not relevant for IRAP purposes	3,373,059	
Other relevant items	0	
Total	**5,234,376**	
Theoretical tax burden (rate 4.82%)		**252,297**
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	170,116	
Other decreases for IRAP purposes	0	
Total	236,350	
IRAP deductions	2,969,530	
Taxable IRAP	**2,501,196**	
Current IRAP for the year (net of the benefit of Article 24 of Legislative Decree no. 34/2020)		**29,191**

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	389,055	24.00%	93,373	453,801	24.00%	108,912	19,087	-
Short-term employee benefit measurement	78,074	24.00%	18,738	78,074	24.00%	18,738		-
Registration of rights of use on leases	88,758	28.82%	25,580	88,758	28.82%	25,580		-
Discounting of severance indemnity	101,415	24.00%	24,340	53,529	24.00%	12,847		(11,493)
Total deferred tax assets	**657,302**		**162,031**	**674,162**		**166,077**	**19,087**	**(11,493)**
Cost/(Revenue) for deferred taxes							**19,087**	**(11,493)**
Net deferred tax liabilities			**(162,031)**			**(166,077)**		

42. Financial instruments - fair value and risk management

A. Accounting classification

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

(Euro)	31 December 2020	31 December 2019
Financial assets at amortised cost		
Other non-current receivables	398,590	378,718
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
Total financial assets at amortised cost	**628,233**	**1,716,525**
Financial liabilities at amortised cost		
Medium/long-term loans	4,115,858	773,956
Other non-current financial liabilities	6,274,909	5,208,193
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	3,817,613
Payables for contractual obligations	68,247	0
Tax payables	1,741,597	2,149,806
Other current payables and liabilities	1,439,766	492,430
Totale passività finanziarie al costo ammortizzato	**20.446.026**	**13.972.333**

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 Company, 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	-	**108,218**	-	**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	-
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**	**1,241,797**	**5,592,919**	**1,241,797**

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 whether the Company's financial assets and liabilities belong to 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	**-**	**108,218**	**-**
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 Company on the basis of parameters such as the interest rate, the individual creditworthiness of the subsidiary and the typical 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 Company's financing and loans that produce 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

Take Off exposed to varying degrees to risks of a financial nature associated with company activities. In particular, the Company 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 Company's sensitivity to interest rate risk is managed by appropriately taking into account the overall exposure: as part of the general policy of optimising financial resources, Take Off seeks to ensure a balance by resorting to the least expensive forms of financing.

The main sources of exposure of the Company 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 Company'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	0
BCC 2 loan	Euribor 3 months + spread	2023	589,664	0
BPM loan	fixed	2023	822,811	0
BPB 2 loan	fixed	2026	774,445	0
BDF loan	fixed	2026	818,097	0
Payables for leases	2.5%	2022-2031	6,274,909	5,208,193
Total non-current financial liabilities			**10,390,767**	**5,982,150**
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	0
BCC 2 loan	Euribor 3 months + spread	2021	127,251	0
Sanpaolo 2 loan	fixed	2021	296,639	0
BPM loan	fixed	2023	27,189	0
BPB 2 loan	fixed	2026	25,555	0
BDF loan	fixed	2026	156,408	0
Intesa Sanpaolo Spa import finan.		2021	83,483	0
Intesa Sanpaolo spa confirming		2021	268,687	0
Payables for leases	2.5%	2022-2031	1,396,043	1,170,712
Total current financial liabilities			**2,873,104**	**1,530,335**

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 Company 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 Company 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 financial assets of the Company, 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 the insolvency of the counterparty.

Liquidity risk

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

The Company is committed to obtaining a healthy generation of cash and then using it to cover the expenses 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 Company's financial liabilities on the basis of the payments envisaged in relation 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 Rights of Use	1,396,043	1,420,588	1,267,534	1,041,500	626,606	1,918,682	7,670,952
Trade payables	3,932,546						3,932,546
Payables for contractual obligations	68,247						68,247
Tax payables	1,741,597						1,741,597
Other current payables and liabilities	1,439,766						1,439,766
Total	**10,055,259**	**2,873,098**	**2,163,041**	**1,678,909**	**1,276,915**	**2,398,805**	**20,446,026**

(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
Payables for leases	1,170,712	1,200,311	1,196,943	1,050,112	827,367	933,458	6,378,903
Trade payables	3,817,613	-	-	-	-	-	3,817,613
Contractual liabilities	550,000	-	-	-	-	-	550,000
Tax payables	2,149,806	-	-	-	-	-	2,149,806
Other current payables and liabilities	492,430	-	-	-	-	-	492,430
Total	**8,540,184**	**1,569,079**	**1,534,418**	**1,117,826**	**827,367**	**933,458**	**14,522,333**

Changes in financial liabilities deriving from financial assets

Below is a breakdown of the changes in financial liabilities deriving from financial assets as at 31 December 2020, compared with 31 December 2019:

(Euro)	31 December 2019	Cash Flows	New leasing contracts	Other	31 December 2020
Medium/long-term loans	773,956	4,466,791	-	(1,124,899)	4,115,858
Payables to banks and short-term portion of loans	359,623	(7,451)	-	1,124,899	1,477,061
Lease liabilities - non-current portion	5,208,193	-	2,619,978	(1,553,262)	6,274,909
Leasing liabilities - current portion	1,170,712	(928,730)		1,154,061	1,396,043
Total	**7,512,484**	**2,371,644**	**2,619,978**	**(399,201)**	**13,263,871**

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 Company'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 maximise value for shareholders. The Company manages the capital structure and changes it according to variations in economic conditions. To maintain or adjust the capital structure, the Company may 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 Company 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	7,670,952	6,378,903
Trade and other payables	7,182,155	7,009,849
Cash and cash equivalents	(11,798,400)	(10,456,929)
Net debt	**8,647,626.00**	**4,065,404.00**
Shareholders' equity	**8,286,688**	**11,887,157**
Equity and net debt	**16,934,314**	**15,952,561**
Net debt/shareholders' equity	**104.36%**	**34.20%**

The change in the Net Debt/Shareholders' equity ratio compared to 2019 is attributable to the increase in bank loans obtained, as commented on in note 20 "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”.

43. 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 economic result for the period, profit or loss, attributable to the shareholders of the Company 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	1,189,841	2,904,557
Average number of ordinary shares	10,000,000	4,792,330
Basic and diluted earnings per share	**0.12**	**0.61**

The reduction in earnings per share compared to 2019 is due to the combined effect of:

- reduction of the result for the year;
- 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.

44. Significant events occurring after the end of the period

Covid-19 pandemic continues to spread throughout the country, albeit with less significant numbers. The Italian government has initiated the vaccination plan and has pursued the implementation of a series of partial lock-downs, differentiated by Region, and more targeted by geographic area.
It is therefore undeniable that the overall situation, with the current measures restricting personal movement, have nevertheless continued and continue to cause a decline in sales in our points of sale. Obviously, the tightening of government restrictions to contain the pandemic could inevitably have further adverse effects in this sense.
Considering this general condition of the market, the administrative bodies have continued to take actions to reduce company costs to ensure, in any case, the economic and financial equilibrium of the Company.
The start of vaccinations throughout the country has prompted cautious optimism, in the belief that only a large-scale and substantial uptake of the vaccine can quickly get us back to a completely normal social and economic situation.

