Take Off S.p.A.

Annual financial report to the separate and consolidated financial statements as at 31 December 2021

Take Off S.p.A.
Share capital Euro 1,562,480 fully paid-in
Headquarters in Via Montenapoleone 8
20121 Milan (MI)
Business Register of Milan and Tax Code 04509190759
VAT number 04509190759
R.E.A. (economic and administrative index) MI 2645965

INDEX

Management report

Letter from the Chairman to the Shareholders

Dear shareholders,

2021 closed with results that once again exceeded not only our expectations, but also those of the reference sector, confirming the Group's reliability and the validity of our strategy. We have reached a very important milestone. On 25 November 2021, the Group's listing process on the Euronext Growth Milan market was completed. This listing process will allow the Group to achieve advantages in terms of image and visibility as well as to provide the Company with financial resources to pursue its strategic objectives.

At the outset of the pandemic, Take Off reacted promptly and effectively as it is accustomed to facing emergencies and identifying swift and effective solutions and, for many years, it has been organisationally equipped to manage complexity. Thanks to this adaptability in the face of uncertainties and dynamic contexts, it has been possible, albeit with slowdowns due to compliance with health and safety standards imposed globally and the consequent economic crisis, to avoid interrupting operations and, instead make significant improvements to business processes, thanks also to digitisation. Turnover reached Euro 26,398 thousand (+ 24.64% compared to the previous year). Our operating profitability (EBITDA) was further strengthened and amounted to 36.05% of turnover, net profit grew by 47.80%. But this is not all. 2021 was an exceptional year also in terms of the great quality of these results. We have adopted an all-round approach to consumers, significantly increasing their interaction and loyalty. We have strengthened the quality of our customer network and further developed Take Off's presence on the digital channel nationwide. All this while remaining faithful to our unique heritage and maintaining a high level of control over the business. But mine and our task remains to look beyond, to think about the Take Off of tomorrow that we want to be stronger and stronger.

What I see today is a market that is changing profoundly and at an even faster pace than in the past. This is why, together with my team, I commenced a period of deep reflection in recent months, with the aim of implementing actions aimed at tackling these changes and strengthening our Brand more and more by setting ourselves increasingly challenging goals.

Creativity has always been our energy, multiplicity our strength, consistency with ourselves our belief, change is what makes us grow. Take Off is committed to continuing to explore its world and how close it is, and wants to do so by communicating with an ever-growing customer base. I conclude by recalling and emphasising that all this would not be possible if I didn't have, in Take Off, an exceptional and unique team of people. I thank each and every employee for their profound dedication, humility, talent, energy and passion that they dedicate every day to Take Off.

A new climb has just begun, but I believe we have a strong and determined group ready to conquer higher and higher peaks.

It is our duty to thank all our Shareholders and Stakeholders for the trust placed in us during the listing phase and for the constant stimulus they inject to help us to pursue ever-increasing development.

In conclusion, I am proud to announce that a dividend of 0.18 cents per share will be distributed.

The Chairman of the Board of Directors
Aldo Piccarreta

Corporate bodies of the parent company Take Off S.p.A.

Board of Directors

Aldo Piccarreta	Chairman and Chief Executive Officer
Giorgia Lamberti Zanardi	Director
Costantino Natale	Director
Fulvio Conti	Independent Director
Maurizio Baldassarini	Independent director

Appointed by the Shareholders' Meeting on 15 June 2020 for the three-year period 2020 - 2022 (except for the director Mr. Costantino Natale appointed on 20 December 2021, and for the director Mr. Maurizio Baldassarini appointed on 28 March 2022 following the resignation of Mr. Pierluca Mezzetti)

Board of Statutory Auditors

Luca Provaroni	Chairman
Sebastiano Bonanno	Standing auditor
Egidio Romano	Standing auditor

Appointed by the Shareholders' Meeting on 19 June 2019 for the three-year period 2019-2021

Independent Auditors:

EY S.p.A.

Appointed by the Shareholders' Meeting on 21 June 2020 for the three-year period 2020-2022

Management report

Introduction

Dear Shareholders,

the financial statements of the Take Off S.p.A. companies (hereinafter also "Take Off" or only the "Company" or the "Parent Company") and the consolidated financial statements of the Take Off Group and its subsidiaries (hereinafter the “Take Off Group” or only the “Group”) have been drawn up in compliance with the current provisions of Legislative Decree no. 127 of 9 April 1991 of the Italian Civil Code.

Art. 40 paragraph 2 bis of Legislative Decree no. 127/91 establishes that the report on operations of the consolidated financial statements and the management report of the separate financial statements can be presented in a single document, giving greater importance, where appropriate, to the issues that are relevant for all the companies included in the scope of consolidation. Therefore, this Management Report jointly reports the information relating to the Take Off Group and the parent company Take Off S.p.A..

The consolidated economic, equity and financial data indicated below in this document refer to the companies that, during 2021, carried out activities deemed significant for the purposes of the Take Off Group consolidation and which were subjected to control and coordination activities pursuant to art. 2497 of the Italian Civil Code.

The companies in the scope of consolidation include not only Take Off S.p.A., but the following:

- Over S.p.A. (hereinafter also only the "Over"), directly wholly-owned, with registered office in Milan, Via Bagutta, 13, VAT number 03498990757, following the contribution of the shares representing the entire share capital completed on 12.10.2021.

Operating conditions and business development

As is well known, Take Off S.p.A. is the first Italian chain of "fashion boutiques" with outlet prices. Founded in 2012, the company now has 31 points of sale including 26 direct and 5 franchisees distributed throughout the country, with a presence mainly concentrated in the South of Italy.

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

Over S.p.A. on the other hand, carries out its activity in the retail sector of children's clothing and accessories, with the Overkids proprietary brand. Its sales network is made up of 113 franchised points of sale as at 31.12.2021.

On 25 November 2021, the Group's listing process on the Euronext Growth Milan market was completed. This listing process will allow the Group to achieve advantages in terms of image and visibility as well as to provide the Company with financial resources to pursue its strategic objectives.

Alternative performance indicators

The Group uses some alternative performance indicators, which are not identified as accounting measures under IFRS, to allow a better assessment of the Group's performance.
These alternative performance indicators are constructed exclusively from historical data of the Company and determined in compliance with the provisions of the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015. The Company's net financial debt is determined in accordance with the provisions of guideline no. 39, issued on 4 March 2021 by ESMA, applicable from 5 May 2021, and in line with Warning Notice no. 5/21 issued by CONSOB on 29 April 2021.
The indicators 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).
The definition of the alternative performance indicators used in the consolidated financial statements is provided below:

- **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 debt**: is calculated as the sum of current and non-current financial payables, debt instruments, trade payables and other non-current payables, net of cash and cash equivalents and current financial assets;
- **Adjusted net financial debt**: is calculated as the sum of current and non-current financial payables, debt instruments, trade payables and other non-current payables, excluding leasing liabilities, net of cash and cash equivalents and current financial assets.

Management performance in 2021

The first part of 2021 was characterised by a significant ramping up of the vaccination plan throughout the country with an easing of restrictions on personal movement. Although the spread of the Covid-19 pandemic is not yet under control, the reduction of lockdown periods, also implemented in a flexible manner according to the worsening of the pandemic situation in each individual Region, has certainly contributed to determining considerable growth in the Group's turnover in the reference period, compared to the results achieved in the same period of the previous year. It should also be remembered that the first part of 2020 was characterised by the generalised lockdown imposed by the authorities, which forced us to close all the direct and indirect Take Off and Over points of sale from 10 March 2020 until 18 May 2020.

The Group has been able to withstand the "spike" of the pandemic, demonstrating how its business model is "defensive" and managing to perform even in times of crisis. In fact, as soon as the restrictions on the mobility of people were lifted, the Group was able to quickly achieve the same sales results as in the months of 2019.

The cost-cutting measures we have implemented have enabled us to achieve a consistent level of margins. In fact, we promptly implemented staff-related measures (redefinition of shifts and the number of employees per point of sale), 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, the company recorded a growth in margins (EBITDA), which went from 30.67% as at 31 December 2020 to 36.05% as at 31 December 2021.

Despite the persistence of the pandemic crisis, we have continued to record growth (since, in any case, we must always plan our future by looking ahead) and we have opened new points of sale:

- Take Off (adult line): Grosseto.
- Over (children line): Reggio Calabria, Forio, Catanzaro Lido, Catanzaro Centro Storico, Gualdo Tadino, Francavilla Fontana, Palagiano, Melito di Porto Salvo, Ginosa, San Giorgio a Cremano, Fidenza, Gela, Rosarno, Altofonte, Trapani, Sinnai, Benevento.

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.

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

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

Main Group income statement data

The following table shows the Group's consolidated results achieved in terms of revenues, operating result and pre-tax result as at 31 December 2021 and 2020 respectively:

(Euro)	**1 January 2021 - 31 December 2021**	**1 January 2020 - 31 December 2020**	**Changes**	**% Changes**
Revenues from contracts with customers	26,398,965	21,180,409	5,218,556	24.64%
Gross operating profit (EBITDA)	9,516,965	6,494,979	3,021,985	46.53%
Operating income	7,687,683	5,026,395	2,661,288	52.95%
Pre-tax result	7,197,066	4,985,078	2,211,988	44.37%
Result for the period	5,639,312	3,815,524	1,823,788	47.80%

Consolidated revenues for the 2021 financial year increased by 24.64% compared to those of the previous period, marking an increase of Euro 5,218 thousand.

Starting from a pre-tax result of Euro 7,197 thousand (Euro 4,985 thousand in the period 1.01.20 - 31.12.20), the final result for the period is equal to Euro 5,639 thousand (Euro 3,816 thousand in the period 1.01.20 - 31.12.20).

The company's reclassified income statement compared with that of the same period in 2020 is as follows:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes	% Changes
Revenues from contracts with customers	26,398,965	21,180,409	5,218,556	25%
REVENUES	**26,398,965**	**21,180,409**	**5,218,556**	**25%**
Other income	1,591,518	1,156,132	435,386	38%
Costs for raw materials and consumables	(12,067,419)	(9,966,095)	(2,101,324)	21%
Costs for services	(1,806,071)	(1,657,204)	(148,867)	9%
Personnel costs	(4,311,107)	(3,872,767)	(438,340)	11%
Other operating costs	(288,922)	(345,495)	56,574	-16%
EBITDA*	**9,516,965**	**6,494,979**	**3,021,985**	**47%**
Amortisation/depreciation	(1,829,281)	(1,468,584)	(360,697)	25%
EBIT**	**7,687,683**	**5,026,395**	**2,661,288**	**53%**
Financial result	(490,618)	(41,317)	(449,301)	1087%
PRE-TAX RESULT	**7,197,066**	**4,985,078**	**2,211,988**	**44%**
Income taxes	(1,557,753)	(1,169,554)	(388,200)	33%
PROFIT FOR THE YEAR	**5,639,312**	**3,815,524**	**1,823,788**	**48%**

(*) **EBITDA** corresponds to the net result adjusted for financial income, taxes, amortisation/depreciation of fixed assets, provisions and write-downs of receivables. EBITDA thus defined represents the indicator used by the Group to monitor and evaluate its operating performance. Since it is not defined as an accounting measure under the International Accounting Standards, it must not be considered as an alternative measure for evaluating the performance of operating results.
(**) **EBIT** corresponds to the net result adjusted for financial income and taxes. As the composition of **EBITDA** and **EBIT** is not governed by the relevant Accounting Standards, the determination criteria applied by the Group may not be homogeneous with those adopted by other entities and therefore may not be comparable.

We point out that the item 'other revenues' includes both public grants for Euro 781 thousand including Euro 420 thousand relating to the tax credit on the increase in changes in inventories; Euro 240 thousand of Covid title II received to deal with the pandemic crisis; the portion of the SME listing bonus for Euro 82 thousand for the expenses incurred for the listing on the Euronext Growth Milan market and other revenues and various income for Euro 564 thousand realised from the sale of furniture to Horizon (for more information, see note 45 "Related-party transactions").

It should be noted that the costs for raw materials increased in line with the increase in revenues. Costs for services increased by 149 thousand euros and were mainly affected by the part carried at cost relating to the consultancy costs incurred in support of the listing process which ended on 25 November 2021.

The cost of personnel, which increased by Euro 438 thousand, was initially affected by the partial reopening resulting from the improvement in the pandemic situation due to Covid-19 and the subsequent elimination of some restrictions, as well as the non-use of the CIG (wage guarantee fund).

The balance of financial management, a charge in 2021 of Euro 490 thousand and in 2020 for Euro 41 thousand, is mainly affected by the higher exchange rate losses realised in the 2021 financial year.

Main Group statement of financial position data

The consolidated statement of financial position of the Group, compared with that as at 31 December 2020, is the following:

(Euro)	31 December 2021	31 December 2020
Property, plant and equipment	1,375,266	1,961,109
Intangible assets	23,058	15,185
Right-of-use assets	6,635,092	7,789,800
Equity investments in subsidiaries	0	0
Other non-current assets	424,478	479,103
Receivables from other companies	0	0
Deferred tax assets	1,261,777	1,543,811
Non-current assets (A)	**9,719,671**	**11,789,008**
Inventories	8,733,667	10,981,873
Trade receivables	227,184	179,780
Other current receivables	1,320,113	737,372
Tax receivables	184,568	17,222
Short-term assets for the year (B)	**10,465,532**	**11,916,248**
Trade payables	(4,890,388)	(6,591,368)
Tax payables	(2,235,182)	(3,031,106)
Other current payables and liabilities	(465,652)	(1,540,147)
Provisions for risks and charges	0	0
Short-term liabilities for the year (C)	**(7,591,222)**	**(11,162,621)**
Net working capital* (D) = (B) + (C)	**2,874,310**	**753,627**
Liabilities for future employee benefits	(929,803)	(692,147)
Provisions for risks and charges	(42,531)	(42,531)
Other non-current payables and liabilities	(94,500)	(58,000)
Deferred tax liabilities	(108)	(52,257)
Medium/long-term liabilities (E)	**(1,066,943)**	**(844,936)**
INVESTED CAPITAL (A) + (D) + (E)**	**11,527,039**	**11,697,700**
Shareholders' equity	23,654,135	11,838,234
Non-current net debt	9,862,837	12,304,389
Current net liquidity	(21,989,934)	(12,444,923)
SHAREHOLDERS' EQUITY AND NET FINANCIAL POSITION	**11,527,039**	**11,697,700**

(*) **Net Working Capital** is 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.
(**) **Invested Capital** is the sum of Net Working Capital and Fixed Assets net of long-term liabilities and Provisions. As Net Working Capital and Net Invested Capital are not identified as accounting measures under the relevant Accounting Standards, the determination criteria applied by the Group may not be homogeneous with those adopted by other entities and therefore may not be comparable.

Main Group financial data

The net financial debt of the Group as at 31 December 2021, compared with that as at 31 December 2020, is as follows:

(Euro)	31 December 2021	31 December 2020
A - Cash	26,455,694	15,405,808
B - Cash equivalents	0	0
C - Other current financial assets	0	0
D - Liquidity (A + B +C)	26,455,694	15,405,808
E - Current financial payables	(2,951,044)	(1,477,061)
F - Portion of non-current financial payables	(1,514,716)	(1,483,823)
G - Current financial debt (E + F)	(4,465,760)	(2,960,885)
H - Net current financial debt (D + G)	21,989,934	12,444,923
I - Non-current financial payables	(8,656,468)	(10,699,900)
J - Debt instrument	0	0
K - Trade payables and other non-current payables	(1,206,369)	(1,604,489)
L - Non-current financial debt (I + J + K)	(9,862,837)	(12,304,389)
M - Net financial debt (H + L)	12,127,096	140,535
N - Financial payables from application of IFRS 16	(6,946,520)	(8,067,866)
O - Adjusted net financial debt (M - N)	19,073,616	8,208,401

Net financial debt (M) for the year decreased by approximately Euro 11,987 thousand compared to the previous year; this change is due to the combined provisions of the increase in liquidity due to the listing process and the signing of new loans with banks, as well as the repayments of existing loans according to the amortisation plans.