45. 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.	0	0
Summit S.r.l.	0	1,000,000
Total	**0**	**1,000,000**

Balance as at 31 December 2019		
Vistamare S.r.l.	50,000	0
Summit S.r.l.	0	0
Total	**50,000**	**0**

INCOME STATEMENT TRANSACTIONS

(Euro)	Revenues from contracts with customers	Other income	Costs for raw materials and consumables
Balance as at 31 December 2020			
Vistamare S.r.l.			
Summit S.r.l.			418,405
Manuela Piccarreta		450,000	
Total	**0**	**450,000**	**418,405**
Balance as at 31 December 2019			
Vistamare S.r.l.			
Summit S.r.l.			
Total	**0**	**0**	**0**

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.

46. Remuneration of the Corporate Bodies

The annual remuneration approved by the Shareholders' Meeting for the Members of the Board of Directors is set at a total of Euro 90 thousand.

The annual remuneration approved by the Shareholders' Meetings for the Members of the Board of Statutory Auditors is set at a total of Euro 13 thousand.

The remuneration of the independent auditors for the audit of the company's financial statements is equal to Euro 19 thousand.

47. Information pursuant to art. 1, paragraph 125, of law no. 124 of 4 August 2017

In compliance with the new regulations on the transparency of public disbursements introduced by art. 1 paragraph 125 - 129 of Law no. 124/2017 5 (annual law for the market and competition) it should be noted that, on the basis of the cash criterion, during the year, Take Off received the following disbursements from public bodies:
- Euro 300,000 by way of grants received from the Puglia Region as “Investment aid for small and medium-sized enterprises” POR Puglia FESR-FSE 2014-2020;
- Euro 70,711 as a tax credit on leases provided for by the Ristori Decree (Decree Law no. 137/2020, published in the Official Gazette of 28.10.2020) and, subsequently, by the Ristori-bis Decree (Decree Law no. 149/2020, published in the Official Gazette of 09.11.2020);
- Euro 87,532 by way of write-off of the first advance IRAP 2020 following the issue of art. 24 of Decree Law no. 34/2020.

With reference to the State aid and small amounts of aid which the Company benefited from during the year, please refer to the contents of the "National State Aid Register" pursuant to art. 52 of Law no. 234 of 24.12.2012.

48. Off-balance sheet commitments, guarantees and contingent liabilities

In compliance with the provisions of art. 2427, first paragraph, n. 9) of the Italian Civil Code, it should be noted that there are no off-balance sheet commitments, guarantees and contingent liabilities.

49. Management and coordination activities

The company is subject, pursuant to art. 2497 et seq. of the Italian Civil Code, to management and coordination activities by the company Summit Srl, based in Monopoli (BA), via Baione no. 251 / H, as a subsidiary of the same which holds 96.00% of the share capital and therefore the majority of the votes that can be exercised in the shareholders' meeting.
Pursuant to art. 2 97 bis, paragraph 4 of the Italian Civil Code, the key data of the latest approved financial statements of the company that exercises management and coordination are set out below:

STATEMENT OF FINANCIAL POSITION

(Euro)	**31 December 2019**
ASSETS	
Assets under development	
Intangible assets under development	1,138
Financial fixed assets	969,600
Current assets	
Receivables	114,061
Cash and cash equivalents	330,698
Accrued income and prepaid expenses	20
TOTAL ASSETS	**1,415,517**
LIABILITIES	
Shareholders' equity	567,192
Severance indemnity fund	574
Payables	847,704
Accrued expenses and deferred income	47
TOTAL LIABILITIES	**1,415,517**

INCOME STATEMENT

(Euro)	**For the year ended 31 December 2019**
Production value	986,078
Costs of production	199,953
Difference between value and cost of production	**786,125**
Financial income and expenses	725
Income taxes	229,657
Profit/(loss) for the year	**557,193**

50. Transition to international accounting standards

Introduction

As part of the process envisaged for the admission of the ordinary shares of Take Off S.p.A. (hereinafter also "the Company" or "Take Off") to trading on the multilateral trading system AIM Italia - Alternative Capital Market organised and managed by Borsa Italiana SpA (hereinafter "AIM Italia"), the Company has chosen to prepare the 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 set forth in by art. 4 paragraph 5 of Legislative Decree no. 38/2005.

Based on this option, the transition date to IAS/IFRS is therefore 1 January 2019. The latest financial statements drawn up in compliance with the Italian Accounting Standards are those relating to the year ended 31 December 2019.

The financial data restated in accordance with the IAS/IFRS were obtained by making the appropriate adjustments to the final data, drawn up in accordance with the national legislation in force, interpreted by the accounting standards issued by the Italian Accounting Standards Setter, to reflect the changes in the presentation, recognition and measurement criteria required by IAS/IFRS. The transition to the IAS/IFRS entailed the maintenance of the estimates previously formulated according to the Italian accounting standards, unless the adoption of the IAS/IFRS required the formulation of estimates according to different methodologies.

As required by IFRS 1, this Appendix shows the reconciliation statements between the values previously reported according to the Italian accounting standards and those restated according to the IAS/IFRS, as at the transition date (1 January 2019) and as at the date of 31 December 2019, accompanied by the related explanatory notes of the adjustments made. In particular, the following have been prepared:

- the reconciliations between the statements of financial position prepared in accordance with the Italian accounting principles and the statements of financial position prepared in accordance with the IAS/IFRS as at 1 January 2019 and 31 December 2019;
- the reconciliation between the income statement prepared in accordance with Italian accounting standards and the IAS/IFRS income statement for the year ended 31 December 2019;
- the IAS/IFRS statement of comprehensive income for the year ended 31 December 2019;
- the reconciliation of the shareholders' equity as at 1 January 2019 and as at 31 December 2019 and the reconciliation of the economic result for the year ended as at 31 December 2019 between Italian accounting standards and IAS/IFRS;
- the reconciliation between the statement of cash flows prepared in accordance with Italian accounting standards and the IAS / IFRS cash flow statement for the year ended 31 December 2019.

All the statements are drawn up in Euro, while the explanatory notes to the reconciliation statements are drawn up in thousands of Euro.

It should be noted that these statements lack comparative data, having been prepared solely for the purpose of their envisaged inclusion, as the first IAS/IFRS financial statements of the Company, in the Document for the Admission to trading of ordinary shares on AIM Italia.

The restatement of the financial data in compliance with the IAS/IFRS also required making some choices from the options provided by the IAS/IFRS, highlighted below.

Criteria for preparing the financial data restated in compliance with the IAS/IFRS

The financial data of Take Off restated in accordance with the IAS/IFRS were prepared starting from the financial statements prepared in accordance with the Italian accounting standards, making the appropriate adjustments and reclassifications to reflect the differences in the presentation, recognition and measurement of the items required by IFRS.

In particular, the adjustments were made to ensure the compliance of the financial data with the IAS/IFRS in force, which were used in the preparation of the opening statement of financial position as at 1 January 2019 (transition date) and of the financial statements as at 31 December 2019 (comparative period).

The effects of the transition to IAS/IFRS represent a change in accounting standards and, consequently, as required by IFRS 1, are reflected in the opening shareholders' equity as at the transition date (1 January 2019). In the transition to IFRS, the estimates previously made in compliance with the Italian accounting standards were confirmed, except in cases in which the estimates and related disclosure made in accordance with the previous accounting standards were no longer relevant as a result of the adoption by Take Off, of different accounting criteria with the transition to IAS/IFRS.

Take Off has applied all the IAS/IFRS and related SIC/IFRIC interpretative principles approved by the European Commission in force on the date of preparation of these financial statements.

Below are the financial statements restated on the basis of the IAS/IFRS as at 31 December 2019 and for the year ended on that date, as well as the statement of and financial position restated as at 1 January 2019.

Statement of financial position as at 1 January 2019 and as at 31 December 2019 (restated in accordance with IAS/IFRS)

(Euro)	01/01/2019	31/12/2019
ASSETS		
Non-current assets		
Property, plant and equipment	2,203,585	2,674,369
Intangible assets	0	4,680
Right-of-use assets	5,859,974	6,262,905
Equity investments in subsidiaries	9,500	9,500
Other non-current receivables	373,791	378,718
Deferred tax assets	61,175	166,078
TOTAL NON-CURRENT ASSETS	**8,508,025**	**9,496,250**
Current assets		
Inventories	5,921,700	5,512,768
Trade receivables	208,942	270,906
Other current receivables	1,940,506	915,155
Tax receivables	11,296	43,528
Current financial assets	563,291	108,218
Cash and cash equivalents	7,434,086	10,456,929
TOTAL CURRENT ASSETS	**16,079,821**	**17,307,504**
TOTAL ASSETS	**24,587,846**	**26,803,754**
SHAREHOLDERS' EQUITY		
Share capital	40,000	410,000
Legal reserve	8,000	8,000
Reserve from conversion to IAS/IFRS	2,440,366	2,440,366
Other reserves	3,456,833	6,124,234
Profit/(loss) for the year	2,753,351	2,904,557
TOTAL SHAREHOLDERS' EQUITY	**8,698,550**	**11,887,157**
LIABILITIES		
Non-current liabilities		
Medium/long-term loans	1,133,579	773,956
Other non-current financial liabilities	4,854,518	5,208,193

Liabilities for future employee benefits	158,975	351,623
Provisions for risks and charges	50,000	42,531
Deferred tax liabilities	-	109
TOTAL NON-CURRENT LIABILITIES	**6,197,072**	**6,376,412**
Current liabilities		
Payables to banks and short-term portion of long-term loans	498,400	359,623
Other current financial liabilities	1,005,456	1,170,712
Trade payables	5,273,856	3,817,612
Current contractual liabilities	-	550,000
Tax payables	2,474,490	2,149,806
Other current payables and liabilities	440,022	492,432
TOTAL CURRENT LIABILITIES	**9,692,224**	**8,540,185**
TOTAL LIABILITIES	**15,889,296**	**14,916,597**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**24,587,846**	**26,803,754**

Income statement for the year ended 31 December 2019 (restated in accordance with IAS/IFRS)

(Euro)	**31/12/2019**
Revenues from contracts with customers	22,825,769
REVENUES	**22,825,769**
Other income	180,839
Costs for raw materials, ancillary materials and consumables and goods	(10,939,081)
Costs for services	(1,971,500)
Personnel costs	(4,168,511)
Change in inventories of raw and ancillary materials, consumables and goods	(408,933)
Other operating costs	(532,497)
Amortisation/depreciation and write-downs	(1,421,609)
Loss/(recovery) of value of non-current assets	-
OPERATING INCOME	**3,564,477**
Financial expenses	(341,814)
Financial income	889,602
PRE-TAX RESULT FROM OPERATING ACTIVITIES	**4,112,265**
Income taxes	(1,207,708)
RESULT OF THE YEAR FROM OPERATING ACTIVITIES	**2,904,557**
ASSETS HELD FOR SALE	
Net result from assets held for sale	-
RESULT FOR THE YEAR	**2,904,557**
Basic/diluted earnings per share	*6.06*

Comprehensive income statement for the year ended 31 December 2019 (restated in accordance with IAS/IFRS)

(Euro)	**31/12/2019**
RESULT FOR THE YEAR	**2,904,557**
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	(85,951)
Total other components of comprehensive income	**(85,951)**
Other components of comprehensive income that will subsequently be reclassified in profit/(loss) for the year (net of taxes)	-
COMPREHENSIVE INCOME/LOSS FOR THE YEAR	**2,818,606**

Statement of changes in shareholders' equity for the year ended as at 31 December 2019 (restated in accordance with IAS/IFRS)

(Euro)	Share capital	Legal reserve	Reserve from conversion to IAS/IFRS	Other reserves	Profit/(loss) for the year	Total
Balance as at 1 January 2019	**40,000**	**8,000**	**2,440,366**	**3,456,833**	**2,753,351**	**8,698,550**
Result for the year	-	-	-	-	*2,904,557*	*2,904,557*
Other items of the comprehensive income statement	-	-	-	*(85,951)*	-	*(85,951)*
Comprehensive income/loss for the year	-	-	-	(85,951)	2,904,557	2,818,606
Allocation of the result of the previous year	-	-	-	2,753,351	(2,753,351)	-
Share capital increase	370,000	-	-		-	370,000
Rounding	-	-	-	1	-	1
Balance as at 31 December 2019	**410,000**	**8,000**	**2,440,366**	**6,124,234**	**2,904,557**	**11,887,157**

Statement of cash flows for the year ended 31 December 2019 (restated in accordance with IAS/IFRS)

(Euro)	**31/12/2019**
Operating activities	
Pre-tax result from continuing operations	4,112,265
Pre-tax result from assets held for sale	-
Pre-tax result	4,112,265
Adjustments to reconcile the pre-tax result with the net cash flow from operating activities:	
Depreciation and impairment of property, plant and equipment	201,873
Amortisation and impairment of intangible assets and rights of use	1,219,737
Provisions for future employee benefits	116,848
Provisions for risks and charges	2,531
Change in fair value of financial instruments	137,787
Financial income	(889,602)
Financial expenses	341,814
Other	(3,967)
Changes in working capital:	
Trade receivables	(61,964)
Other current receivables	993,119
Inventories	408,932
Trade payables and contractual liabilities	(906,244)
Other current payables	(403,315)
Net change in non-current receivables/payables	(4,927)
Net change in deferred tax assets and liabilities	(77,652)
Payments for employee benefits	(39,479)
Utilisation of provisions for risks and charges	(10,000)
Interest (paid)/collected	687,761
Income taxes paid	(1,214,453)
Net cash flow from operating activities	**4,611,064**

Investment activity	
Investments in property, plant and equipment	(672,657)
Investments in intangible assets	(5,200)
Net cash flow from investing activities	**(677,857)**
Financing activities	
New medium/long-term loans	-
Repayment of medium/long-term loans	(498,400)
Repayment of financial liabilities for rights of use on leases	(1,099,250)
Share capital increase	370,000
Net change in other short-term financial assets	317,286
Net cash flow from financing activities	**(910,364)**
Net (decrease)/increase in cash and cash equivalents and short-term deposits	**3,022,843**
Opening cash and short-term deposits	**7,434,086**
Closing cash and short-term deposits	**10,456,929**

Rules of first application of the IFRS

Take Off has drawn up the statement of financial position as at the transition date (1 January 2019), based on what is indicated below, except for the mandatory and optional exceptions provided for by IFRS 1 and detailed below:

- recognising all the assets and liabilities whose recognition is required by the IAS/IFRS;
- eliminating all assets and liabilities whose recognition is not allowed by the IAS/IFRS;
- reclassifying assets, liabilities and shareholders' equity components in accordance with the requirements of the IAS/IFRS;
- applying the IAS/IFRS in the measurement of all recognised assets and liabilities.

In restating the opening statement of financial position as at 1 January 2019 and the financial statements as at 31 December 2019, Take Off has adopted the following options:

- assets and liabilities are classified in the financial statements as current and non-current;
- in the income statement, costs are classified according to their nature;
- the comprehensive income statement is presented separately from the income statement;
- cash flows are represented using the indirect method.