It was considered appropriate to present, in the previous table, also the adjusted net financial debt, which excludes, with respect to the previously described calculation, the payable for the Rights of use equal to Euro 6,947 thousand recognised as at 31.12.2021 (Euro 8,068 thousand as at 31.12.2020), 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 31.12.2021 is positive and equal to Euro 19,074 thousand (Euro 8,208 thousand as at 31.12.2020).

Group economic and efficiency indicators

For a better description of the Group's income, equity and financial situation, the tables below show some profitability, equity and financial ratios compared with the same ratios as at 31 December 2020.

	31 December 2021	31 December 2020
EBITDA	9,516,965	6,494,979
EBITDA margin	36.05%	30.67%
ROE Before Tax (Pre-tax result for the period/SE)	30.43%	42.11%
ROI (EBIT/Total Assets)	16.48%	12.85%
ROS (EBIT/Revenues)	29.12%	23.73%

The economic indices[1] confirm the dynamics already commented on and the management results obtained. As at 31 December 2021, strong growth in EBITDA was recorded, which stood at 36.05% of revenues compared to 30.67% 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 consolidated financial statements for the year ended as at 31 December 2020.

The current ratio shows the Group's ability to repay debt. In both periods under comparison, the ratio highlights the company's ability to cover its liabilities with its own assets. The index shows an improvement as at 31 December 2021 compared to the comparison period mainly due to the increase in available assets.

	31 December 2021	**31 December 2020**
Current ratio (current assets/current liabilities)	3.06	1.93
Acid test (Current Assets - Inventories)/Current Liabilities	2.34	1.16
Capital assets (SE - FA)	13,934,464	49,226
Fixed assets/liabilities and equity margin (SE+MLP-FA)	24,864,244	13,198,550

Main economic data of the Parent Company

The following table shows the results of the Parent Company Take Off results achieved in terms of revenues, operating result and pre-tax result as at 31 December 2021 and 2020 respectively:

(Euro)	**1 January 2021 - 31 December 2021**	**1 January 2020 - 31 December 2020**	**Changes**	**% Changes**
Revenues from contracts with customers	19,898,713	14,472,533	5,426,180	37.49%
Gross operating profit (EBITDA)	7,019,627	3,202,327	3,817,300	119.20%
Operating income	5,291,726	1,861,394	3,430,332	184.29%
Pre-tax result	5,028,685	1,634,038	3,394,647	207.75%
Result for the period	3,888,637	1,189,841	2,698,796	226.82%

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

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

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

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

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

Revenues for 2021 increased by 37.49% compared to those of the previous period, registering an increase of Euro 5,426 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 5,029 thousand (Euro 1,635 thousand in 2020), the final result for the period is equal to Euro 3,889 thousand (Euro 1,190 thousand in 2020).

The reclassified income statement of the Parent Company Take Off compared with that of the same period in 2020 is as follows:

(Euro)	**1 January 2021 - 31 December 2021**	**1 January 2020 - 31 December 2020**	**Changes**	**% Changes**
Revenues from contracts with customers	19,898,713	14,472,533	5,426,180	37%
REVENUES	**19,898,713**	**14,472,533**	**5,426,180**	**37%**
Other income	1,494,707	1,032,308	462,399	45%
Costs for raw materials, ancillary materials and consumables and change in inventories	(8,977,791)	(7,339,233)	(1,638,558)	22%
Costs for services	(1,411,498)	(1,298,524)	(112,974)	9%
Personnel costs	(3,765,809)	(3,373,059)	(392,750)	12%
Other operating costs	(218,696)	(291,698)	73,002	-25%
EBITDA	**7,019,627**	**3,202,327**	**3,817,300**	**119%**
Amortisation/depreciation and write-downs	(1,727,901)	(1,340,933)	(386,968)	29%
EBIT	**5,291,726**	**1,861,394**	**3,430,332**	**184%**
Financial result	(263,041)	(227,356)	(35,685)	16%
PRE-TAX RESULT	**5,028,685**	**1,634,038**	**3,394,647**	**208%**
Income taxes	(1,140,048)	(444,197)	(695,851)	157%
RESULT FOR THE PERIOD	**3,888,637**	**1,189,841**	**2,698,796**	**227%**

We point out that the item 'other revenues' includes both public grants for Euro 781 thousand including Euro 420 thousand relating to the tax credit on the increase in changes in inventories; Euro 240 thousand of Covid title II received to deal with the pandemic crisis; the portion of the SME listing bonus for Euro 82 thousand for the expenses incurred for the listing on the Euronext Growth Milan market and other revenues and various income for Euro 564 thousand realised from the sale of furniture to Horizon (for more information, see note 45 "Related-party transactions").

It should be noted that the costs for raw materials increased in line with the increase in revenues. Costs for services increased by Euro 113 thousand and were mainly affected by the part carried at cost relating to the consultancy costs incurred in support of the listing process which ended on 25 November 2021.

The cost of personnel, which increased by Euro 393 thousand, was initially affected by the partial reopening resulting from the improvement in the pandemic situation due to Covid-19 and the subsequent elimination of some restrictions, as well as the non-use of the CIG (wage guarantee fund).

The balance of financial management, a charge of Euro 263 thousand in 2021 and Euro 227 thousand in 2020, is mainly affected by the interest on mortgages and loans taken out by Take Off, as well as by the financial charges on contracts for rights of use.

Main Parent company statement of financial position data

The statement of financial position of the Parent Company Take Off, compared with that as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020
Property, plant and equipment	1,361,365	1,951,743
Intangible assets	16,111	15,185
Right-of-use assets	6,364,739	7,423,281
Equity investments in subsidiaries	250,000	0
Other non-current assets	408,518	398,590
Deferred tax assets	128,355	162,031
Non-current assets (A)	**8,529,088**	**9,950,830**
Inventories	5,152,481	7,320,936
Trade receivables	93,931	34,447
Other current receivables	592,763	179,723
Tax receivables	182,338	15,473
Short-term assets for the year (B)	**6,021,513**	**7,550,579**
Trade payables	(1,920,645)	(3,932,546)
Tax payables	(1,124,612)	(1,741,597)
Other current payables and liabilities	(430,509)	(1,508,012)
Short-term liabilities for the year (C)	**(3,475,766)**	**(7,182,155)**
Net working capital (D) = (B) + (C)	**2,545,747**	**368,424**
Liabilities for future employee benefits	(748,434)	(524,456)
Provisions for risks and charges	(42,531)	(42,531)
Deferred tax liabilities	(108)	(108)
Medium/long-term liabilities (E)	**(791,074)**	**(567,095)**
INVESTED CAPITAL (A) + (D) + (E)	**10,283,761**	**9,752,159**
Shareholders' equity	20,600,584	8,286,688
Non-current financial debt	8,379,775	10,390,767
Net current financial debt	(18,696,597)	(8,925,296)
SHAREHOLDERS' EQUITY AND NET FINANCIAL POSITION	**10,283,761**	**9,752,159**

Main Parent Company financial data

The net financial debt of the Parent Company Take Off as at 31 December 2021, compared with that as at 31 December 2020, is as follows:

(Euro)	31 December 2021	31 December 2020
A - Cash and cash equivalents	23,129,918	11,798,400
B - Cash equivalents	0	0
C - Other current financial assets	0	0
D - Liquidity (A + B +C)	**23,129,918**	**11,798,400**
E - Current financial payables	(816,926)	(352,170)
F - Portion of non-current financial payables	(3,616,395)	(2,520,934)
G - Current financial debt (E + F)	**(4,433,321)**	**(2,873,104)**
H - Net current financial debt (D + G)	**18,696,597**	**8,925,296**
I - Non-current financial payables	(8,379,775)	(10,390,767)
J - Debt instrument	0	0
K - Trade payables and other non-current payables	0	0
L - Non-current financial debt (I + J + K)	**(8,379,775)**	**(10,390,767)**
M - Net financial debt (H + L)	**10,316,822**	**(1,465,471)**
N - Financial payables from application of IFRS 16	**(6,637,387)**	**(7,670,952)**
O - Adjusted net financial debt (M - N)	**16,954,209**	**6,205,481**

Net financial debt (M) for the year decreased by approximately Euro 11,782 thousand compared to the previous year; this change is due to the combined provisions of the increase in liquidity due to the listing process and the signing of new loans with banks, as well as the repayments of existing loans according to the amortisation plans.

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 6,637 thousand recognised as at 31.12.2021 (Euro 7,671 thousand as at 31.12.2020), and which, pursuant to accounting standard IFRS 16, is classified under the item Other financial payables. Net of this amount, the net financial debt as at 31.12.2021 is positive and equal to Euro 16,954 thousand (Euro 6,205 thousand as at 31.12.2020).

Economic and efficiency indicators of the Parent Company

For a better description of the income, equity and financial situation of the Parent Company Take Off, the tables below show some profitability, equity and financial ratios compared with the same ratios as at 31 December 2020.

	31 December 2021	31 December 2020
EBITDA	7,019,627	3,202,327
EBITDA margin	35.28%	22.13%
ROE Before Tax (Pre-tax result for the period/SE)	24.41%	19.72%
ROI (EBIT/Total Assets)	14.04%	6.35%
ROS (EBIT/Revenues)	26.59%	12.86%

The economic indices[3] confirm the dynamics already commented on and the management results obtained. As at 31 December 2021, strong growth in EBITDA was recorded, which stood at 35.28% of revenues compared to 22.13% in the previous year. The increase in EBITDA is due to the increase in turnover compared to the same period of 2020, with the latter characterised by widespread closures due to Covid-19, as well as by the higher public grants received.

The table below shows some financial statement ratios[4] 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 consolidated financial statements for the year ended as at 31 December 2020.

The current ratio shows the ability of the Parent Company Take Off to repay its debt. In both periods under comparison, the ratio highlights the company's ability to cover its liabilities with its own assets. The index shows an improvement as at 31 December 2021 compared to the comparison period mainly due to the increase in available assets.

	31 December 2021	31 December 2020
Current ratio (current assets/current liabilities)	3.69	1.92
Acid test (Current Assets - Inventories)/Current Liabilities	3.03	1.20
Capital assets (SE - FA)	12,071,496	- 1,664,142
Fixed assets/liabilities and equity margin (SE+MLP-FA)	21,242,344	9,293,720

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.

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

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

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

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

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

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

The workforce as at 31 December 2021 net of terminations was as follows:

(no. units)	31-Dec-21	31-Dec-20	Changes
Take OFF			
Managers	2	2	0
White-collar workers	5	6	(1)
Blue-collar workers	192	184	8
Over			
White-collar workers	8	8	0
Blue-collar workers	12	13	(1)
Total	**219**	**213**	**6**

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

Environment

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

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

Investments

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

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Investments in intangible assets	12,913	12,772
Investments in property, plant and equipment	399,693	1,953,421
Equity investments	0	100,000
Total investments	**412,606**	**2,066,193**

Research and development activities

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

Relations with related parties

During the reporting period, commercial and financial relations were maintained with related parties. 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 and the Group are exposed are described below, identifiable by type: strategic, operational, financial and compliance.

Market and strategic risks

Market risks associated with social, economic and political changes

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

Risks relating to competition

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

Risks associated with the definition and implementation of strategies

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

Operational Risks

Risk associated with directly managed points of sale

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

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

Risk associated with points of sale managed by franchisees

Part of the Group's distribution network is represented by points of sale managed by franchisees, with which the Group 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 Group's business. Furthermore, the non-compliance, by the points of sale managed indirectly, with a commercial policy in line with the image of the Group could damage the reputation of the company, as well as the related sales.

Risk of loss of key personnel and know-how

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

IT security risks, data management and dissemination

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

Risks related to climate change

The Group constantly monitors the latest government regulations on climate-related issues. At the moment, no legislation has been approved that has an impact on the Group. The Group will adjust the key assumptions used in the calculations of the value in use and the sensitivity to changes in the assumptions should a change be necessary.

Financial Risks

As regards financial risks, please refer to the explanatory notes (see note 41 "Financial instruments - fair value and risk management").

Compliance risks

Tax risk

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

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

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

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

Other relevant information

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

Business outlook

Starting from the first months of 2020 up to 2021, the national and international scenario was negatively affected by the pandemic crisis caused by Covid-19. The lockdown strategies implemented by many governments, including ours, to cope with the spread of the virus have had a negative impact on the entire retail sector and, in particular, on the sale of clothing.

The Group 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 attempted to strike a difficult balance between the essential need to safeguard health and the survival of the country's economic and industrial fabric. The partial lockdowns that the government has imposed allow us to continue operating, but the general situation is certainly very complex.

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

***

Milan, 28 March 2022

The Chairman of the Board of Directors
Aldo Piccarreta

Consolidated financial statements

Consolidated statement of financial position

(Euro)	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	*(8)*	1,375,266	1,961,109
Intangible assets	*(9)*	23,058	15,185
Right-of-use assets	*(10)*	6,635,092	7,789,800
Other non-current receivables	*(11)*	424,478	479,103
Deferred tax assets	*(12)*	1,261,777	1,543,811
TOTAL NON-CURRENT ASSETS		**9,719,671**	**11,789,008**
Current assets			
Inventories	*(13)*	8,733,667	10,981,873
Trade receivables	*(14)*	227,184	179,780
Other current receivables	*(15)*	1,320,113	737,372
Tax receivables	*(16)*	184,568	17,222
Cash and cash equivalents	*(17)*	26,455,694	15,405,808
TOTAL CURRENT ASSETS		**36,921,226**	**27,322,056**
TOTAL ASSETS		**46,640,898**	**39,111,065**
SHAREHOLDERS' EQUITY			
Share capital		1,562,480	1,000,000
Share premium reserve		11,682,808	0
Legal reserve		237,333	191,399
Reserve for first IFRS application		2,440,366	2,440,366
Other reserves		2,233,171	3,780,021
Benefit Plan Reserve (OCI)		(141,335)	(122,636)
Profits/losses of previous periods		0	733,560
Result for the period		5,639,312	3,815,524
TOTAL GROUP SHAREHOLDERS' EQUITY		**23,654,135**	**11,838,234**
Shareholders' equity pertaining to minority interests		0	0
TOTAL SHAREHOLDERS' EQUITY	*(18)*	**23,654,135**	**11,838,234**
LIABILITIES			
Non-current liabilities			
Medium/long-term loans	*(19)*	3,224,665	4,115,858
Other non-current financial liabilities	*(20)*	5,431,804	6,584,043
of which with related parties	*(44)*	*1,803,333*	*1,906,118*
Liabilities for future employee benefits	*(21)*	929,803	692,147
Provisions for risks and charges	*(22)*	42,531	42,531
Other non-current liabilities	*(23)*	94,500	58,000
Non-current tax payables		1,206,369	1,604,489
Deferred tax liabilities	*(24)*	108	52,257
TOTAL NON-CURRENT LIABILITIES		**10,929,780**	**13,149,325**
Current liabilities			
Payables to banks and short-term portion of long-term loans	*(25)*	2,951,044	1,477,061
Other current financial liabilities	*(26)*	1,514,716	1,483,823
of which with related parties	*(44)*	*156,785*	*152,918*
Trade payables	*(27)*	4,890,388	6,591,368
Liabilities for returns	*(28)*	41,625	68,246
Tax payables	*(29)*	2,235,182	3,031,106
Other current payables and liabilities	*(30)*	424,027	1,471,901
of which with related parties	*(44)*	*0*	*1,000.000*
TOTAL CURRENT LIABILITIES		**12,056,983**	**14,123,506**
TOTAL LIABILITIES		**22,986,763**	**27,272,830**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**46,640,898**	**39,111,065**