The statement of financial position as at 1 January 2019 and 31 December 2019 was drawn up with the historical cost criterion, except for some financial assets and liabilities (including derivative instruments) measured at fair value.

Application of mandatory exceptions

Take Off considered all the mandatory exceptions provided for by IFRS 1, as reported below:

Estimates (IFRS 1, 14-17)

The estimates made by Take Off in the preparation of the statement of financial position as at 1 January 2019 and as at 31 December 2019 are consistent with the estimates made in accordance with the previous Italian accounting standards, except in cases where the estimates and related disclosures compliant with the previously applied accounting standards were no longer relevant as a consequence of Take Off's adoption of different accounting criteria with the transition to IAS/IFRS. For this reason, the estimates have not been updated with any information received at a later date. The changes in the estimates that turned out to be appropriate were accounted for prospectively.

Classification and measurement of financial instruments (IFRS 1, B8-B8C), derecognition of financial assets and liabilities (IFRS 1, B2 and B3), impairment of financial assets (IFRS 1, B8D-B8G)
To simplify the implementation of IFRS 9 "Financial instruments" (IFRS 9), in force for the periods starting from 1 January 2018, IFRS 1 introduced a short-term exemption for the comparative information of entities whose first financial year for which the financial statements are prepared in accordance with IFRS begins before 1 January 2019 (IFRS 1, E1 and E2). In particular, this exemption requires the non-restatement of the comparative information in accordance with IFRS 9, instead conforming to the requirements of the accounting standards previously applied in place of the requirements of IFRS 9, and recording any adjustment at the beginning of the first year for which the financial statements are drafted in compliance with IFRS.

Since Take Off's first financial statements prepared in accordance with IAS/IFRS are subsequent to the date envisaged by the exemption (1 January 2019), the same is not applicable. IFRS 9 was therefore adopted prospectively by the Company starting from 1 January 2019 (transition date).

Embedded derivatives (IFRS 1, B9)

Take Off assessed the need to separate embedded derivatives from their main contracts and account for them as derivatives based on the conditions that existed on the more recent of the following two dates: the date on which Take Off began to be a party to the contract and the date of any change in the terms of the contract that significantly changed the cash flows required by the contract. Based on these assessments, Take Off has concluded that there are no embedded derivatives that need to be separated from the related main contracts.

Public funding (IFRS 1, B10-B12)

As at 1 January 2019 and 31 December 2019, Take Off does not account for existing public loans. For this reason, this mandatory exemption is not applicable.

Accounting for hedging transactions (IFRS 1, B4-B6)

As at 1 January 2019 and 31 December 2019, Take Off does not account for derivative financial instruments. For this reason, this mandatory exemption is not applicable.

Assets and liabilities of associates and joint ventures and assets and liabilities of Take Off (IFRS 1, D16 and D17)

As at 1 January 2019 and 31 December 2019, Take Off does not record equity investments in associates and/or joint ventures. This mandatory exemption is therefore not applicable to the Company.

Investment Entity (IFRS 1, 39AD)

Take Off is not an investment entity and therefore this mandatory exemption is not applicable.

Accounting options adopted by Take Off

Take Off has adopted the following accounting options granted by IFRS 1:

Business combinations (IFRS 1, C1-C5)
The Company has chosen to apply IFRS 3 prospectively to transactions that took place before the date of transition to IAS/IFRS. Corporate acquisitions that took place before 1 January 2019 have therefore not been restated on the basis of international accounting standards.

Leasing (IFRS 1, D9 - D9E)
During the transition to the IAS/IFRS, the Company has chosen to adopt the practical expedient of not re-examining whether a contract is or contains a lease on 1 January 2019, applying the standard only to contracts that, at the date of initial application, were previously identified as leases by applying IAS 17 and IFRIC 4.
The Company has also chosen to use the exemption provided for contracts which, on the effective date, have a duration of 12 months or less and do not contain purchase options (short-term leasing), and whose underlying asset is of modest value.
With regard to operating leases, right-of-use assets have been recognised for a value equal to that of the corresponding lease liability. Lease liabilities were measured at the present value of the remaining payments due for the lease, discounted using the lessee's marginal borrowing rate at the date of initial application.
The following practical expedients allowed by IFRS 16 have also been applied, which make it possible to:

- use a single discount rate for a portfolio of contracts with reasonably similar characteristics;
- exclude initial direct costs from the valuation of the right-of-use asset at the date of initial application;
- allow the company to base its position on experience gained, for example in determining the lease term containing lease extension or termination options.

Employee benefits (IFRS 1, D10-D11)
The actuarial gains and losses accumulated from the start of the plans up to the date of transition to the IAS/IFRS are charged directly to shareholders' equity.

Accounting treatments chosen as part of the accounting options envisaged by the IAS/IFRS

Valuation of intangible assets and property, plant and machinery
After the initial recognition at cost or at the replacement value of the cost, IAS 16 and IAS 38 provide that such assets can be valued at cost (and amortised) or at fair value. The Company has chosen to adopt the cost method.

Measurement of right-of-use assets
After initial recognition, IFRS 16 provides that right-of-use assets are valued at cost, with the exception of the following:

- right-of-use assets that meet the definition of investment property pursuant to IAS 40 must be measured at fair value.
- if the right-of-use assets refer to a class of property, plant and equipment measured at fair value as required by IFRS 16, it is possible to choose to apply this model in the valuation of all right-of-use assets that refer to that class of property, plant and equipment.

Since the lease agreements entered into by the Company do not refer to investment properties, nor has the Company adopted the fair value for the valuation of property, plant and machinery, the rights of use assets are valued at cost.

The reconciliation statements required by IFRS 1 are shown below.

Reconciliation between the statement of financial position prepared in accordance with Italian accounting standards and the statement of financial position prepared in accordance with IAS/IFRS as at 1 January 2019

(Euro)	01/01/19 ITALIAN ACCOUNTING STANDARDS *	ADJUSTMENTS	01/01/19 IAS/IFRS	Note
ASSETS				
Non-current assets				
Property, plant and equipment	2,203,585	-	2,203,585	
Intangible assets	-	-	-	
Right-of-use assets	-	5,859,974	5,859,974	(1)
Equity investments in subsidiaries	9,500	-	9,500	
Other non-current receivables	373,791	-	373,791	
Deferred tax assets	34,298	26,877	61,175	(2)
TOTAL NON-CURRENT ASSETS	**2,621,174**	**5,886,851**	**8,508,025**	
Current assets				
Inventories	1,730,125	4,191,575	5,921,700	(3)
Trade receivables	208,942	-	208,942	
Other current receivables	1,940,506	-	1,940,506	
Tax receivables	11,296	-	11,296	
Current financial assets	563,291	-	563,291	
Cash and cash equivalents	7,434,086	-	7,434,086	
TOTAL CURRENT ASSETS	**11,888,246**	**4,191,575**	**16,079,821**	
TOTAL ASSETS	**14,509,420**	**10,078,426**	**24,587,846**	
SHAREHOLDERS' EQUITY				
Share capital	40,000	-	40,000	
Legal reserve	8,000	-	8,000	
Reserve from IAS/IFRS conversion	-	2,440,366	2,440,366	
Other reserves	3,456,833	-	3,456,833	
Profit/(loss) for the year	2,753,351	-	2,753,351	
TOTAL SHAREHOLDERS' EQUITY	**6,258,184**	**2,440,366**	**8,698,550**	(4)
LIABILITIES				
Non-current liabilities				
Medium/long-term loans	1,133,579	-	1,133,579	
Other non-current financial liabilities	-	4,854,518	4,854,518	(5)
Liabilities for future employee benefits	125,062	33,913	158,975	(6)
Provisions for risks and charges	50,000	-	50,000	
Deferred tax liabilities	-	-	-	
TOTAL NON-CURRENT LIABILITIES	**1,308,641**	**4,888,431**	**6,197,072**	
Current liabilities				
Payables to banks and short-term portion of long-term loans	498,400	-	498,400	
Other current financial liabilities	-	1,005,456	1,005,456	(7)
Trade payables	5,273,856	-	5,273,856	
Contractual liabilities	-	-	-	