Consolidated income statement

(Euro)	Note	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Revenues from contracts with customers	*(31)*	26,398,965	21,180,409
REVENUES		**26,398,965**	**21,180,409**
Other income	*(32)*	1,591,518	1,156,132
of which with related parties	*(44)*	*582,056*	*450,000*
Costs for raw materials and consumables	*(33)*	(12,067,419)	(9,966,095)
of which with related parties	*(44)*	*0*	*(418,405)*
Costs for services	*(34)*	(1,806,071)	(1,657,204)
Personnel costs	*(35)*	(4,311,107)	(3,872,767)
Other operating costs	*(36)*	(288,922)	(345,495)
Amortisation/depreciation and write-downs	*(37)*	(1,829,281)	(1,468,584)
OPERATING INCOME		**7,687,683**	**5,026,395**
Financial expenses	*(38)*	(533,756)	(100,759)
Financial income	*(39)*	43,138	59,442
PRE-TAX RESULT FROM OPERATING ACTIVITIES		**7,197,066**	**4,985,078**
Income taxes	*(40)*	(1,557,753)	(1,169,554)
RESULT OF THE YEAR FROM OPERATING ACTIVITIES		**5,639,312**	**3,815,524**
PROFIT FOR THE YEAR		**5,639,312**	**3,815,524**
Attributable to:			
Shareholders of the group		5,639,312	3,815,524
Minority interests		0	0
Earnings per share	*(42)*	*0.52*	*0.38*

Consolidated statement of income comprehensive

(Euro)	Note	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
RESULT FOR THE PERIOD		**5,639,312**	**3,815,524**
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		(24,604)	(48,268)
Deferred taxes on profits/(losses) from discounting		5,905	11,584
Total other components of comprehensive income		**(18,699)**	**(36,684)**
Other components of comprehensive income that will subsequently be reclassified in profit/(loss) for the year (net of taxes)		-	-
OVERALL RESULT FOR THE PERIOD		**5,620,613**	**3,778,840**
Attributable to:			
Shareholders of the group		5,620,613	3,778,840
Minority interests		0	0

Consolidated statement of changes in shareholders' equity

(Euro)	Note	Share capital	Share premium reserve	Legal reserve	Reserve from conversion to IAS/IFRS	Other reserves	Profit/(loss) from previous periods	Profit/(loss) from the period	Total
Balance as at 31 December 2020		**1,000,000**	**0**	**191,399**	**2,440,366**	**3,657,385**	***733,560***	***3,815,524***	**11,838,234**
Result for the year		-	-	-	-	-	-	*5,639,312*	*5,639,312*
Other items of the comprehensive income statement		-	-	-	-	*(18,699)*	-	-	*(18,699)*
Comprehensive income/loss for the period		-	-	-	-	- 18,699		5,639,312	5,620,613
Allocation of the result of the previous year		-	-	45,934	-	4,503,150	(733,560)	(3,815,524)	0
Share capital increase	*(19)*	250,000	-	-	-	(250,000)	-	-	-
Share capital increase - Euronext Growth Italia		312,480	11,682,808	-	-	-	-	-	11,995,288
Dividend distribution	*(19)*	-	-	-	-	(5,800,000)	0	-	(5,800,000)
Transactions "under common control"	*(6)*	-	-	-	-	-	-	-	0
Balance as at 31 December 2021		**1,562,480**	**11,682,808**	**237,333**	**2,440,366**	**2,091,836**	**0**	**5,639,312**	**23,654,135**

(Euro)	Note	Share capital	Legal reserve	Reserve from conversion to IAS/IFRS	Other reserves	Profit/(loss) from previous periods	Profit/(loss) from the period	Total
Balance as at 1 January 2020		**410,000**	**45,333**	**2,440,366**	**6,382,780**	**(15,105)**	**3,549,937**	**12,813,311**
Result for the year							*3,815,524*	*3,815,524*
Other items of the comprehensive income statement					*(36,684)*			*(36,684)*
Comprehensive income/loss for the period		-	-	-	- 36,684		3,815,524	3,778,840
Allocation of the result of the previous year			146,066		2,655,205	748,666	(3,549,937)	(0)
Payment of residual share capital increase	*(20)*	590,000						590,000
Benefit Plan Reserve (OCI) - Discounted								0
Spin-off					(3,343,916)			(3,343,916)
Dividend distribution	*(20)*				(2,000,000)			(2,000,000)
Balance as at 31 December 2020		**1,000,000**	**191,399**	**2,440,366**	**3,657,385**	**733,560**	**3,815,524**	**11,838,234**

Consolidated statement of cash flows

(Euro)	Note	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Operating activities			
Pre-tax profit from continuing operations		7,197,066	4,985,078
Pre-tax result		**7,197,066**	**4,985,078**
Adjustments to reconcile the pre-tax result with the net cash flow from operating activities:			
Depreciation and impairment of property, plant and equipment	(37)	296,485	273,778
Amortisation and impairment of intangible assets and rights of use	(37)	1,532,124	1,194,806
Provisions for future employee benefits	(21)	291,055	144,923
Change in fair value of financial instruments		0	51,789
Profit on disposal of property, plant and equipment		(17,600)	(450,000)
Financial income	(39)	(43,138)	(59,442)
Financial expenses	(38)	533,756	100,759
Other		0	(91,735)
Changes in working capital:			
Trade receivables	(14)	(47,404)	541,585
Other current receivables	(15)	(750,086)	(340,169)
Inventories	(13)	2,248,206	(3,655,319)
Trade payables and contractual liabilities	(27)-(28)	(1,727,601)	502,620
Other current payables	(30)	(651,140)	(79,150)
Net change in non-current receivables/payables	(11) - (23)	91,125	(408,707)
Net change in deferred tax assets and liabilities	(12) - (24)	241,377	449,727
Payments for employee benefits	(21)	(78,637)	0
Interest (paid)/collected		(488,243)	(37,705)
Income taxes paid		(2,148,531)	(1,383,531)
Net cash flow from operating activities		**5,471,485**	**1,739,307**
Investment activity			
Investments in property, plant and equipment	(8)	(399,693)	(1,953,421)
Disposals of property, plant and equipment	(8)	706,651	27,101
Investments in intangible assets	(9) - (10)	(12,913)	(12,772)
Equity investments in subsidiary companies		0	(100,000)
Net cash flow from investing activities		**294,045**	**(2,006,209)**
Financing activities			
New medium/long-term loans	(19) - (25)	1,754,700	5,302,170
Repayment of medium/long-term loans	(19) - (25)	(1,171,910)	(842,832)
Net change in other short-term financial assets		0	56,429
Repayment of financial liabilities for rights of use on leases	(20) - (26)	(1,493,722)	(1,035,332)
Share capital increase	(17)	11,995,580	590,000
Dividends paid	(17)	(6,800,000)	(1,000,000)
Net cash flow from financing activities		**4,284,648**	**3,070,435**
(Decrease)/net increase in cash and cash equivalents and short-term deposits		**11,050,178**	**2,803,533**
Opening cash and short-term deposits		**15,405,808**	**12,602,274**
Closing cash and short-term deposits		**26,455,986**	**15,405,807**

Explanatory notes to the consolidated financial statements

Explanatory notes to the consolidated financial statements as at 31 December 2021

1. Corporate information and structure of the consolidated financial statements

Take Off is a joint stock company incorporated in Italy and registered in the Milan Company Register at no. 04509190759 (hereinafter also referred to as just the "Take Off"). The registered office is located in MILAN (MI), Via Montenapoleone 8.

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

The consolidated financial statements for the year ended 31 December 2021 represent the first financial statements prepared by the company and were prepared in compliance with the International Financial Reporting Standards (hereinafter, "IAS / IFRS") issued by the International Accounting Standard Board (IASB) and adopted by the European Union, exercising the option provided for by art. 4 paragraph 5 of Legislative Decree no. 38/2005, and according to the criteria provided for by the provisions of Legislative Decree no. 127 of 09/04/1991.

The consolidated financial statements consist of the consolidated income statement, the consolidated statement of comprehensive profit recognised during the year, the consolidated statement of financial position, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flows, as well as these Explanatory Notes. Hence, in order to provide better information, the consolidated financial statements of the group are accompanied by the Management Report, presented together with the Management Report of the financial statements of the Parent Company Take Off S.p.A. in a single document as required by art. 40 paragraph 2 bis, of Legislative Decree no. 127/91.

The publication of the consolidated financial statements for the period ended 31 December 2021 was authorised by the Board of Directors on 28 March 2022.

In these Explanatory Notes, the reconciliation statement has been prepared between the shareholders' equity and the net profit of the Parent Company and the shareholders' equity and net profit attributable to the Group.

These consolidated 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.

In consideration of the fact that these are the first consolidated financial statements, the comparison of the items of an equity and economic nature was carried out with the consolidated values as at 31 December 2020 and for the year ended on that date approved by the Board of Directors on 8 November 2021. The values as at 31 December 2020 and for the year ended on that date were prepared starting from the financial and economic situations of Take Off and OVER as at 31 December 2020 and subsequently proceeding with the aggregation of the related economic and equity balances of the two companies as well as the application of the pro-forma adjustment entries to give retroactive effect to the Acquisition. For more details, see note 2.2 below which illustrates the Changes in the scope and the related consolidation criteria adopted. It should be noted that Take Off is subject to management and coordination by the holding Summit S.p.A., also based in Milan, tax code and VAT number 08274180721. Over in turn is subject to management and coordination by Take Off S.p.A.

The consolidated financial statements have been drawn up from a going concern perspective by applying the historical cost method, with the exception of the items in the financial statements which according to the IAS/IFRS are recognised at fair value, as indicated in the valuation criteria of the individual items, and of the non-current assets. and disposal groups classified as held for sale which are valued at the lower of book value and fair value net of sales costs.

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

2. Consolidation area, consolidation changes, consolidation method, consolidation principles and valuation criteria applied

2.1 Consolidation area

The consolidated financial statements include the financial statements of the Parent Company and those of the subsidiaries.

According to the provisions of IFRS 10, control is obtained when the Group is exposed to variable returns, or holds rights to these returns, deriving from the relationship with the investee company and has the ability to affect these returns, through the exercise of own power over the investee company. Power is defined as the current ability to direct the relevant activities of the investee company by virtue of existing substantive rights.
The existence of control does not depend exclusively on the possession of the majority of voting rights, but rather on the substantial rights of each investor over the investee company.
Consequently, management's judgment is required to assess specific situations that determine substantial rights that give the Group the power to direct the relevant activities of the investee company in order to influence its returns.

For the purposes of assessing the control requirement, management analyses all facts and circumstances, including any agreements with other investors, rights deriving from other contractual agreements and potential voting rights (call options, warrants, put options assigned to minority shareholders, etc.). These other facts and circumstances may be particularly relevant in the context of this assessment, especially in cases in which the Group holds less than the majority of the voting rights, or similar rights, of the investee company.
Furthermore, even if it holds more than half of the voting rights of another company, the Group considers all the relevant facts and circumstances in assessing whether it controls the investee company.
The Group reviews the existence of the conditions of control over an investee company when the facts and circumstances indicate that there has been a change in one or more elements considered to verify the existence of control.
Associated companies and those over which the Parent Company exercises joint control with other third parties are valued using the equity method.

The list of companies included in the consolidation area and an indication of the method applied for each of them are illustrated below.

2.2 Change in the scope of consolidation
The companies in the scope of consolidation include not only the Parent Company Take Off S.p.A., but the following:

Over S.p.A. (hereinafter also only "Over"), directly wholly-owned, with registered office in Milan, Via Bagutta, 13, VAT number 03498990757. Over is a joint stock company incorporated in Italy and registered in the Milan Company Register at no. 05470340729. Over is a joint stock company that carries out its activity in the retail sector of children's clothing and accessories, with the Overkids proprietary brand and its sales network is made up of no. 113 points of sale as at 31 December 2021.

On 4 October 2021, 100% of the share capital of Over S.p.A. was acquired from Take Off S.p.A., by means of a contribution pursuant to art. 2441, paragraph 4, of the Italian Civil Code. The contribution in kind of the investment of Over S.p.A. for a value of Euro 250 thousand, equal to the book value of the same in the financial statements of the parent company Summit S.p.A., recorded as an increase in the share capital of Take Off S.p.A., constitutes a transaction involving reorganisation between entities under common control.

In the consolidation phase, it is noted that this transaction took place between entities under common control, which are specifically excluded from the scope of application of IFRS 3 and are not generally governed by the IFRS.

The IFRS, in particular, do not currently provide for specific guidelines applicable to the accounting of such transactions. The exclusion of the acquisition method determines the applicability of the pooling of interest method which requires the presentation of financial information in continuity of values and allows its representation also for the periods preceding the actual dates in which the reorganisation transactions were carried out.
Consistently with the financial information presented in the Admission Document filed last November 2021 at Borsa Italiana SpA as part of the operation for the admission of the Company's shares to the multilateral trading system Euronext Growth Italia, in which the comparative values as at 31 December 2020 were prepared through the aggregation of the financial and economic situations of Take Off and

Over as at that date, with the application of pro-forma adjustments to give retroactive effect to the Acquisition, also in the preparation of the Consolidated Financial Statements as at 31 December 2021, in applying the pooling of interest method, the decision was taken to favour the presentation of the group under common control from an aggregate perspective, precisely because this perimeter constitutes the actual object of the market listing.
From this perspective, a representation of the transaction is provided as if the reorganisation had taken place before the start date of the earliest period presented in the Issuer's Consolidated Financial Statements (1 January 2020) and regardless of the effective date on which the transfer of the Over's participation in Take Off materialised, as for the entirety of all the periods presented the companies subject to the aggregation were under common control.
The Consolidated Financial Statements therefore include the companies subject to the aggregation, consolidating them, for accounting purposes, starting from 1 January 2020, even if for legal purposes Over S.p.A., prior to the effective date of the reorganisation, was not under the legal control of the Issuer. In the specific case, the concept under common control involved, in addition to the sharing of common governance rules and management guidelines, also the application of homogeneous accounting principles between the Issuer and its subsidiary.

In the absence of specific applicable accounting rules, for the purposes of accounting for this transaction, Summit S.p.A.'s contribution of the shareholding of Over S.p.A. in Take Off S.p.A. was accounted for in the consolidated financial statements, in continuity with the aggregate values of Over S.p.A. and Take Off S.p.A. as at 4 October 2021 and as at 31 December 2020, as if the two entities had always existed together in the periods under comparison.

2.3 Consolidation principles

The companies included in the consolidation area using the line-by-line method are those controlled by the Parent Company, also through indirect equity investments.
The financial statements of the companies included in the consolidation area have been adjusted, where necessary, to bring them into line with accounting principles, homogeneous within the Group, which refer to the IAS/IFRS.
The financial statements of subsidiaries are included in the consolidated financial statements starting from the date on which control begins and until the date on which control ceases. As illustrated extensively in note 2.2 above, in the case of consolidation of Over S.p.A., since a reorganisation transaction between parties under common control can be configured, the retrospective approach was used, considering that control had been assumed before the start date of the earliest period that is presented in the Issuer's Consolidated Financial Statements.
The assets and liabilities, charges and income of the consolidated companies are taken on line by line in the consolidated financial statements (line-by-line method); the book value of the equity investments in each of the subsidiaries is eliminated against the corresponding fraction of the shareholders' equity of each of the investee entities, including any adjustments to fair value of the value of the assets and liabilities made as at the date of acquisition of control. The portions of shareholders' equity and of the profit or loss pertaining to minority interests are recognised separately in specific items of shareholders' equity, the income statement and the statement of comprehensive income.
Changes in the equity interests held (directly or indirectly) by the Company in subsidiaries, which do not lead to a change in the qualification of the equity investment as a controlled entity, are recognised as shareholders' equity transactions. The book value of the shareholders' equity attributable to the owners of the parent and minority interests is adjusted to reflect the change in the shareholding.

The difference between the book value of minority interests and the fair value of the consideration paid or received is recognised directly in the shareholders' equity attributable to the owners of the parent.
On the other hand, the sale of shares that result in the loss of control determines the recognition in the income statement: (i) of any capital gain/loss calculated as the difference between the consideration received and the corresponding portion of equity transferred; (ii) the effect of the alignment to the relative fair value of any residual holding held; (iii) any values recognised in the other components of comprehensive income relating to the former subsidiary for which reversal is envisaged in the income statement. The fair value as at the date of loss of control of any held investment represents the new book value of the investment and, therefore, the reference value for the subsequent valuation of the investment according to the applicable measurement criteria.
Dividends received by the Parent Company and the consolidated companies, against equity investments included in the consolidation area, are reversed from the consolidated income statement.
The statement of financial position items of the financial statements expressed in foreign currencies are converted into euro by applying the exchange rates as at the end of the period. The income statement items of the financial statements expressed in foreign currencies are converted into euro at the average exchange rates for the year. Based on the same revenues and margins in local currency, changes in exchange rates may have effects on the equivalent value in euros of revenues, costs and economic results. The differences originating from the conversion of the opening shareholders' equity at the exchange rates as at the end of the year are recognised in the monetary translation reserve, together with the difference between the income statement and statement of financial position result.

An associated entity is an investee in which the investor holds significant influence, or the power to participate in the determination of the investee's financial and management policies, without, however, having control or joint control of it. The investor is presumed to have significant influence (unless the contrary can be proved) if it owns, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights. A joint venture is a joint arrangement in which the parties that have joint control have rights to the net assets of the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle. Equity investments in associates and joint ventures are valued according to the shareholders' equity method.

Profits deriving from transactions between consolidated companies and not yet realised with third parties are eliminated, as are receivables, payables, income and charges, guarantees, commitments and risks between consolidated companies.
Unrealised profits with companies valued according to the shareholders' equity method are eliminated for the portion attributable to the group. In both cases, intra-group losses are not eliminated because they are considered representative of an effective lower value of the asset sold.

3. Accounting standards and measurement criteria adopted

The consolidated financial statements for the year ended 31 December 2021 were drawn up on the basis of the historical cost principle. Please refer to the specific paragraphs commenting on the statement of financial position and income statement items for more details on the criteria adopted.

2.1 Discretionary valuations and significant accounting estimates

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

Estimates and assumptions

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

Impairment of non-financial assets

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

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

In light of the significant change in the economic context, which also affected the sector in which the companies operate, and in consideration of the ESMA recommendations (Public statement "Implications of the COVID-19 outbreak on the half-yearly financial Reports" of 20 May 2020) and Consob indications (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 2021, 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 point of sale, 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 2022-2026, approved by management, and containing forecasts of volumes, revenues, operating costs, cash flows and investments.

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

Income taxes

Deferred and prepaid income taxes

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

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

Deferred and prepaid income taxes are recognised in the income statement, with the exception of those relating to items recognised outside the income statement which are booked directly to 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 Group considers whether a given tax treatment will be acceptable to the Tax Authority. If it is considered that it is probable that the tax authority will accept the tax treatment (with the term probable understood as "more likely than not"), then the companies recognise and measure their current or deferred tax assets and liabilities by applying the provisions of the IAS 12.

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

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

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

Expected losses on trade receivables

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

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

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

Leasing

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

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

Estimate of the duration of a leasing contract

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

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

In the presence of renewal options that can be exercised by both contractual parties, the Group considered the existence or otherwise of significant economic disincentives in refusing the renewal request as required by paragraph B34 of IFRS 16. In the presence of options that can only be exercised by one of the two parties, the companies of the Group have considered paragraph B35 of IFRS 16. The application of the above, taking into account the specific facts and circumstances as well as the estimate on the probability of exercising the option, resulted in the original duration of the lease being generally considered (on average equal to 6 years), without providing for the exercise renewal options. Only for the properties considered strategic by the companies, was the contractually envisaged 6-year renewal option considered within the lease term and therefore in the calculation of the useful life of the properties. These forecasts are consistent with the assumptions made in the most recent business plan for the period 2022-2026, approved by management.

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

Estimate of the discount rate

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

2.2 Summary of the main accounting principles

a) Business combinations and goodwill

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

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

b) Transactions "under common control"

In the case of business combinations involving entities subject to common control, considering that, in light of the accounting standards established, the contents of IFRS 3 "Business combinations" are not applicable as per specific grounds for exclusion contained in the standard itself, the criterion commonly accepted in similar "pooling of interest" transactions was identified as the criterion for recognising the transaction in question.
In consideration of the purely reorganisation purpose of these transactions, they were therefore recorded on the basis of the continuity of accounting values in the financial statements of the companies involved, without the recognition of economic effects. For the specific aspects of presentation underlying the business combination under common control of Over S.p.A., please refer to the previous note 2.2.

c) Intangible assets

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

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

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

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

The useful lives used for amortisation are summarised below:

Description	Useful life
Software	5 years
Website	5 years

d) Property, plant and equipment

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

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

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

The useful lives used for depreciation are highlighted below:

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 companies of the Group act as lessee, on the effective date it recognizes an asset consisting of the right of use and a leasing liability.

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

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

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

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

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

Lease liabilities

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

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

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

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

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

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

With reference to the contractual amendments deriving from the Covid-19 pandemic, the Group has decided not to apply the practical expedient granted by the amendment to IFRS 16 "Covid-19-Related rent concessions - amendment to IFRS 16", and has therefore accounted for the reductions in contractual rents for the year 2021 as a contractual amendment, with recalculation of the right of use and contextual recalculation of the leasing liability.

f) Equity investments

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

g) Impairment of non-financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

h) Financial instruments

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

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

i) Financial assets

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

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

1 Financial assets at amortised cost

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

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

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

2 Financial assets at fair value through other comprehensive income

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

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

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

3 Investments in equity instruments

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

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

4 Financial assets at fair value through profit or loss

This category includes assets held for trading, assets designated at the time of first-time recognition as financial assets at fair 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 financial liabilities of the Group include trade payables and other payables, mortgages and loans, including overdrafts.

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

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost (financing and loans)

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

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

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

k) Cash and cash equivalents

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

l) Inventories

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

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

m) Employee benefits

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

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

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

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

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

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

n) Provisions for risks and charges

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

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

o) Revenues from contracts with customers

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

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

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

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

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

Contractual balances

Trade receivables

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

Contractual liabilities

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

p) Government grants

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

q) Costs

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

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

r) Financial income and expenses

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

s) Income taxes

Current taxes

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

Deferred taxes

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

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

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

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

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

t) Fair value

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

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

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

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

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

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

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

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

u) Foreign currency transactions

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

v) Listing costs

As part of the listing project, the Company and/or the selling shareholders bear specific costs, such as (i) the commissions that are paid to the banks coordinating the offer; (ii) the fees that are paid to consultants, specialists and lawyers; (iii) other costs such as, by way of example, communication costs, the cost of printing information prospectuses and out-of-pocket expenses. The listing costs have been accounted for in accordance with the provisions of IAS 32, which provides for their recognition as a reduction of any share capital increase or for their recognition in the income statement upon successful listing.

4. New accounting standards and interpretations effective from 1 January 2021

The accounting standards adopted for the preparation of the consolidated financial statements comply with those used for the preparation of the financial statements as at 31 December 2020, with the exception of the adoption of the new standards and amendments in force from 1 January 2021:

- On 31 March 2021, the IASB published an amendment called "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)"*which extends the application period of the amendment issued in 2020 by one year, which provided lessees with the right to account for the reduction in fees connected to Covid-19 without having to assess, through the analysis of the contracts, whether the definition of lease modification of IFRS 16 was respected. Therefore, the lessees who applied this option in the 2020 financial year recognised the effects of the reductions in rent directly in the income statement as at the effective date of the reduction. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of 1 April 2021 and early adoption is allowed. The adoption of these amendments did not have any effects on the Group's consolidated financial statements.

- On 25 June 2020, the IASB published an amendment called "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments make it possible to extend the temporary exemption from the IFRS 9 application until 1 January 2023 for insurance companies. The adoption of this amendment did not have any effects on the Group's consolidated financial statements.

- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document "Interest Rate Benchmark Reform — Phase 2" which contains amendments to the following standards:
    - IFRS 9 Financial Instruments;
    - IAS 39 Financial Instruments: Recognition and Measurement;
    - IFRS 7 Financial Instruments: Disclosures;
    - IFRS 4 Insurance Contracts; and
    - IFRS 16 Leases.

  All changes took effect on 1 January 2021. The adoption of this Amendment did not have any effects on the Group's consolidated financial statements.

5. Accounting standards, amendments and interpretations not yet applicable

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

- On 14 May 2020, the IASB published the following amendments called:
    - Amendments to IFRS 3 Business Combinations: the amendments aim to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this entailing changes to the provisions of the standard.
    - Amendments to IAS 16 Property, Plant and Equipment: the amendments are intended not to allow the deduction from the cost of tangible assets of the amount received from the sale of goods produced in the test phase of the asset itself. These sales revenues and the related costs will therefore be recognised in the income statement.
    - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the measurement of the possible cost of a contract includes not only the incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid as it has stipulated the contract (such as, for example, the share of the depreciation of the machinery used to fulfil the contract).
    - Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

  All changes will take effect on 1 January 2022. The directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements.

- On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts.

  The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including the reinsurance contracts that an insurer holds.

The new standard also provides for presentation and disclosure requirements to improve comparability between entities belonging to this sector.

The new standard measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- the estimates and assumptions of future cash flows are always current ones;
- the measurement reflects the time value of money;
- the estimates envisage an extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,
- the expected profit is recognised in the contractual coverage period, taking into account the adjustments deriving from changes in the assumptions relating to the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects that this liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications deriving from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year of the date on which the claim is made.

The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
The standard applies from 1 January 2023 but early application is allowed, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect the adoption of this standard to have a significant effect on the Group's consolidated financial statements.

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

6. 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 Group's points of sale.

In 2021, the Group 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.

In order to strengthen its structure and its capital solidity, the Group considered it appropriate to increase recourse to bank debt by taking out new medium/long-term loans with the bank Intesa San Paolo for an amount of Euro 750 thousand and Euro 500 thousand.

Verification of the reduction in value of intangible assets (Impairment test)

In the absence of goodwill and intangible assets with an indefinite useful life, the Group carries out the impairment test when circumstances indicate the possibility of a reduction in the recoverable value of other intangible assets. The test is based on the calculation of the value in use. The key assumptions used to determine the recoverable value of the various cash-generating units (CGUs) have been illustrated in the consolidated financial statements as at 31 December 2021.
For the purposes of drafting the consolidated financial statements, the Directors carried out the appropriate assessments of the existence of indications that an asset may have suffered a reduction in value (impairment), carefully considering the effects of the COVID-19 epidemic in light of the requirements of IAS 36. This analysis, in the current context of uncertainty, required a careful evaluation by the management, which concluded that, despite considering the increase in sales compared to the same period of the previous year due to a lower impact of government actions to contain the pandemic, and the improvement of profit margin levels, at the level of individual points of sale as well as of the CGU Group, it was deemed necessary to re-perform the impairment test conducted as at 31 December 2021.

7. Transactions "under common control"

In the 2021 financial year, transactions with the definition of “under common control” took place.
On 7 September 2021, the Company's Board of Directors resolved to carry out an increase in the share capital of Take Off, approved by means of the contribution of 100% of the share capital of OVER, 69.91% held by Summit, 22.57% by Aldo Piccarreta and the remaining 7.52% by Giorgia Lamberti Zanardi.

In compliance with the regulations in force, the share capital increase was determined at a total of Euro 250,000 and supported by the estimate of Domenico Celenza, appointed by the shareholders of OVER to draft the sworn appraisal of the equity investments to be conferred, pursuant to article 2343-ter, paragraph 2, lett. b) of the Italian Civil Code.

As already described previously, said contribution in kind of the investment, for a value of Euro 250 thousand, equal to the book value of the same in the financial statements of the parent company Summit S.p.A., recorded as an increase in the share capital of Take Off S.p.A., constitutes a transaction involving reorganisation between entities under common control.

For the methods of accounting for this transaction, please refer to the previous note 2.2.

8. Property, plant and equipment

The composition of the item "Property, plant and equipment" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Lands and buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction	Total
Historical cost as at 31 December 2020	**739,341**	**296,129**	**225,011**	**1,482,324**	**243,358**	**73,285**	**3,059,447**
Increases during the year		66,392	6,200	169,001	158,100		399,693
Sales of the year	(621,200)			(193,419)			(814,619)
G/C Assets under construction		6,498		64,255	2,532	(73,285)	0
Historical cost as at 31 December 2021	**118,141**	**369,020**	**231,211**	**1,522,161**	**403,989**	**0**	**2,644,521**
Accumulated depreciation as at 31 December 2020	**(29,400)**	**(103,963)**	**(108,056)**	**(810,434)**	**(46,485)**	**0**	**(1,098,338)**
Depreciation for the year	(16,836)	(41,310)	0	(173,740)	(64,599)	0	(296,485)
Sales of the year	12,690			112,878		0	125,568
Accumulated depreciation as at 31 December 2021	**(33,546)**	**(145,273)**	**(108,056)**	**(871,296)**	**(111,084)**	**0**	**(1,269,254)**
Net book value as at 31 December 2020	**709,941**	**192,166**	**116,955**	**671,890**	**196,873**	**73,285**	**1,961,109**
Net book value as at 31 December 2021	**84,595**	**223,746**	**123,155**	**650,865**	**292,905**	**0**	**1,375,267**

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

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

The "Industrial and commercial equipment" item mainly regards costs incurred to fit out the new points of sales.

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 decreases mainly refer to the sale of two cars.

The item "Assets under construction and advances", equal to zero as at 31 December 2021, related to advances paid for supplies of furniture not yet delivered during the year.

The decreases in the year mainly refer to the sale of the property located in Monopoli, via Baione 216 to the related party Horizon. The sale of the property generated a capital gain of Euro 18 thousand.

It should be noted that property, plant and equipment were not subject to write-downs during the year just ended.

9. Intangible assets

The composition of the item "Intangible assets" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Software applications	Website	Brand names	Intangible assets under development	Total
Historical cost as at 31 December 2020	**14,560**	**2,912**	**0**	**500**	**17,972**
Increases during the year	5,450	200	7,263	0	12,913
G/C Assets under construction	500			(500)	0
Historical cost as at 31 December 2021	**20,510**	**3,112**	**7,263**	**0**	**30,885**
Accumulated amortisation as at 31 December 2020	**(2,787)**	**0**	**0**	**0**	**(2,787)**
Amortisation for the year	(4,724)		(316)	0	**(5,040)**
Accumulated amortisation as at 31 December 2021	**(7,512)**	**0**	**(316)**	**0**	**(7,827)**
Net book value as at 31 December 2020	**11,773**	**2,912**	**0**	**500**	**15,185**
Net book value as at 31 December 2021	**12,999**	**3,112**	**6,947**	**0**	**23,058**

The change in the period, equal to Euro 8 thousand, net of the amortisation for the period, refers to investments in application software and website implementation, plus the capitalisation of the costs relating to the "Overkids" brand.