Tax payables	808,392	1,666,098	2,474,490	(8)
Other current payables and liabilities	361,947	78,075	440,022	(9)
TOTAL CURRENT LIABILITIES	**6,942,595**	**2,749,629**	**9,692,224**	
TOTAL LIABILITIES	**8,251,236**	**7,638,060**	**15,889,296**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**14,509,420**	**10,078,426**	**24,587,846**	

** Balances reclassified according to IAS/IFRS*

Reconciliation between the statement of financial position prepared in accordance with Italian accounting standards and the statement of financial position prepared in accordance with IAS / IFRS as at 31 December 2019

(Euro)	31/12/19 ITALIAN ACCOUNTING STANDARDS *	ADJUSTMENTS	31/12/19 IAS/IFRS	Note
ASSETS				
Non-current assets				
Property, plant and equipment	2,674,369	-	2,674,369	
Intangible assets	4,680	-	4,680	
Right-of-use assets	-	6,262,905	6,262,905	(1)
Equity investments in subsidiaries	9,500	-	9,500	
Other non-current receivables	968,718	(590,000)	378,718	(4)
Deferred tax assets	109,592	56,486	166,078	(2)
TOTAL NON-CURRENT ASSETS	**3,766,859**	**5,729,391**	**9,496,250**	
Current assets				
Inventories	1,315,736	4,197,032	5,512,768	(3)
Trade receivables	270,906	-	270,906	
Other current receivables	918,455	(3,300)	915,155	(1)
Tax receivables	43,528	-	43,528	
Current financial assets	108,218	-	108,218	
Cash and cash equivalents	10,456,929	-	10,456,929	
TOTAL CURRENT ASSETS	**13,113,772**	**4,193,732**	**17,307,504**	
TOTAL ASSETS	**16,880,631**	**9,923,123**	**26,803,754**	
SHAREHOLDERS' EQUITY				
Share capital	1,000,000	(590,000)	410,000	
Legal reserve	8,000	-	8,000	
Reserve from IAS/IFRS conversion	-	2,440,366	2,440,366	
Other reserves	6,210,185	(85,951)	6,124,234	
Profit/(loss) for the year	2,921,308	(16,751)	2,904,557	
TOTAL SHAREHOLDERS' EQUITY	**10,139,493**	**1,747,664**	**11,887,157**	(4)
LIABILITIES				
Non-current liabilities				

Medium/long-term loans	773,956	-	773,956	
Other non-current financial liabilities	-	5,208,193	5,208,193	(5)
Liabilities for future employee benefits	298,095	53,528	351,623	(6)
Provisions for risks and charges	42,531	-	42,531	
Deferred tax liabilities	-	109	109	
TOTAL NON-CURRENT LIABILITIES	**1,114,582**	**5,261,830**	**6,376,412**	
Current liabilities				
Payables to banks and short-term portion of long-term loans	359,623	-	359,623	
Other current financial liabilities	-	1,170,712	1,170,712	(7)
Trade payables	3,817,612	-	3,817,612	
Current contractual liabilities	550,000	-	550,000	
Tax payables	482,135	1,667,671	2,149,806	(8)
Other current payables and liabilities	417,186	75,246	492,432	(9)
TOTAL CURRENT LIABILITIES	**5,626,556**	**2,913,629**	**8,540,185**	
TOTAL LIABILITIES	**6,741,138**	**8,175,459**	**14,916,597**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**16,880,631**	**9,923,123**	**26,803,754**	

** Balances reclassified according to IAS/IFRS*

Reconciliation between the income statement prepared according to Italian accounting standards and the income statement prepared according to IAS/IFRS for the year ended 31 December 2019

(Euro)	31/12/19 ITALIAN ACCOUNTING STANDARDS	ADJUSTMENTS	31/12/19 IAS/IFRS	Note
Revenues from contracts with customers	22,825,769	-	22,825,769	
REVENUES	**22,825,769**	**-**	**22,825,769**	
Other income	163,400	17,439	180,839	(10)
Costs for raw materials, ancillary materials and consumables and goods	(10,939,081)	-	(10,939,081)	
Costs for services	(1,971,500)	-	(1,971,500)	
Personnel costs	(4,267,004)	98,493	(4,168,511)	(11)
Change in inventories of raw and ancillary materials, consumables and goods	(414,389)	5,456	(408,933)	(12)
Other operating costs	(1,780,112)	1,247,615	(532,497)	(13)
Amortisation/depreciation and write-downs	(202,393)	(1,219,216)	(1,421,609)	(14)
Loss/(recovery) of value of non-current assets	-	-	-	
OPERATING INCOME	**3,414,690**	**149,787**	**3,564,477**	
Financial expenses	(174,490)	(167,324)	(341,814)	(15)
Financial income	889,602	-	889,602	
PRE-TAX RESULT FROM OPERATING ACTIVITIES	**4,129,802**	**(17,537)**	**4,112,265**	
Income taxes	(1,208,494)	786	(1,207,708)	(16)
RESULT OF THE YEAR FROM OPERATING ACTIVITIES	**2,921,308**	**(16,751)**	**2,904,557**	

ASSETS HELD FOR SALE			
Net result from assets held for sale	-	-	-
RESULT FOR THE YEAR	**2,921,308**	**(16,751)**	**2,904,557**
Basic/diluted earnings per share	*6.10*	*(0.04)*	*6.06*

Reconciliation between the comprehensive income statement prepared in accordance with Italian accounting standards and the comprehensive income statement prepared in accordance with IAS/IFRS for the year ended 31 December 2019

(Euro)	31/12/19 ITALIAN ACCOUNTING STANDARDS	ADJUSTMENTS	31/12/19 IAS/IFRS	Note
RESULT FOR THE YEAR	**2,921,308**	**(16,751)**	**2,904,557**	
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	-	(85,951)	(85,951)	(6)
Total other components of comprehensive income	**-**	**(85,951)**	**(85,951)**	
Other components of comprehensive income that will subsequently be reclassified in profit/(loss) for the year (net of taxes)	-	-	-	
COMPREHENSIVE INCOME/LOSS FOR THE YEAR	**2,921,308**	**(102,702)**	**2,818,606**	

Reconciliation of shareholders' equity as at 1 January 2019 and as at 31 December 2019 and reconciliation of the economic result for the year ended 31 December 2019 between Italian accounting standards and IAS/IFRS

	01/01/2019	31/12/2019	31/12/2019	31/12/2019	
(Euro)	SHAREHOLDERS' EQUITY	RESULT FOR THE YEAR	OTHER COMPONENTS OF COMPREHENSIVE INCOME	SHAREHOLDERS' EQUITY	Note
ASSETS					
Italian Accounting Standards	**6,258,184**	**2,921,308**	**-**	**10,139,493**	
Adjustments:					
Registration of rights of use on leases	-	(119,300)	-	(119,300)	(1)
Evaluation of inventories at weighted average cost	4,191,575	5,457	-	4,197,032	(3)