10. Tangible assets for rights of use

The breakdown of the item "Right-of-use assets" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Lands and buildings	Vehicles	Office equipment	Total rights of use
Historical cost as at 31 December 2020	**10,108,128**	**42,976**	**20,022**	**10,171,126**
Renegotiations	(34,988)	0	0	(34,988)
Increases during the year	407,363	0	0	407,363
Terminations	0	0	0	0
Historical cost as at 31 December 2021	**10,480,503**	**42,976**	**20,022**	**10,543,502**
Accumulated depreciation as at 31 December 2020	**(2,377,374)**	**2,775**	**(1,178)**	**(2,381,326)**
Depreciation for the year	(1,505,725)	(16,648)	(4,711)	(1,527,084)
Terminations	0	0	0	0
Accumulated depreciation as at 31 December 2021	**(3,883,099)**	**(19,422)**	**(5,889)**	**(3,908,410)**
Net book value as at 31 December 2020	**7,730,754**	**40,202**	**18,845**	**7,789,800**
Net book value as at 31 December 2021	**6,597,405**	**23,554**	**14,134**	**6,635,092**

The rights of use mainly refer to the real estate lease agreements in place and relating to the Take Off points of sale, to the logistics office of Over, as well as to vehicles and office equipment on a residual basis. The change in the period includes the effect of depreciation for Euro 1,527 thousand, increases due to the opening of new points of sale for Euro 407 thousand, as well as the effect deriving from the contractual changes stipulated in 2021, 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 35 thousand.

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

As at 31 December 2021, in accordance with the provisions of IAS 36, management considered the economic and financial effects of the Covid-19 pandemic as a trigger event, conducting the appropriate assessments in order to identify possible impairment.

In particular, an analysis was carried out on the prospective capacity of the Group of CGUs that make up Take Off (the group of points of sale and wholesaling), to cope with the full recoverability of the overall book value (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 31.12.2021. 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 8,71%, 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 consolidated financial statements.

11. Other non-current receivables

The composition of the item "*O*ther non-current assets" as at 31 December 2021, compared with the same values as at 31 December 2020, is as follows:

(Euro)	31 December 2021	31 December 2020	Change
Term deposits	424,478	479,103	(54,625)
Total other non-current assets	**424,478**	**479,103**	**(54,625)**

The item mainly includes security deposits issued on utilities for approximately and term deposits on the rental contracts of some commercial premises where the commercial activity is carried out for Euro 422 thousand.

12. Deferred tax assets

The composition of the item "deferred tax assets" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Deferred tax assets	1,261,777	1,543,811	(282,034)
Total deferred tax assets	**1,261,777**	**1,543,811**	**(282,034)**

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

13. Inventories

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

(Euro)	31 December 2021	31 December 2020	Change
Finished products and goods	9,233,667	11,281,873	(2,048,206)
Inventory write-down provision	(500,000)	(300,000)	(200,000)
Total inventories	**8,733,667**	**10,981,873**	**(2,248,206)**

Inventories as at 31 December 2021 amounted to Euro 8,734 thousand, reduced compared to 31 December 2020 by Euro 2,248 thousand. As indicators of inventory obsolescence emerged for the subsidiary Over, a provision for the write-down of inventories was prudently increased, which amounted to Euro 500 thousand at the close of year (Euro 300 thousand as at 31 December 2020), and such as to adjust the value of the inventories to their presumed market value.

14. Trade receivables

The composition of the item "Trade receivables" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Receivables from customers	542,275	180,580	361,695
Invoices to be issued	0	9	(9)
Credit notes to be issued	(313,863)	(253)	(313,610)
Bad debt provision	(1,228)	(556)	(672)
Total trade receivables	**227,184**	**179,780**	**47,404**

Trade receivables refer to receivables accrued from the owners of Over's franchised points of sale. The credit notes to be issued, equal to Euro 314 thousand, refer to goods invoiced and not subsequently recalibrated by the stockists.
Following the analysis carried out, no expected losses on trade receivables emerged at the consolidated financial statements date.

15. Other current receivables

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

(Euro)	31 December 2021	31 December 2020	Change
Advances to suppliers	807,499	728,755	78,745
Advances to employees	1,300	0	1,300
Tax credits	500,000	0	500,000
INAIL (national institute for insurance against accidents at work)	(669)	524	(1,193)
CIG (wage guarantee fund) receivable	587	0	587
Accrued income and prepaid expenses	11,395	8,094	3,301
Total other current receivables	**1,320,113**	**737,372**	**582,740**

Advances to suppliers refer to payments made for the supply of goods for the S/S 2022 and A/W 2022 seasons.

The increase in absolute value compared to the previous year, equal to Euro 583 thousand, is mainly due to the tax credit envisaged by art. 1, paragraph 230 of the 2021 budget law for Euro 500 thousand for the costs incurred for the listing, which was finalised on 25 November 2021.

16. Tax receivables

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

(Euro)	31 December 2021	31 December 2020	Change
Other tax receivables	184,568	17,222	167,345
Total tax receivables	**184,568**	**17,222**	**167,345**

The increase compared to the previous year, equal to Euro 167,345 thousand, is mainly due to the ACE (aid for economic growth) tax credit envisaged by art. 19 of Legislative Decree no. 73/2001 for Euro 180 thousand.

17. Cash and cash equivalents

The composition of the item "Cash and cash equivalents" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Bank deposits	26,385,815	15,388,541	10,997,274
Cash on hand	69,879	17,267	52,612
Total cash and cash equivalents	**26,455,694**	**15,405,808**	**11,049,886**

The increase compared to the previous year of Euro 11,050 thousand is mainly due to the share capital increase completed with the listing process on the Euronext Growth Milan stock market of Borsa Italiana.

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

18. Shareholders' equity

The share capital of Take Off S.p.A. as at 31 December 2021 amounts to Euro 1,562 thousand, fully paid up, and is made up of 15,624,800 shares. During the year, the Company carried out two separate capital increases for a total of Euro 562 thousand, of which Euro 312 thousand following the listing on the Euronext Growth Milan market, and Euro 250 thousand following the contribution of the investment in Over S.p.A..

The consolidated shareholders' equity of the Group as at 31 December 2021 is equal to Euro 23,654 thousand, with an increase of Euro 11,815 thousand compared to 31 December 2020. This net increase is the result of the aforementioned increase in share capital following the listing of the company, which resulted in an increase of Euro 11,995 thousand, the distribution of dividends for Euro 5,800 thousand, in addition to the overall consolidated profit of Euro 5,639 thousand.

For a breakdown of the movements in shareholders' equity as at 31 December 2021, please refer to the statement of movements in shareholders' equity.

The composition of the reserves as at 31 December 2021 is shown below, compared with the same values as at 31 December 2020:

(Euro)	31 December 2020	Increases	Decreases	31 December 2021
Legal reserve	191,399	45,934		237,333
Reserve from IAS/IFRS conversion	2,440,366			2,440,366
Share premium reserve	0	12,186,720	(503,912)	11,682,808
Other reserves	3,657,385	4,484,451	(6,050,000)	2,091,836
Extraordinary reserve	3,620,021	*4,503,150*	*(6,050,000)*	2,073,171
Other capital reserves	160,000			160,000
Benefit Plan Reserve (OCI)	(122,636)	*(18,699)*		(141,335)
Profits/(losses) of previous years	*733,560*	*0*	(733,560)	0
Total reserves	**7,022,710**	**16,717,105**	**(7,287,472)**	**16,452,343**

The legal reserve, equal to Euro 237 thousand, increased by virtue of the allocation of the profit for the year accrued as at 31 December 2020.

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

The positive share premium reserve of Euro 11,683 thousand following the listing on the Euronext Growth Milan market. In particular, the increase in the reserve is represented by the combined effect of the following items:

- Increase in shareholders' equity of Euro 12,187 thousand deriving from the share premium paid by the shareholders upon listing of the company;
- Listing costs incurred by the company for the aforementioned increase for a total of Euro 801 thousand (net of the tax effect) relating to placement commissions and consultancy expenses, recorded as a direct deduction of the increase in accordance with IAS 32.
- Tax credit of Euro 297 thousand, net of the contribution recognised for the listing costs incurred and recognised in accordance with IAS 32.
- Euro 204 thousand for the recognition of deferred tax assets deriving from the tax deduction of the effects referred to in the previous points:

With regard to Other Reserves:

- the “extraordinary reserve”, equal to Euro 2,073 thousand, decreased mainly due to the distribution of dividends;
- the “other capital reserves”, equal to Euro 160 thousand, remained unchanged;
- the “Benefit Plan reserve (OCI) ”, negative for Euro 141 thousand, represents the effect of discounting the defined benefit plans in place with employees (Severance Indemnity);

The table below shows the reconciliation between the shareholders' equity and the net profit of the Parent Company Take Off S.p.A. and the shareholders' equity and net profit pertaining to the Group.

(Euro)	31 December 2021		31 December 2020	
	Shareholders' Equity as at 31 December 2021	**Result for the year as at 31 December 2021**	**Shareholders' Equity as at 31 December 2020**	**Result for the year as at 31 December 2020**
Shareholders' equity and profit for the year of the parent company TAKE OFF S.p.A.	**20,600,584**	**3,888,637**	**8,286,690**	**1,189,841**
Shareholders' equity and profit for the year of companies consolidated on a line-by-line basis	3,053,552	1,750,675	3,551,545	2,625,682
Intragroup dividends	0	0	0	0
Adjustment of consolidated equity investments using the equity method	0	0	0	0
Adjustment to group accounting principles and other consolidation adjustments	0	0	0	0
Total Group	**23,654,135**	**5,639,312**	**11,838,234**	**3,815,524**
Total Third Parties	**0**	**0**	**0**	**0**
Consolidated Total	**23,654,135**	**5,639,312**	**11,838,234**	**3,815,524**

19. Medium/long-term loans

The composition of the item "Medium/long-term loans" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Changes
BCC loan - long-term portion	0	71,849	(71,849)
BPB loan - long-term portion	67,714	335,631	(267,917)
BCC 2 loan - long-term portion	459,196	589,664	(130,468)
SANPAOLO 2 loan - long-term portion	209,712	703,361	(493,649)
BPM loan - long-term portion	615,829	822,811	(206,982)
BPB 2 loan - long-term portion	619,540	774,445	(154,905)
BDF loan - long-term portion	657,932	818,097	(160,165)
Sanpaolo 3 loan - long-term portion	496,575	0	496,575
Sanpaolo 4 loan - long-term portion	98,166	0	98,166
Total medium/long-term loans	**3,224,665**	**4,115,858**	**(891,193)**

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 2020	Disbursements	Reimbursements	31 December 2021
BCC loan	175,055		(103,983)	71,073
BPB loan	598,902		(263,272)	335,631
Sanpaolo loan	125,371		(125,371)	0
BCC 2 loan	716,915		(127,250)	589,664
Sanpaolo 2 loan	1,000,000		(289,944)	710,056
BPM loan	850,000		(41,006)	808,994
BPB 2 loan	800,000		(25,555)	774,445
BDF loan	974,505		(155,584)	818,920
SANPAOLO 3 loan		750,000		750,000
SANPAOLO 4 loan		500,000		500,000
Total medium/long-term loans	**5,240,748**	**1,250,000**	**(1,131,966)**	**5,358,783**
Intesa Sanpaolo Spa (bank advances)	83,483		(39,945)	43,539
Intesa Sanpaolo Spa (advances for imports)	268,687	504,700	-	773,387
Total payables to banks	**5,592,919**	**1,754,700**	**(1,171,910)**	**6,175,708**
of which due within the next financial period	*1,477,061*			*2,951,044*
of which due beyond the next financial period	*4,115,858*			*3,224,665*

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;

- 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.

With reference to the loans granted during the year:

- Loan stipulated on 26/04/2021 granted by Intesa San Paolo for a nominal value of Euro 750 thousand, with a duration of 3 years with monthly deferred instalments, interest rate with an annual nominal fixed amount equal to 1.50 percentage points (spread), one annual variable portion equal to the one-month interest rate (base 360) (EURIBOR) maturing on 26/04/2024;
- Loan stipulated on 29/09/2021 granted by Intesa San Paolo for a nominal amount of Euro 500 thousand, with a duration of 18 months with deferred monthly instalments, interest rate composed of a fixed nominal annual amount equal to 1.20 percentage points called Spread, an annual variable portion equal to the one-month interest rate (base 360) called EURIBOR.

It should be noted that none of the loans are backed by covenants. For the change in financial liabilities deriving from financial assets, see note 41 “Financial instruments – fair value and risk management”.

20. Other non-current financial liabilities

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

(Euro)	31 December 2021	31 December 2020	Change
Leasing payables - long-term portion	5,431,804	6,584,043	(1,152,239)
Total other non-current financial liabilities	**5,431,804**	**6,584,043**	**(1,152,239)**

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

The movements in financial liabilities from 1 January 2021 until 31 December 2021 are shown below:

Balance as at 31 December 2020	**8,067,866**
Renegotiations	(34,988)
New contracts	407,363
Reimbursements	(1,493,722)
Terminations	
Balance as at 31 December 2021	**6,946,520**
of which current	***1,514,716***
of which non-current	***5,431,804***

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

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

(Euro)	**31 December 2021**	**31 December 2020**
<1 year	1,514,717	1,483,824
1-2 years	1,391,835	1,453,028
2-3 years	1,168,863	1,314,067
3-4 years	755,237	1,089,129
4-5 years	433,439	670,544
>5 years	1,682,430	2,057,275
Total	**6,946,520**	**8,067,866**

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 2021			
Fixed fee	1,634,282	-	1,634,282
Variable fee with minimum payment	-	46,950	46,950
Total	**1,634,282**	**46,950**	**1,681,232**
As at 31 December 2020			
Fixed fee	1,146,655	-	1,146,655
Variable fee with minimum payment	-	51,493	51,493
Total	**1,146,655**	**51,493**	**1,198,148**

21. Liabilities for future employee benefits

The composition of the item "Liabilities for future employee benefits" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Severance Indemnity
Balance as at 31 December 2020	**692,147**
Social security cost related to current service	289,033
Interest expense	2,375
(Profits)/losses from discounting	24,604
Uses	(78,637)
Balance as at 31 December 2021	**929,803**

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

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

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

The actuarial model for the valuation of the severance 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	Nuovo TFR
Tasso di attualizzazione	+0,25%	909.737
	-0,25%	950.762
Tasso di inflazione	+0,25%	947.299
	-0,25%	912.870
Tasso di turnover	+1%	919.560
	-1%	941.550

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-Dec-21	31-Dec-20	Changes
Take OFF			
Managers	2	2	0
White-collar workers	5	6	(1)
Blue-collar workers	192	184	8
Over			
White-collar workers	8	8	0
Blue-collar workers	12	13	(1)
Total	**219**	**213**	**6**

22. Provisions for non-current risks and charges

The composition of the item "Provisions for risks and charges" as at 31 December 2021, compared with the same values as at 31 December 2020 is shown below:

(Euro)	Provision for risks on disputes	Total
Balance as at 31 December 2020	**42,531**	**42,531**
Provision for the year	-	-
Uses in the year	-	-
Balance as at 31 December 2021	**42,531**	**42,531**

As at 31 December 2021, the item includes the amount set aside for risks deemed probable due to non-recurring labour law disputes.

23. Other non-current liabilities

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

(Euro)	31 December 2021	31 December 2020	Changes
Security deposits	94,500	58,000	36,500
Payables for tax settlement - portion due beyond the period	1,206,369	1,604,489	(398,119)
Total other payables and non-current liabilities	**1,300,869**	**1,662,489**	**36,500**

As at 31 December 2021, the item includes the amount of security deposits as non-interest bearing guarantees paid to Over and the portion due beyond 12 months of the debt for the tax transaction pursuant to Article 182-ter of the Bankruptcy Law; this debt arises from the closure of Over's composition procedure which took place in 2019.

24. Deferred tax liabilities

The composition of the item "Deferred tax liabilities" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Changes
Deferred tax liabilities	108	52,257	(52,149)
Total deferred tax liabilities	**108**	**52,257**	**(52,149)**

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

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

The composition of the item "Payables to banks and short-term portion of long-term loans" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Changes
Intesa Sanpaolo Spa import finan.	43,539	83,483	(39,945)
Intesa Sanpaolo spa confirming	773,387	268,687	504,700
BCC loan - short-term portion	71,073	103,206	(32,134)
BPB loan - short-term portion	267,916	263,271	4,645
Sanpaolo loan - short-term portion	0	125,371	(125,371)
BCC 2 loan - short-term portion	130,468	127,251	3,218
Sanpaolo 2 loan - short-term portion	500,344	296,639	203,705
BPM loan - short-term portion	193,165	27,189	165,976
BPB 2 loan - short-term portion	154,904	25,555	129,349
BDF loan - short-term portion	160,988	156,408	4,580
Sanpaolo 3 loan - short-term portion	253,425		253,425
Sanpaolo 4 loan - short-term portion	401,834		401,834
Total payables to banks and short-term portion of long-term loans	**2,951,044**	**1,477,061**	**1,473,983**

As at 31 December 2021, the item refers to the short-term portion of bank loans (for comments relating to this item, please see note 18 "Medium/long-term loans") as well as the amount of payables due to banks for import advances.

The payable to Banca Intesa for confirming refers to a reverse factor transaction while the payable to Banca Intesa finimport relates to advances for imports of goods.

26. Other current financial liabilities

The breakdown of the item "Other current financial liabilities" as at 31 December 2021, compared with the same values as at 31 December 2020, is as follows:

(Euro)	31 December 2021	31 December 2020	Change
Leasing payables - short-term portion	1,514,716	1,483,823	30,893
Total other current financial liabilities	**1,514,716**	**1,483,823**	**30,893**

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

27. Trade payables

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

(Euro)	31 December 2021	31 December 2020	Changes
Payables to suppliers	1,892,195	2,688,344	(796,149)
Invoices to be received	87,729	98,717	(10,989)
Banca IFIS S.p.a.	74,937	1,058,346	(983,409)
Credit notes to be received	(5,118)	(7,951)	2,833
Goods for purchase during travel	0	132,341	(132,341)
Suppliers in litigation	2,840,646	2,621,570	219,075
Total trade payables	**4,890,388**	**6,591,368**	**(1,700,979)**

Trade payables refer to payables incurred for the purchase of goods to be resold.
Note should be taken of an amount of Euro 2,840 thousand from suppliers with whom a dispute is pending with Over for the supply of non-compliant goods. The increase in the latter item is due to the fluctuation of the Euro/USD exchange rate. No default interest accrues on this item as it is not due to the counterparty.

28. Liabilities for returns

The composition of the item "Liabilities for returns" as at 31 December 2021, compared with the same values as at 31 December 2020 is shown below:

(Euro)	31 December 2021	31 December 2020	Changes
Vouchers issued	41,625	68,246	(26,622)
Total liabilities for returns	**41,625**	**68,246**	**(26,622)**

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

29. Tax payables

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

(Euro)	31 December 2021	31 December 2020	Changes
Withholdings on employee work and self-employment	110,734	70,464	40,270
IRES (corporate income tax)	327,091	1,081,960	(754,869)
IRAP	118,710	343,888	(225,178)
VAT	268,175	163,112	105,062
Other tax payables	36,810	0	36,810
Payables for tax settlement - portion due within the year	398,119	396,134	1,985
Payables for penalties and interest	975,543	975,543	0
Total tax payables	**2,235,182**	**3,031,102**	**(795,920)**

As at 31 December 2021, the item refers in part to VAT for Euro 268 thousand and withholdings.

It should be noted that the balance of Euro 398 thousand for the portion due in the year relates to the debt accrued following the tax settlement pursuant to Article 182-ter of the Bankruptcy Law; this debt arises from the closure of the composition procedure of Over which took place in 2019.

Payables for penalties and interest, equal to Euro 975 thousand, refer to taxes relating to previous years for which there have been no changes with respect to the previous year.

30. Other current payables and liabilities

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

(Euro)	31 December 2021	31 December 2020	Changes
Payables to social security institutions	147,746	78,037	69,709
Payables to employees	262,048	373,693	(111,645)
Payables to the parent company	0	1,000,000	(1,000,000)
Accrued expenses and deferred income	14,232	20,171	(5,938)
Total other current payables and liabilities	**424,027**	**1,471,901**	**(1,047,874)**

As at 31 December 2021, the item mainly includes payables to social security institutions for Euro 148 thousand, payables for fees to be paid to employees for Euro 262 thousand and accrued liabilities and deferred income for Euro 14 thousand. The decrease in the item “Payables to parent company” is due to the payment of dividends for Euro 1,000 thousand to Summit S.p.A..

INCOME STATEMENT

31. Revenues from contracts with customers

The composition of the item "Revenues from contracts with customers" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Wholesale sale of goods	211,532	425,922	(214,390)
Proceeds from store sales	26,100,219	20,517,844	5,582,376
Other sales proceeds	87,214	236,643	(149,430)
Total revenues from contracts with customers	**26,398,965**	**21,180,409**	**5,218,556**

The "Revenues from contracts with customers" item includes revenues from wholesale sales, revenues from retail sales and other sales revenues.
The sales proceeds of the stores as at 31.12.2021 account for 98% of the turnover and refer to the revenues generated by the 26 directly owned and directly managed points of sale and from the revenues generated by the 5 franchised points of sale of Take Off, in addition to the sales of the 113 affiliated points of sale of Over. The positive change in the period is essentially due to the recovery of the reference market in the post-Covid-19 pandemic period and to the increase in the average opening days in 2021.

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

	1 January 2021 - 31 December 2021		
(Euro)	**Wholesale sale of goods**	**Retail sales of goods**	**Other sales proceeds**
Type of assets			
Wholesale sale of goods	211,532		
Proceeds from store sales		26,100,219	
Other sales proceeds			87,214
Total revenues from contracts with customers	**211,532**	**26,100,219**	**87,214**
Geographical area			
Italy	211,532	26,100,219	87,214
Abroad	-	-	-
Total revenues from contracts with customers	**211,532**	**26,100,219**	**87,214**
Timing of revenue recognition			
Goods transferred at a point in time	211,532	26,100,219	87,214
Goods transferred over time	-	-	-
Total revenues from contracts with customers	**211,532**	**26,100,219**	**87,214**

	1 January 2020 - 31 December 2020		
(Euro)	**Wholesale sale of goods**	**Retail sales of goods**	**Other sales proceeds**
Type of assets			
Wholesale sale of goods	425,922		
Proceeds from store sales		20,517,844	
Other sales proceeds			236,643

Total revenues from contracts with customers	**425,922**	**20,517,844**	**236,643**
Geographical area			
Italy	425,922	20,517,844	236,643
Abroad	-	-	-
Total revenues from contracts with customers	**425,922**	**20,517,844**	**236,643**
Timing of revenue recognition			
Goods transferred at a point in time	425,922	20,517,844	236,643
Goods transferred over time	-	-	-
Total revenues from contracts with customers	**425,922**	**20,517,844**	**236,643**

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.

32. Other income

The composition of the item "Other income" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Leases and subleases	21,300	32,725	(11,425)
Various contributions	781,704	380,866	400,838
Reimbursement of franchisee expenses	94,034	47,287	46,747
Discounts/allowances receivable	3,076	4,467	(1,392)
Contingent assets	72,382	143,622	(71,241)
Capital gains	41,373	498,619	(457,246)
Other minor proceeds	13,194	48,546	(35,352)
Other sales revenues	564,456	0	564,456
Total other income	**1,591,518**	**1,156,132**	**(129,070)**
of which with related parties	***582,056***	***450,000***	

It should be noted that the item is positively influenced mainly by the contributions received for Euro 781 thousand. This item includes the contribution of Euro 240 thousand received from the Puglia Region as "Investment aid for small and medium-sized enterprises" of "POR Puglia FESR-FSE 2014-2020", the contribution to support the increase in the value of final warehouse inventories for Euro 420 thousand and the contribution received to support the expenses related to Take Off's listing process on the Euronext Growth Milan market, which was completed on 25 November 2021.

The item "Other sales revenues" includes sales of furnishings to the related company Horizon for Euro 564 thousand.

The item "Capital gains" decreased in the year in question, given that in the year of comparison there was a sale of assets which generated the non-recurring capital gain.

It should be noted that the portion of revenues deriving from relations with related parties is composed of Euro 564 thousand present in the item "*Other sales revenues*" and for Euro 18 thousand present in the item "*Capital gains*".

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

The composition of the item "Costs for raw materials and consumables" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Purchases of goods	9,258,386	13,048,792	(3,790,406)
Purchases of consumables	104,218	120,594	(16,376)
Ancillary charges on purchases	456,609	452,028	4,581
Change in inventories of goods	2,248,206	(3,655,319)	5,903,524
Total costs for raw materials, semi-finished products and consumables	**12,067,419**	**9,966,095**	**2,101,324**

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 substantial decrease in the item purchases of goods is mainly attributable to the lower costs incurred given the existing stock of items relating to the 2020 collections placed on the market only in 2021 as a result of the easing of the restrictions to contain Covid-19.

In absolute terms, the increase in the item costs for raw materials is mainly due to the change in inventories of goods.

34. Costs for services

The composition of the item "Costs for services" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Telephone expenses	40,122	35,640	4,482
Security services	28,191	30,656	(2,465)
Electricity	238,997	228,138	10,859
Water supply	16,316	13,516	2,800
Maintenance and repairs	63,643	173,798	(110,155)
Insurance	20,673	24,381	(3,709)
Transportation	99,893	87,473	12,421
Advertising	115,243	119,923	(4,679)
Consulting	536,755	243,310	293,444
Remuneration to corporate bodies	213,686	188,031	25,656
Other costs for services	432,552	512,339	(79,787)
Total costs for services	**1,806,071**	**1,657,204**	**148,867**

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

The increase in absolute value of the item compared to the previous year, equal to Euro 149 thousand, is mainly due to the consultancy costs incurred for the listing process on the Euronext Growth Milan market which was finalised on 25 November 2021 and recognised, in part, in the income statement in accordance with the provisions of IAS 32.

35. Personnel costs

The composition of the item "Personnel costs" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Remuneration	3,182,413	2,903,589	278,825
Social security and insurance charges	716,859	760,103	(43,244)
Severance indemnity provision	289,315	198,259	91,056
Other personnel costs	122,520	10,816	111,703
Total personnel costs	**4,311,107**	**3,872,767**	**438,340**

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

The increase in personnel costs compared to the same previous period, equal to Euro 438 thousand, derives from the effects of the reopening of the points of sale after the lockdown imposed due to Covid-19 and the reduction of the measures to support workers' income (CIG - wage guarantee fund).

36. Other operating costs

The composition of the item "Other operating costs" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Building expenses	16,451	19,036	(2,585)
Rents	0	2,126	(2,126)
Other costs relative to leases	59,945	96,645	(36,700)
Lease instalments	17,130	291	16,840
Non-income taxes	97,791	134,543	(36,752)
Contingent liabilities	67,102	66,736	366
Capital losses	8,385	0	8,385
Credit losses	0	731	(731)
Other minor operating costs	22,117	25,388	(3,271)
Total other operating costs	**288,922**	**345,495**	**(56,574)**

As at 31 December 2021, the item mainly includes building expenses and additional costs of rental points of sale for Euro 59 thousand, taxes and non-income taxes for Euro 98 thousand and contingent liabilities for Euro 67 thousand.

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

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

37. Amortisation, depreciation and write-downs

The composition of the item "Amortisation, depreciation and write-downs" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Amortisation of intangible assets	5,040	2,267	2,773
Depreciation of rights of use	1,527,084	1,192,539	334,545
Depreciation of property, plant and equipment	296,485	273,778	22,707
Allocation to bad debt provision	672	0	672
Total amortisation/depreciation and write-downs	**1,829,281**	**1,468,584**	**360,025**

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

38. Financial expenses

The composition of the item "Financial expenses" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Bank interest expense	107,888	68,329	39,558
Exchange rate losses	6,115	7,523	(1,407)
Interest expense on lease contracts	190,457	169,937	20,520
Other financial expenses	17,696	6,622	11,074
Write-down of short-term equity securities	0	51,789	(51,789)
Exchange rate fluctuation	211,600	(203,441)	415,040
Total financial expenses	**533,756**	**100,759**	**432,996**

The increase in the item compared to the previous year, equal to Euro 433 thousand, is mainly due to interest expense on mortgages/loans due to the taking out of two new loans, interest expense on leasing contracts and losses resulting from fluctuations in the Euro/USD exchange rate.

39. Financial income

The composition of the item "Financial income" for the period from 1 January to 31 December 2021, compared with the same values for the period from 1 January to 31 December 2020, is as follows:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Exchange rate gains	354	9,235	(8,882)
Interest income	42,784	50,201	(7,417)
Earnings on investment funds	0	5	(5)
Total financial income	**43,138**	**59,442**	**(16,304)**

The decrease in the item is mainly due to the reduction in exchange rate gains and lower interest income.