Reversal of unpaid share capital increase	-	-	-	(590,000)	(4)
Measurement of liabilities for future employee benefits	(33,913)	93,478	(113,093)	(53,528)	(6)
Short-term employee benefit measurement	(78,075)	2,829	-	(75,246)	(9)
Net current, prepaid/deferred taxes on adjustments	(1,639,221)	785	27,142	(1,611,294)	(2) - (8)
Total adjustments	**2,440,366**	**(16,751)**	**(85,951)**	**1,747,664**	
IAS/IFRS	**8,698,550**	**2,904,557**	**(85,951)**	**11,887,157**	

Reconciliation between the statement of cash flows prepared in accordance with Italian accounting standards and the cash flow statement prepared in accordance with IAS/IFRS for the year ended 31 December 2019

(Euro)	31/12/19 ITALIAN ACCOUNTING STANDARDS	ADJUSTMENTS	31/12/19 IAS/IFRS	Note
Operating activities				
Pre-tax result from continuing operations	4,129,802	(17,537)	4,112,265	
Pre-tax result from assets held for sale	-	-	-	
Pre-tax result	4,129,802	(17,537)	4,112,265	
Adjustments to reconcile the pre-tax result with the net cash flow from operating activities:				
Depreciation and impairment of property, plant and equipment	201,873	-	201,873	
Amortisation and impairment of intangible assets and rights of use	520	1,219,217	1,219,737	(14)
Provisions for future employee benefits	212,512	(95,664)	116,848	(6)
Provisions for risks and charges	2,531	-	2,531	
Change in fair value of financial instruments	137,787	-	137,787	
Financial income	(889,602)	-	(889,602)	
Financial expenses	174,490	167,324	341,814	(15)
Other	-	(3,967)	(3,967)	
Changes in working capital:				
Trade receivables	(61,964)	-	(61,964)	
Other current receivables	989,819	3,300	993,119	(1)
Inventories	414,389	(5,457)	408,932	(12)
Trade payables and contractual liabilities	(906,244)	-	(906,244)	
Other current payables	(402,845)	(470)	(403,315)	
Net change in non-current receivables/payables	(4,927)	-	(4,927)	
Net change in deferred tax assets and liabilities	(75,294)	(2,358)	(77,652)	(2) - (8)
Payments for employee benefits	(39,479)	-	(39,479)	
Utilisation of provisions for risks and charges	(10,000)	-	(10,000)	
Interest (paid)/collected	852,899	(165,138)	687,761	(15)
Income taxes paid	(1,214,453)	-	(1,214,453)	
Net cash flow from operating activities	**3,511,814**	**1,099,250**	**4,611,064**	
Investment activity				
Investments in property, plant and equipment	(672,657)	-	(672,657)	
Investments in intangible assets	(5,200)	-	(5,200)	
Net cash flow from investing activities	**(677,857)**	**-**	**(677,857)**	
Financing activities				
New medium/long-term loans	-	-	-	
Repayment of medium/long-term loans	(498,400)	-	(498,400)	
Repayment of financial liabilities for rights of use on leases	-	(1,099,250)	(1,099,250)	(1)

Share capital increase	370,000	-	370,000
Net change in other short-term financial assets	317,286	-	317,286
Net cash flow from financing activities	**188,886**	**(1,099,250)**	**(910,364)**
Net (decrease)/increase in cash and cash equivalents and short-term deposits	**3,022,843**		**3,022,843**
Opening cash and short-term deposits	**7,434,086**		**7,434,086**
Closing cash and short-term deposits	**10,456,929**		**10,456,929**

Explanatory Notes to the reconciliation statements

1) Right-of-use assets

The following table shows the effects of the IAS/IFRS adjustments on right-of-use assets:

(In thousands of Euro)	Lands and buildings	Total
As at 1 January 2019		
Balance in accordance with Italian Accounting Standards	-	-
Registration of rights of use on leases	5,860	5,860
Balance in accordance with IAS/IFRS	**5,860**	**5,860**
As at 31 December 2019		
Balance in accordance with Italian Accounting Standards	-	-
Registration of rights of use on leases	6,263	6,263
Balance in accordance with IAS/IFRS	**6,263**	**6,263**

The change in right-of-use assets between 1 January 2019 and 31 December 2019 is shown below:

(In thousands of Euro)	Lands and buildings	Total
Historical cost as at 1 January 2019	**5,860**	**5,860**
Increases during the year	2,833	2,833
Renegotiations	(33)	(33)
Terminations	(1,177)	(1,177)
Historical cost as at 31 December 2019	**7,483**	**7,483**
Accumulated depreciation as at 1 January 2019	-	-
Depreciation for the year	(1,220)	(1,220)
Accumulated depreciation as at 31 December 2019	**(1,220)**	**(1,220)**
Net book value as at 1 January 2019	**5,860**	**5,860**
Net book value as at 31 December 2019	**6,263**	**6,263**

According to the Italian accounting standards, both operating and financial leases are recorded in the financial statements using the "equity method", i.e. with the recognition on an accrual basis of the rents paid for the leased assets among production costs. If the contract provides for the payment of an initial 'maxicanone' (initial larger lease instalment), the part of the maxicanone pertaining to the year is recognised among the production costs of the income statement, while the part of the cost not pertaining to the year is deferred to subsequent years. In the event of early redemption of the leased asset, the amount of the deferred income relating to the maxicanone is capitalised in the value of the asset; this value is added to the cost incurred to redeem the asset. For financial leases, a specific disclosure is also provided in the explanatory notes showing the effect that would have resulted on the financial statements with the application of the "financial method", or with the recognition of the leased assets under the balance sheet assets, as a contra-entry to the payables for the fees to be paid.

On the basis of the IAS/IFRS, with the introduction of IFRS 16 a single model for the recognition and valuation of the lease contracts for the lessee, both financial and operational, was envisaged. In particular, the standard defines leasing as a contract that gives the right to use an asset for a certain period of time against payment of a consideration. As at the registration date of the lease, the financial liability equal to the current value of the instalments to be paid and the right of use on the asset held by the entity must be entered, accounting for the financial charges and depreciation relating to the right of use separately.

In calculating the present value of payments due, the Company uses the marginal borrowing rate as at the date of initial application or any subsequent restatement of the contractual provisions, since the implicit interest rate cannot be easily determined. The marginal borrowing rate is the interest rate that the lessee would have to pay for a loan, with a similar duration and collateral, required to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The Company estimates the marginal borrowing rate using observable data (such as market interest rates) if available.

With regard to the definition of the duration of the lease agreements, the Company considered the presence of renewal and cancellation options respectively for the lessee, the lessor or both. In the presence of renewal options that can be exercised by both contractual parties, the company 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 exercisable only by one of the two parties, the company 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 exercising renewal options.

After the effective date of the agreement, the Company reviews its duration if a significant event or a significant change in circumstances occurs which, depending on the Company's 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 June 2019, the IFRS Interpretation Committee began discussing the issue of the lease term (project: Lease Term and Useful Life of Leasehold Improvements). 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 this document, the Company has considered these discussions and conclusions and will continue to monitor their evolution over time.

With regard to the depreciation period of the right-of-use assets, if the contract transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects the fact that the lessee exercise the purchase option, the lessee must depreciate the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset. An exemption, applied by the Company, is envisaged for short-term leases (within 12 months) or relating to assets of modest value, for which the related costs can be recognised on a straight-line basis over the duration of the underlying contracts.

The Company has various operating lease agreements in place, relating to the properties in which the sales activity is carried out. for which, during the transition to the IAS/IFRS, it recorded the right-of-use assets and the financial liabilities relating to these contracts. The determination of the value of the rights-of-use assets as at the transition date took place for an amount equal to the lease liability. Right-of-use assets are amortised on a straight-line basis from the effective date (coinciding with the transition date to IAS / IFRS for existing contracts) at the end of the useful life of the right-of-use asset.

This different accounting treatment resulted in the following effects:

- as at 1 January 2019:
    - the recognition in non-current assets of right-of-use assets relating to real estate lease contracts for Euro 5,860 thousand;
    - the recognition of financial liabilities equal to the current value of the rents to be paid for Euro 5,860 thousand, of which Euro 1,005 thousand due within the following year, and Euro 4,855 thousand due beyond the following year;
- as at 31 December 2019:
    - the recognition in non-current assets of right-of-use assets relating to property lease contracts for Euro 6,263 thousand, net of accumulated depreciation of Euro 1,220 thousand;
    - the cancellation of prepaid expenses relating to fees paid in advance for Euro 3 thousand;
    - the recognition of financial liabilities equal to the current value of the rents to be paid for Euro 6,379 thousand, of which Euro 1,171 thousand due within the following year, and Euro 5,208 thousand due beyond the following year;
    - the cancellation of lease instalments paid during the year of Euro 1,248 thousand and the simultaneous recognition of financial charges for Euro 166 thousand and amortisation of rights of use for Euro 1,220 thousand;
    - the recognition of contingent assets linked to the early termination of some contracts for Euro 18 thousand;
    - a reduction in shareholders' equity of Euro 119 thousand and a reduction in the result for the year of Euro 119 thousand, gross of the related tax effect.

2) Deferred tax assets

The IAS/IFRS adjustments made to the values shown in compliance with the Italian accounting standards have had the following effect on the deferred tax assets:

	01/01/2019			31/12/2019			31/12/2019	
(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
Balance in accordance with Italian Accounting Standards								
Excess maintenance	142	24.00%	34	458	24.00%	110	76	-
	142		**34**	**458**		**110**	**76**	**-**
IAS/IFRS adjustments								
Discounting of severance indemnity	34	24.00%	8	54	24.00%	13	(23)	27
Short-term employee benefit measurement	78	24.00%	19	75	24.00%	18	(1)	
Registration of rights of use on leases	-	24% - 28.82%	-	117	24% - 28.82%	26	26	-
	112		**27**	**246**		**57**	**2**	**27**
Balance in accordance with IAS/IFRS								
Excess maintenance	142	24.00%	34	458	24.00%	110	76	-
Discounting of severance indemnity	34	24.00%	8	54	24.00%	13	(23)	27
Short-term employee benefit measurement	78	24.00%	19	75	24.00%	18	(1)	-
Registration of rights of use on leases	-		-	117	24% - 28.82%	26	26	-
	254		**61**	**704**		**166**	**78**	**27**

Deferred tax assets reflect the tax effects of the negative IAS/IFRS conversion adjustments presented in the shareholders' equity reconciliation statement. They refer to the recognition of deferred tax assets deriving from the application of actuarial methods in determining the severance indemnity provision, from the measurement of short-term benefits to employees as well as from the registration of the rights of use relating to existing property leases and related financial liabilities.

In determining the deferred tax assets, the tax rates that are believed to be in force when the taxes are reversed were applied.

3) Inventories

The following table shows the effects of the IAS/IFRS adjustments on inventories:

(In thousands of Euro)	01/01/2019	31/12/2019
Balance in accordance with Italian Accounting Standards	**1,730**	**1,316**
Evaluation of inventories at weighted average cost	4,192	4,197
Balance in accordance with IAS/IFRS	**5,922**	**5,513**

According to Italian accounting standards, inventories are recorded at the lower of the purchase or production cost and the realisable value based on market trends. The cost of fungible goods can be calculated with the weighted average method or with the "first in, first out" method; or "last in, first out".

On the basis of IAS/IFRS, inventories are recognised at the lower of cost and the net realisable value. The cost of inventories of fungible assets must be attributed by adopting the FIFO method (first in, first out) or the weighted average cost method.

In the financial statements prepared in accordance with national accounting standards, the Company valued inventories at the lower between the purchase cost and the presumed realisable value derived from an appraisal drawn up by an independent third party. During the transition to IAS/IFRS, the directors recalculated the weighted average cost of inventories, which is considered to be fully recoverable on the basis of sales trends and the prices applied. As a result of these calculations, the value of inventories was adjusted to Euro 5,822 thousand.

This different accounting treatment resulted in the following effects:

- as at 1 January 2019:
    - an increase in inventories of Euro 4,192 thousand, deriving from their weighted average cost evaluation;
    - an increase in shareholders' equity of Euro 4,192 thousand.
- as at 31 December 2019:
    - an increase in inventories of trade receivables of Euro 4,197 thousand;
    - an increase in shareholders' equity of Euro 4,197 thousand and an increase in the result for the year of Euro 5 thousand, gross of the related tax effect.

4) Shareholders' equity

The total of the adjustments on the company shareholders' equity is represented in the specific reconciliation between the shareholders'' equity according to the Italian accounting standards and the IAS/IFRS shareholders' equity as at 1 January 2019 and as at 31 December 2019.

In addition, it should be noted that, on the basis of Italian accounting standards, the subscribed capital, unpaid is entered in the balance sheet, with a separate indication of the part that may have already been called up.

On the basis of the IAS/IFRS, these receivables are accounted for as a direct reduction of shareholders' equity.

In 2019, the Company approved a share capital increase of Euro 960 thousand, fully subscribed by the company Summit S.r.l.. As at 31 December 2019, this increase was paid for Euro 370 thousand and there are therefore payments to be made for Euro 590 thousand.

This different accounting treatment resulted in the following effects:

- as at 1 January 2019: no effect.
- as at 31 December 2019: a reduction in shareholders' equity of Euro 590 thousand, following the direct deduction from shareholders' equity of the receivables from the shareholder Summit S.r.l. for payments still due in respect of the subscribed share capital increase.

5) Other non-current financial liabilities

The following table shows the effects of the IAS/IFRS adjustments on other non-current financial liabilities:

(In thousands of Euro)	**01/01/2019**	**31/12/2019**
Balance in accordance with Italian Accounting Standards	-	-
Registration of financial liabilities for rights of use on leases	4,855	5,208
Balance in accordance with IAS/IFRS	**4,855**	**5,208**

According to the Italian accounting standards, financial leases are accounted for using the "equity method", with the charge to the income statement of the rents accrued for the lease contracts in place.

On the basis of the IAS/IFRS, the leases are accounted for with the recognition of the right of use on the leased assets in the statement of financial position assets, as a contra-entry to the residual debt owed to the lessor, and the recording in the income statement of the amortisation rates on rights of use and interest expense on the residual financed capital, in place of the accrued rents.

For details of the effects on other non-current liabilities deriving from the application of IAS/IFRS, see note 1.

Below are the maturities of the financial liabilities relating to the lease contracts in place as at 1 January 2019 and 31 December 2019:

(In thousands of Euro)	**01/01/2019**	**31/12/2019**
<1 year	1,005	1,171
1-2 years	1,055	1,200
2-3 years	1,038	1,197
3-4 years	884	1,050
4-5 years	716	827
>5 years	1,162	934
Total	**5,860**	**6,379**

6) Liabilities for future employee benefits

The following table shows the effects of the IAS/IFRS adjustments on liabilities for future employee benefits:

(In thousands of Euro)	01/01/2019	31/12/2019
Balance in accordance with Italian Accounting Standards	**125**	**298**
Discounting of severance indemnity	34	54
Balance in accordance with IAS/IFRS	**159**	**352**

Liabilities for future employee benefits refer to the severance indemnity provision, whose accounting according to IAS/IFRS requires the application of actuarial methods.