40. 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 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Taxes for the period	1,117,940	716,183	401,757
Deferred tax assets	439,813	405,744	34,069
Deferred tax liabilities	0	47,626	(47,626)
Total income taxes	**1,557,753**	**1,169,554**	**388,200**

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

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

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

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

Result before taxes	**7,162,082**	
Theoretical tax burden (24% rate)		**1,718,900**
Temporary differences deductible in subsequent years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	0	
Non-deductible write-downs	200,000	
Exchange rate variations not deductible	218,994	
Non-deductible interest expense	0	
Total	418,994	
Reversal of temporary differences from previous years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	(122,221)	

Interest expense not deducted in previous years	(807,412)	
Total	(929,633)	
Differences that will not be reversed in subsequent years:		
Non-deductible or unpaid taxes	2,706	
Non-deductible expenses for means of transport pursuant to art. 164	47,507	
Other increases	248,897	
Other decreases	(1,491,053)	
Total	(1,191,944)	
Use of tax losses		
Use of tax losses	(1,452,266)	
ACE (aid for economic growth) deduction		
Total	(1,452,266)	
Taxable amount	**4,007,233**	
Current income taxes for the year		**961,736**

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

Difference between value and cost of production	7,652,700	
Costs not relevant for IRAP purposes	4,311,779	
Other relevant items	0	
Total	**11,964,479**	
Theoretical tax burden (rate 4.82%)		**576,688**
Differences that will not be reversed in subsequent years:		
Costs, fees and profits pursuant to art. 11 of Legislative Decree no. 446	97,400	
Municipal property tax	2,526	
Other increases for IRAP purposes	274,868	
Other decreases for IRAP purposes	(1,367,681)	
Total	(992,887)	
IRAP deductions	3,283,899	
Taxable IRAP	**7,687,693**	
Current IRAP for the year		**367,357**

The breakdown of deferred tax assets is shown below:

(In thousands of Euro)	31/12/2021 Amount of temporary differences	31/12/2021 Tax effect %	31/12/2021 Tax effect	31/12/2020 Amount of temporary differences	31/12/2020 Tax effect %	31/12/2020 Tax effect	31/12/2021 Effect on the income statement	31/12/2021 Effect on OCI
Deferred tax assets								
Excess maintenance	266,838	24.00%	64,041	389,054	24.00%	93,373	29,322	
Short-term employee benefit measurement	0	24.00%	0	78,074	24.00%	18,738	18,738	
Registration of rights of use on leases	88,758	28.82%	25,579	115,130	28.82%	33,180	7,601	
Discounting of severance indemnity	186,318	24.00%	44,716	124,974	24.00%	29,994	(5,264)	(5,905)
Non-taxable exchange rate changes	218,994	24.00%	52,559	0	24.00%	0	(52,559)	
Deductions for listing expenses to SE	0		0	0	24.00%	0	204,029	
Tax losses that can be carried forward indefinitely	3,878,272	24.00%	930,785	5,341,943	24.00%	1,282,066	351,281	
Non-deductible write-downs	500,000	28.82%	144,100	300,000	28.82%	86,460	(57,640)	
Total deferred tax assets	5,139,180		1,261,777	6,349,175		1,543,811	491,960	(5,905)

(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 OCI
Deferred tax liabilities								
Exchange rate variations not deductible	0	24.00%	0	217,289	24.00%	52,149	52,149	
Other variations	450	24.00%	108	450	24.00%	108	0	
Total deferred tax liabilities	450		108	217,739		52,257	52,149	0
Cost/(Revenue) for deferred taxes							439,813	(5,905)

41. Financial instruments - fair value and risk management

A. Accounting classification

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

(Euro)	31 December 2021	31 December 2020
Financial assets at amortised cost		
Receivables and other non-current financial assets	0	0
Other non-current receivables	424,478	479,103
Trade receivables	227,184	179,780
Other current receivables	820,113	737,372
Tax receivables	1,536,706	17,222
Current financial assets	0	0
Total financial assets at amortised cost	**3,008,482**	**1,413,478**
Financial liabilities at amortised cost		
Medium/long-term loans	3,224,665	4,115,858

Other non-current financial liabilities	4,055,767	6,584,043
Payables to banks and short-term portion of long-term loans	2,951,044	1,477,061
Other current financial liabilities	2,890,753	1,483,823
Trade payables	4,890,388	6,591,368
Payables for contractual obligations	41,625	68,246
Tax payables	-	-
Other current payables and liabilities	424,027	1,471,901
Total financial liabilities at amortised cost	**18,478,268**	**21,792,300**

B. Fair value measurement

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

	Book value		**Fair value**	
(Euro)	**31/12/2021**	**31/12/2020**	**31/12/2021**	**31/12/2020**
Financial assets				
Financial receivables from subsidiaries	-	-	-	-
Equity securities	-	-	-	-
Total financial assets	**0**	**0**	**0**	**0**
Financial liabilities				
BCC loan	71,073	175,055	71,073	175,055
BPB loan	335,631	598,902	335,631	598,902
Sanpaolo loan	0	125,371	0	125,371
BCC 2 loan	589,664	716,915	589,664	716,915
Sanpaolo 2 loan	710,056	1,000,000	710,056	1,000,000
BPM loan	808,994	850,000	808,994	850,000
BPB 2 loan	774,445	800,000	774,445	800,000
BDF loan	818,920	974,505	818,920	974,505
Sanpaolo 3 loan	750,000	0	750,000	0
Sanpaolo 4 loan	500,000	0	500,000	0
Intesa Sanpaolo Spa import finan.	43,539	83,483	43,539	83,483
Intesa Sanpaolo spa confirming	773,387	268,687	773,387	268,687
Total financial liabilities	**6,175,708**	**5,592,919**	**6,175,708**	**5,592,919**
Total net financial assets	**6,175,708**	**5,592,919**	**6,175,708**	**5,592,919**

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

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

31/12/2021

(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	-	71,073	-
BPB loan	-	335,631	-
Sanpaolo loan	-	0	-
BCC 2 loan	-	589,664	-
Sanpaolo 2 loan	-	710,056	-
BPM loan	-	808,994	-
BPB 2 loan	-	774,445	-
BDF loan	-	818,920	-
Intesa Sanpaolo Spa import finan.	-	750,000	-
Intesa Sanpaolo spa confirming	-	500,000	-
Sanpaolo 3 loan	-	43,539	-
Sanpaolo 4 loan	-	773,387	-
Total financial liabilities	**-**	**6,175,708**	**-**

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

- financial receivables from subsidiaries are valued by the Group on the basis of parameters such as the interest rate, the individual creditworthiness of the subsidiary and the characteristic risk of the financial project;
- the fair value of the shares is determined using the market value as at the reference date;
- the fair value of the Group's loans and loans that bear interest are determined using the discounted cash flow method, with a discount rate that reflects the rate of the loan used by the issuer as at the end of the year. Its default risk as at 31 December 2021 and 31 December 2020 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 2021 and 31 December 2020.

C. Financial Risks

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

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

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

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

Market risk

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

- the interest rate risk;
- the price risk.

Interest rate risk

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

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

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

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

(Euro)	Interest rate	Expiration	31 December 2021	31 December 2020
Non-current financial liabilities				
BCC loan	3-month Euribor + spread	2022	0	71,849
BPB loan	6-month Euribor + spread	2023	67,714	335,631
Sanpaolo 2 loan	fixed	2023	209,712	703,361
BCC 2 loan	3-month Euribor + spread	2023	459,196	589,664
BPM loan	fixed	2023	615,829	822,811
BPB 2 loan	fixed	2026	619,540	774,445
BDF loan	fixed	2026	657,932	818,097
Sanpaolo 3 loan	fixed	2024	496,575	0
Sanpaolo 4 loan	1-month Euribor + spread	2023	98,166	0
Payables for leases	2.5%	2022-2031	5,431,804	6,584,043
Total non-current financial liabilities			**8,656,468**	**10,699,900**
Current financial liabilities				
BCC loan	3-month Euribor + spread	2021	71,073	103,206
BPB loan	6-month Euribor + spread	2021	267,916	263,271
Sanpaolo loan	fixed	2021	0	125,371
BCC 2 loan	3-month Euribor + spread	2021	130,468	127,251
Sanpaolo 2 loan	fixed	2021	500,344	296,639
BPM loan	fixed	2023	193,165	27,189
BPB 2 loan	fixed	2026	154,904	25,555
BDF loan	fixed	2026	160,988	156,408
Sanpaolo 3 loan	fixed	2024	253,425	0
Sanpaolo 4 loan	1-month Euribor + spread	2023	401,834	0
Intesa Sanpaolo Spa import finan.		2021	43,539	83,483
Intesa Sanpaolo spa confirming		2021	773,387	268,687
Payables for leases	2.5%	2022-2031	1,514,716	1,483,823
Total current financial liabilities			**4,465,760**	**2,960,885**

Price risk

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

Credit risk

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

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

Liquidity risk

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

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

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

(Euro)	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Balance as at 31 December 2021							
BCC loan	71,073						71,073
BPB loan	267,916	67,715					335,631
BCC 2 loan	130,468	133,768	137,151	140,619	47,658		589,664
Sanpaolo 2 loan	500,344	209,712					710,056
BPM loan	193,165	168,064	170,599	173,173	103,993		808,994
BPB2 loan	154,904	157,637	160,418	163,248	138,237		774,445
BDF loan	160,988	165,305	169,241	173,269	150,117		818,920
Sanpaolo 3 loan	253,425	375,596	120,980				750,000
Sanpaolo 4 loan	401,834	98,166					500,000
Intesa Sanpaolo spa confirming	773,387						773,387
Intesa Sanpaolo Spa import finan.	43,539						43,539
Lease liabilities	1,514,716	1,391,835	1,168,863	755,237	433,439	1,682,430	6,946,520
Trade payables	4,890,388						4,890,388
Payables for contractual obligations	41,625						41,625
Tax payables	2,235,182	400,115	402,120	404,135			3,441,552
Other current payables and liabilities	424,027						424,027
Total	**12,056,983**	**3,167,913**	**2,329,371**	**1,809,681**	**873,444**	**1,682,430**	**21,919,821**

(Euro)	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Balance as at 31 December 2020							
BCC loan	103,206	71,849					175,055
BPB loan	263,271	267,916	67,715				598,902
Sanpaolo loan	125,371						125,371
BCC 2 loan	127,251	130,468	133,768	137,151	140,619	47,658	716,915
Sanpaolo 2 loan	296,639	500,344	203,017				1,000,000
BPM loan	27,189	165,567	168,064	170,599	173,173	145,408	850,000
BPB2 loan	25,555	154,904	157,637	160,418	163,248	138,237	800,000
BDF loan	156,408	161,462	165,305	169,241	173,269	148,820	974,505
Intesa Sanpaolo spa confirming	268,687						268,687
Intesa Sanpaolo Spa import finan.	83,483						83,483
Payables for leases	1,483,823	1,453,028	1,314,067	1,089,129	670,544	2,057,276	8,067,866
Other non-current liabilities		456,119	400,115	402,120	404,135		1,662,489
Trade payables	6,591,368						6,591,368
Current contractual liabilities							-
Payables for contractual obligations	68,246						68,246
Tax payables	1,426,618	398,119	400,115	402,120	404,135		3,031,106
Other current payables and liabilities	1,471,901						1,471,901
Total	**12,519,017**	**3,759,776**	**3,009,802**	**2,530,778**	**2,129,123**	**2,537,399**	**26,485,895**

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 2021, compared with 31 December 2020:

(Euro)	**31 December 2020**	**Cash Flows**	**New leasing contracts**	**Other**	**31 December 2021**
Medium/long-term loans	4,115,858	485,289		(1,376,482)	3,224,665
Payables to banks and short-term portion of loans	1,477,061	97,501		1,376,482	2,951,044
Lease liabilities - non-current portion	6,584,043		407,363	(1,559,602)	5,431,804
Leasing liabilities - current portion	1,483,823	(1,493,722)		1,524,615	1,514,716
Total	**13,660,785**	**(910,932)**	**407,363**	**(34,987)**	**13,122,228**

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

D. Capital management

The primary objective of the Group's capital management is to ensure that a solid credit rating and adequate levels of capital indicators are maintained in order to support the business and maximize shareholder value. The Group manages the capital structure of companies and changes it according to changes in economic conditions. To maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay the capital or issue new shares. No changes were made to the objectives, policies or procedures during the years 2021 and 2020.

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

(Euro)	31 December 2021	31 December 2020
Onerous financing	6,175,710	5,592,919
Lease liabilities	6,946,520	8,067,866
Trade and other payables	8,797,592	12,825,110
Cash and cash equivalents	(26,455,694)	(15,405,808)
Net debt	**(4,535,873)**	**11,080,087**
Shareholders' equity	**23,654,135**	**11,838,234**
Equity and net debt	**19,118,263**	**22,918,321**
Net debt/equity	**-19.18%**	**93.60%**

The change in the Net Debt/shareholders' equity ratio compared to 2020 is attributable to the capital increase and the consequent contribution of cash and cash equivalents within the Group.

42. 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 consolidated economic result for the period, profit or loss, attributable to the shareholders of the Group companies by the weighted average number of shares in circulation during the reference period.

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

(Euro)	31 December 2021	31 December 2020
Net result for the year	5,639,312	3,815,524
Average number of ordinary shares	10,910,939	10,000,000
Basic and diluted earnings per share	**0.52**	**0.38**

The increase in earnings per share compared to 2020 is due to the effect of the increase in the net result for the year.

It should be noted that the calculation of the basic and diluted earnings per share was carried out by considering the effects of the new shares deriving from the listing process using the weighted average method.

43. Significant events occurring after the end of the period

The Italian government has injected huge impetus to the vaccination plan and has implemented a series of partial lock-downs, differentiated by Region, and more targeted by geographic area. These two actions have greatly contributed to reducing the spread of Covid-19, although in recent times additional variants of the virus are again increasing the number of cases of infection. It is undeniable, therefore, that the general situation remains highly complex, preventing a return to normality that would certainly promote significant growth in sales at our points of sales.
In 2022, we will proceed with the expansion policy by opening new points of sales. The following summarises the next scheduled openings for each company:

- 10 points of sale contracted for adult clothing (Take Off), distributed geographically as follows: 6 in northern Italy, 2 in central Italy and 2 in southern Italy;
- 15 points of sale contracted for children's clothing (Overkids) by the first half of 2022. It should be noted that 14 points of sale were closed in the first quarter of 2022.

The large-scale and substantial implementation of the vaccination plan for the entire population brings with it cautious optimism, and the belief that this will be the only pathway for a return to total social and economic normality within a short period.
Furthermore, the lifting of the restrictions expected for the end of March 2022 will change the reference scenario even if the timing and methods of a return to normality are not yet clear.
The recent unexpected inflationary pressures, partly as a result of the conflict in Ukraine, are imposing themselves in all their drama in the international context and will undoubtedly produce negative consequences for a long period. Rising energy, fuel and raw material prices undoubtedly have a negative impact, weighing down the profit and loss account with costs that, however carefully controlled and efficient, undoubtedly affect our planning. Costs and price-rises suffered due to exogenous variables, which are predictable, but unfortunately not always controllable, will be managed as well as possible. The Group, however, has already demonstrated the resilience of its business model as well as the high variability and flexibility of its cost structure, maintaining a significant marginality even in the most complex years of the pandemic. Within the current complex context, at present there are no elements that cannot be managed by the Group in line with what has been done in the recent past.
In this market environment we will continue with our purchasing, procurement and research and design strategy, attempting to make it more aggressive given the solid net financial position and more flexible in relation to the rotation of collections and inventory.
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 Group.

44. Related-Party Transactions

During the period, Take Off sold to the related company Horizon Srl an industrial warehouse located in Monopoli at via Baione no. 216 for a total value of Euro 640 thousand, and the value of which was the subject of a special fairness report issued by an independent expert. The sale of the property generated a capital gain of Euro 18 thousand.
In addition, Take Off sold to Horizon Srl furniture and systems not related to core business for Euro 564 thousand. Finally, we also recall the sale of a vehicle to Horizon S.r.l. for Euro 14 thousand.

Take Off has signed two lease agreements with the related company Horizon Srl relating to the point of sale in Ostuni and the Logistics Hub and Offices in via Baione (Monopoli), the rents of which have been determined through a specific appraisal and reduced in percentage terms, 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.

STATEMENT OF FINANCIAL POSITION TRANSACTIONS

(Euro)	Receivables and other financial assets	Other non-current financial liabilities	Other current financial liabilities	Other current liabilities
Balance as at 31 December 2021				
Horizon S.r.l.	-	(1,803,333)	(156,785)	
Vistamare S.r.l.	-	-	-	-
Summit S.p.A.	-	-	-	-
Total	**-**	**(1,803,333)**	**(156,785)**	**0**
Balance as at 31 December 2020				
Horizon S.r.l.	-	(1,960,118)	(152,918)	
Vistamare S.r.l.	-	-		
Summit S.p.A.	-			(1,000,000)
Total	**-**	**(1,960,118)**	**(152,918)**	**(1,000,000)**

INCOME STATEMENT TRANSACTIONS

(Euro)	Revenues from contracts with customers	Other income	Costs for raw materials and consumables	Interest expense
Balance as at 31 December 2021				
Vistamare S.r.l.	-	-	-	-
Summit S.p.A.	-	-	-	-
Horizon S.r.l.	-	582,056	-	51,082
Total	**-**	**582,056**	**0**	**51,082**
Balance as at 31 December 2020				
Vistamare S.r.l.	-	-	-	-
Summit S.p.A.	-	-	418,405	
Manuela Piccarreta	-	450,000	-	-
Horizon S.r.l.	-	-	-	13,152
Total	**-**	**450,000**	**418,405**	**13,152**

It should be noted that all related-party transactions were concluded under normal market conditions.

****

Dear Shareholders,

We invite you to approve the consolidated financial statements for the year ended 31 December 2021 as prepared by me.