This different accounting treatment resulted in the following effects:

- as at 1 January 2019:
  - an increase in the severance indemnity provision of Euro 34 thousand, corresponding to the accounting of the same according to IAS 19R;
  - a reduction in shareholders' equity of Euro 34 thousand;
- as at 31 December 2019:
  - increase in the severance indemnity provision of Euro 54 thousand;
  - i) reduction in shareholders' equity of Euro 54 thousand, ii) increase in the result for the year by Euro 93 thousand and iii) decrease of the other components of the comprehensive income statement of Euro 113 thousand, deriving mainly from actuarial profits, gross of the related effect tax.

7) Other current financial liabilities

The following table shows the effects of the IAS/IFRS adjustments on other current financial liabilities:

(In thousands of Euro)	01/01/2019	31/12/2019
Balance in accordance with Italian Accounting Standards	-	-
Registration of financial liabilities for rights of use on leases	1,005	1,171
Balance in accordance with IAS/IFRS	**1,005**	**1,171**

According to the Italian accounting standards, the leases are accounted for using the "equity method", with the charge to the income statement of the rents accrued for the lease contracts in place.

On the basis of the IAS/IFRS, the leases are accounted for with the recognition of the right of use on the leased assets in the statement of financial position assets, as a contra-entry to the residual debt owed to the lessor, and the recording in the income statement of the depreciation rates on rights of use and interest expense on the residual financed capital, in place of the accrued rents.

For details of the effects on other current liabilities deriving from the application of IAS/IFRS, see note 1.

8) Tax payables

The following table shows the effects of the IAS/IFRS adjustments on tax payables:

(In thousands of Euro)	**01/01/2019**	**31/12/2019**
Balance in accordance with Italian Accounting Standards	**808**	**482**
Evaluation of inventories at weighted average cost	1,666	1,668
Balance in accordance with IAS/IFRS	**2,474**	**2,150**

Tax payables reflect the tax effects of the positive IAS/IFRS conversion adjustment relating to the valuation of inventories at weighted average cost. They refer to the recognition, based on the provisions of IFRIC 23, of the tax liability related to the different tax treatment of inventories adopted prior to the conversion to IAS/IFRS, including the estimate of interest and penalties.

9) Other current payables and liabilities

The following table shows the effects of the IAS/IFRS adjustments on other current payables and liabilities:

(In thousands of Euro)	**01/01/2019**	**31/12/2019**
Balance in accordance with Italian Accounting Standards	**362**	**417**
Short-term employee benefit measurement	78	75
Balance in accordance with IAS/IFRS	**440**	**492**

The other current payables and liabilities reflect the remeasurement of the cost of short-term benefits to employees, related to holidays accrued and not taken, in accordance with the IAS/IFRS.

This different accounting treatment resulted in the following effects:

- as at 1 January 2019:
    - an increase in other current payables and liabilities of Euro 78 thousand;
    - a reduction in shareholders' equity of Euro 38 thousand;
- as at 31 December 2019:
    - an increase in other current payables and liabilities of Euro 75 thousand;

- a reduction in shareholders' equity of Euro 75 thousand and an increase in the profit for the year of Euro 3 thousand, gross of the related tax effect.

10) Other income

Following the accounting of the leases in accordance with the provisions of IFRS 16, the other income showed an increase of Euro 18 thousand, as shown below:

(In thousands of Euro)	31/12/2019
Balance in accordance with Italian Accounting Standards	**163**
Registration of rights of use on leases	18
Balance in accordance with IAS/IFRS	**181**

The effect mainly refers to contingent assets deriving from the early termination of some existing lease agreements.

11) Personnel costs

Following the application of actuarial methods for the accounting of liabilities for future employee benefits, as well as the measurement of short-term employee benefits, the personnel costs showed a decrease of Euro 98 thousand, as shown below:

(In thousands of Euro)	31/12/2019
Balance in accordance with Italian Accounting Standards	**(4,267)**
Discounting of severance indemnity	96
Short-term employee benefit measurement	2
Balance in accordance with IAS/IFRS	**(4,169)**

12) Change in inventories of raw and ancillary materials, consumables and goods

In consideration of the recognition of inventories for IAS/IFRS purposes based on the weighted average cost method, the change in inventories showed an increase of Euro 5 thousand, as shown below:

(In thousands of Euro)	31/12/2019
Balance in accordance with Italian Accounting Standards	**(414)**
Evaluation of inventories at weighted average cost	5
Balance in accordance with IAS/IFRS	**(409)**

13) Other operating costs

Following the booking of the leases in accordance with the provisions of IFRS 16, the other operating costs showed a decrease of Euro 1,248 thousand, as shown below:

(In thousands of Euro)	**31/12/2019**
Balance in accordance with Italian Accounting Standards	**(1,780)**
Reversal of lease fees	1,248
Balance in accordance with IAS/IFRS	**(532)**

The effect refers to the lease instalments paid in 2019, which, for IAS/IFRS purposes, were cancelled as a contra-entry to the recording of the amortisation on the rights of use of the leased properties and of the financial charges on the liabilities deriving from the residual financed capital.

14) Depreciation

The economic effect of the application of the IAS/IFRS on right-of-use assets led to higher depreciation for a total of Euro 1,220 thousand, as shown below:

(In thousands of Euro)	**31/12/2019**
Balance in accordance with Italian Accounting Standards	**(202)**
Registration of amortisation of rights of use on leases	(1,220)
Balance in accordance with IAS/IFRS	**(1,422)**

The effect refers to the calculation of depreciation on right-of-use assets, relating to existing real estate lease contracts.

15) Financial expenses

Following the accounting of the leases in accordance with the provisions of IFRS 16 and the application of actuarial methods for the accounting of liabilities for future employee benefits, the financial expenses showed an overall increase of Euro 168 thousand, as shown below:

(In thousands of Euro)	31/12/2019
Balance in accordance with Italian Accounting Standards	**(174)**
Registration of amortisation of rights of use on leases	(166)
Discounting of severance indemnity	(2)
Balance in accordance with IAS/IFRS	**(342)**

The effect refers to the interest payable for the payment of the real estate lease instalments for Euro 166 thousand and to the financial expenses deriving from the discounting of liabilities for future employee benefits for Euro 2 thousand.

16) Income taxes

The adjustments highlighted in the previous notes have the following effect on the income taxes item:

(In thousands of Euro)	31/12/2019
Balance in accordance with Italian Accounting Standards	**(1,208)**
Registration of rights of use on leases	26
Evaluation of inventories at weighted average cost	(2)
Discounting of severance indemnity	(23)
Short-term employee benefit measurement	(1)
Balance in accordance with IAS/IFRS	**(1,208)**

The item reflects the economic effects of the deferred taxation calculated on the positive and negative adjustments of conversion to the IAS/IFRS, as previously highlighted, as well as of the current taxes calculated on the positive adjustment of the conversion to the IAS/IFRS deriving from the valuation of inventories at weighted average cost.

17) Statement of cash flows

The adjustments on the statement of cash flows reflect what has already been highlighted in the previous notes.

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Dear Shareholders,

We invite you to approve the financial statements for the year ended 31 December 2020 as prepared by me.

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Rome, 1 March 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.