***

Milan, 28 March 2022

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.

Take Off S.p.A.

Financial statements for the year ended as at 31 December 2021

Financial statements as at 31 December 2021

Parent Company's Statement of financial position

(Euro)	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	*(7)*	1,361,365	1,951,743
Intangible assets	*(8)*	16,111	15,185
Right-of-use assets	*(9)*	6,364,739	7,423,281
Equity investments in subsidiaries	*(10)*	250,000	0
Other non-current receivables	*(11)*	408,518	398,590
Deferred tax assets	*(12)*	128,355	162,031
TOTAL NON-CURRENT ASSETS		**8,529,088**	**9,950,830**
Current assets			
Inventories	*(13)*	5,152,481	7,320,936
Trade receivables	*(14)*	93,931	34,447
Other current receivables	*(15)*	592,763	179,723
Tax receivables	*(16)*	182,338	15,473
Cash and cash equivalents	*(17)*	23,129,918	11,798,400
TOTAL CURRENT ASSETS		**29,151,431**	**19,348,979**
TOTAL ASSETS		**37,680,519**	**29,299,809**
SHAREHOLDERS' EQUITY			
Share capital		1,562,480	1,000,000
Share premium reserve		11,682,808	0
Legal reserve		200,000	154,066
Reserve for translation differences		2,440,366	2,440,366
Other reserves		826,293	2,743,924
Profits/losses of previous periods		0	758,491
Result for the period		3,888,637	1,189,841
TOTAL SHAREHOLDERS' EQUITY	*(18)*	**20,600,584**	**8,286,688**
LIABILITIES			
Non-current liabilities			
Medium/long-term loans	*(19)*	3,224,665	4,115,858
Other non-current financial liabilities	*(20)*	5,155,110	6,274,909
of which with related parties	*(43)*	*1,803,333*	*1,906,118*
Liabilities for future employee benefits	*(21)*	748,434	524,456
Provisions for risks and charges	*(22)*	42,531	42,531
Deferred tax liabilities	*(23)*	108	108
TOTAL NON-CURRENT LIABILITIES		**9,170,849**	**10,957,862**
Current liabilities			
Payables to banks and short-term portion of long-term loans	*(24)*	2,951,044	1,477,061
Other current financial liabilities	*(25)*	1,482,277	1,396,043
of which with related parties	*(44)*	*156,785*	*152,918*
Trade payables	*(26)*	1,920,645	3,932,546
Payables for contractual obligations	*(27)*	41,625	68,247
Tax payables	*(28)*	1,124,612	1,741,597
Other current payables and liabilities	*(29)*	388,884	1,439,766
of which with related parties	*(43)*	0	1,000,000
TOTAL CURRENT LIABILITIES		**7,909,087**	**10,055,259**
TOTAL LIABILITIES		**17,079,935**	**21,013,121**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**37,680,519**	**29,299,809**

Income statement of the Parent Company

(Euro)	Note	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Revenues from contracts with customers	*(30)*	19,898,713	14,472,533
REVENUES		**19,898,713**	**14,472,533**
Other income	*(31)*	1,494,707	1,032,308
of which with related parties	*(43)*	*582,056*	*450,000*
Costs for raw materials and consumables	*(32)*	(8,977,791)	(7,339,233)
of which with related parties	*(43)*	0	(418,405)
Costs for services	*(33)*	(1,411,498)	(1,298,524)
Personnel costs	*(34)*	(3,765,809)	(3,373,059)
Other operating costs	*(35)*	(218,696)	(291,698)
Amortisation/depreciation	*(36)*	(1,727,901)	(1,340,933)
OPERATING INCOME		**5,291,726**	**1,861,394**
Financial expenses	*(37)*	(299,739)	(281,087)
Financial income	*(38)*	36,698	53,731
PRE-TAX RESULT FROM OPERATING ACTIVITIES		**5,028,685**	**1,634,038**
Income taxes	*(39)*	(1,140,048)	(444,197)
RESULT OF THE PERIOD FROM OPERATING ACTIVITIES		**3,888,637**	**1,189,841**
RESULT FOR THE PERIOD		**3,888,637**	**1,189,841**
Earnings per share	*(41)*	*0.36*	*0.12*

Comprehensive income statement of the Parent Company

(Euro)	Note	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
RESULT FOR THE PERIOD		**3,888,637**	**1,189,841**
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		(26,356)	(47,887)
Deferred taxes on profits/(losses) from discounting		6,325	11,493
Total other components of comprehensive income		**(20,031)**	**(36,394)**
Other components of comprehensive income that will subsequently be reclassified in profit/(loss) for the year (net of taxes)		-	-
OVERALL RESULT FOR THE PERIOD		**3,868,606**	**1,153,447**

Statement of changes in shareholders' equity of the Parent Company

(Euro)	Share capital	Share premium reserve	Legal reserve	Reserve from conversion to IAS/IFRS	Other reserves	Profits/losses of previous periods	Profit/(loss) from the period	Total
Balance as at 31 December 2020	**1,000,000**	**0**	**154,066**	**2,440,366**	**2,743,924**	**758,491**	**1,189,841**	**8,286,688**
Result for the period							3,888,637	3,888,637
Other items of the comprehensive income statement	-		-	-	(20,031)	-	-	(20,031)
Overall result for the period	-		-	-	(20,031)	-	3,888,637	3,868,606
Allocation of the result of the previous period			45,934		1,902,398	(758,491)	(1,189,841)	0
Rounding					1			1
Contribution of Over	250,000							250,000
Share capital increase - Euronext Growth Italia	312,480	11,682,808						11,995,288
Dividend distribution					(3,800,000)			(3,800,000)
Balance as at 31 December 2021	**1,562,480**	**11,682,808**	**200,000**	**2,440,366**	**826,293**	**0**	**3,888,637**	**20,600,583**

(Euro)	Share capital	Legal reserve	Reserve for translation differences	Other reserves	Profits/losses of previous periods	Profit/(loss) from the period	Total
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
Payment of residual share capital increase	590,000						590,000
Discounting of severance indemnity							0
Dividend distribution				(2,000,000)			(2,000,000)
Spin-off				(3,343,916)			(3,343,916)
Registration of accrued and unused holidays							0
Rounding							
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**

Parent Company's statement of cash flows

	Note	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020
Operating activities			
Pre-tax profit from continuing operations		5,028,685	1,634,039
Pre-tax result		**5,028,685**	1,634,039
Adjustments to reconcile the pre-tax result with the net cash flow from operating activities:			
Depreciation and impairment of property, plant and equipment	(36)	292,259	270,220
Amortisation and impairment of intangible assets and rights of use	(36)	1,435,642	1,070,712
Provisions for future employee benefits	(21)	252,893	169,206
Change in fair value of financial instruments		0	51,789
Financial income	(38)	(36,698)	(53,731)
Financial expenses	(37)	299,739	281,087
Other		0	(116,108)
Changes in working capital:			
Trade receivables	(14)	(59,484)	236,459
Other current receivables	(15)	(579,906)	763,487
Inventories	(13)	2,168,455	(1,808,168)
Trade payables and contractual liabilities	(26)-(27)	(2,038,522)	(366,821)
Other current payables	(29)	12,224	(52,665)
Net change in non-current receivables/payables		(9,928)	(19,872)
Net change in deferred tax assets and liabilities	(12) - (23)	45,169	15,539
Payments for employee benefits	(21)	(63,733)	(46,787)
Interest (paid)/collected		(259,745)	(224,827)
Income taxes paid		(1,820,138)	(852,407)
Net cash flow from operating activities		**4,666,912**	**951,152**
Investment activity			
Investments in property, plant and equipment	(7)	(390,835)	(2,673,947)
Disposals of property, plant and equipment	(7)	688,954	0
Investments in intangible assets	(8) - (9)	(5,650)	(12,772)
Equity investments in subsidiary companies		0	(100,000)
Net cash flow from investing activities		**292,469**	**(2,786,719)**
Financing activities			
New medium/long-term loans	(19) - (24)	1,754,700	5,302,170
Repayment of medium/long-term loans	(19) - (24)	(1,171,910)	(842,832)
Net change in other short-term financial assets		0	56,429
Repayment of financial liabilities for rights of use on leases	(20) - (24)	(1,405,940)	(928,730)
Share capital increase	(18)	11,995,288	590,000
Dividends paid	(18)	(4,800,000)	(1,000,000)
Net cash flow from financing activities		**6,372,137**	**3,177,037**
(Decrease)/net increase in cash and cash equivalents and short-term deposits		**11,331,518**	**1,341,470**
Opening cash and short-term deposits		**11,798,400**	**10,456,929**
Closing cash and short-term deposits		**23,129,918**	**11,798,400**

Explanatory notes to the financial statements

Explanatory notes to the Parent Company's financial statements for the year ended 31 December 2021

1. Corporate information

Take Off is a joint stock company incorporated in Italy and registered in the Milan Company Register at no. 04509190759 (hereinafter also the "Company"). The Company's registered office is in MILAN (MI), Via Montenapoleone 8. The Company is subject to management and coordination by the parent company Summit S.p.A., with registered office in Milan, in Via Montenapoleone no. 8, 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.

On 25 November 2021, the Group's listing process on the Euronext Growth Milan market was completed. This listing process will allow the Group to achieve advantages in terms of image and visibility as well as to provide the Company with financial resources to pursue its strategic objectives.

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 2020 of Take Off's financial statements.

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

2. Accounting standards and measurement criteria adopted

The financial statements for the year ended 31 December 2021 were drawn up on the basis of the historical cost principle. Please refer to the specific paragraphs commenting on the statement of financial position and income statement items for more details on the criteria adopted.

2.1 Discretionary valuations and significant accounting estimates

The preparation of 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 2021, 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 point of sale, 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 2022-2026, 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 as at the reference date. A deferred tax liability is recognised for all taxable temporary differences, deferred tax assets for all taxable temporary differences, unused tax losses or tax credits are recognised when their recovery is likely, i.e. when it is expected that sufficient taxable income will become available in the future to recover the asset.

The 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 deferred tax assets is subject to the achievement of future taxable profits sufficiently large to absorb the aforementioned tax losses and to use the benefits of other deferred tax assets. Significant management judgments are required to assess the probability of the recoverability of deferred tax assets, considering all possible evidence, both negative and positive, and to determine the amount that can be recognised in the financial statements, based on the timing and amount of future taxable income, future tax planning strategies as well as the tax rates in force at the time of their reversal. However, when it is found that the 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 as at the end of each reporting period.

The bad debt provision is determined on the basis of the loss forecast determined by the forecast model of 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 2022-2026, 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-Dec-21**	**31-Dec-20**
<1 year	1,482,277	1,396,043
1-2 years	1,345,302	1,420,588

2-3 years	1,121,234	1,267,534
3-4 years	711,299	1,041,500
4-5 years	388,390	626,606
>5 years	1,588,885	1,918,681
Total	**6,637,386**	**7,670,952**

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 2021			
Fixed fee	1,543,395	-	1,543,395
Variable fee with minimum payment	-	46,950	46,950
Total	**1,543,395**	**46,950**	**1,590,345**
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**

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. For the specific aspects of presentation underlying the business combination under common control of Over S.p.A., please refer to the previous note 2.2.

c) Intangible assets

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

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

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

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

The useful lives used for amortisation are summarised below:

Description	Useful life
Software	5 years
Website	5 years

d) Property, plant and equipment

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

This cost includes the costs for the replacement of part of machinery and plants when they are incurred, if they comply with the recognition criteria. Where it is necessary to periodically replace significant parts of plant and machinery, the 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.

.

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

Contractual liabilities

The contractual liability is an obligation to transfer to the customer goods or services for which the 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 financial statements date and reduced to the extent that it is no longer probable that sufficient tax profits will be available in the future in order to allow all or part of this credit to be used, also due to changes in the reference tax legislation.

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

t) Fair value

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

Some accounting criteria and disclosure requirements applied by 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.

v) Listing costs

As part of the listing project, the Company and/or the selling shareholders bear specific costs, such as (i) the commissions that are paid to the banks coordinating the offer; (ii) the fees that are paid to consultants, specialists and lawyers; (iii) other costs such as, by way of example, communication costs, the cost of printing information prospectuses and out-of-pocket expenses. The listing costs have been accounted for in accordance with the provisions of IAS 32, which provides for their recognition as a reduction of any share capital increase or for their recognition in the income statement upon successful listing.

3. New accounting standards and interpretations effective from 1 January 2021

The accounting standards adopted for the preparation of the consolidated financial statements comply with those used for the preparation of the financial statements as at 31 December 2020, with the exception of the adoption of the new standards and amendments in force from 1 January 2021:

- On 31 March 2021, the IASB published an amendment called "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*" which extends the application period of the amendment issued in 2020 by one year, which provided lessees with the right to account for the reduction in fees connected to Covid-19 without having to assess, through the analysis of the contracts, whether the definition of lease modification of IFRS 16 was respected. Therefore, the lessees who applied this option in the 2020 financial year recognised the effects of the reductions in rent directly in the income statement as at the effective date of the reduction. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of 1 April 2021 and early adoption is allowed. The adoption of these amendments did not have any effects on the Company's financial statements.

- On 25 June 2020, the IASB published an amendment called "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments make it possible to extend the temporary exemption from the IFRS 9 application until 1 January 2023 for insurance companies. The adoption of this amendment did not have any effects on the Company's financial statements.

- On 27 August 2020, the IASB published, in light of the reform on interbank interest rates such as the IBOR, the document "Interest Rate Benchmark Reform — Phase 2" which contains amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

  All changes took effect on 1 January 2021. The adoption of this amendment did not have any effects on the Company's financial statements.

4. Accounting standards, amendments and interpretations not yet applicable

Certain standards and interpretations are illustrated below which, based on the currently available information as 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.

- On 14 May 2020, the IASB published the following amendments called:
  - Amendments to IFRS 3 Business Combinations: the amendments aim to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this entailing changes to the provisions of the standard.

- Amendments to IAS 16 Property, Plant and Equipment: the amendments are intended not to allow the deduction from the cost of tangible assets of the amount received from the sale of goods produced in the test phase of the asset itself. These sales revenues and the related costs will therefore be recognised in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that in the estimate of the possible cost of a contract, all costs directly attributable to the contract must be considered. Consequently, the measurement of the possible cost of a contract includes not only the incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid as it has stipulated the contract (such as, for example, the share of the depreciation of the machinery used to fulfil the contract).
- Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All changes will take effect on 1 January 2022. The directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements.

- On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts.
The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including the reinsurance contracts that an insurer holds.

The new standard also provides for presentation and disclosure requirements to improve comparability between entities belonging to this sector.

The new standard measures an insurance contract based on a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- the estimates and assumptions of future cash flows are always current ones;
- the measurement reflects the time value of money;
- the estimates envisage an extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,
- the expected profit is recognised in the contractual coverage period, taking into account the adjustments deriving from changes in the assumptions relating to the cash flows relating to each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects that this liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications deriving from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year of the date on which the claim is made.

The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
The standard applies from 1 January 2023 but early application is allowed, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect the adoption of this standard to have a significant effect on the Company's financial statements.

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 2021, 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 2021.

In order to strengthen its structure and its capital solidity, the Company considered it appropriate to increase recourse to bank debt by taking out two new medium/long-term loans with the bank Intesa San Paolo for an amount of Euro 750 thousand and Euro 500 thousand.

Verification of the reduction in value of intangible assets (Impairment test)

In the absence of goodwill and intangible assets with an indefinite useful life, the Group carries out the impairment test when circumstances indicate the possibility of a reduction in the recoverable value of other intangible assets. The test is based on the calculation of the value in use. The key assumptions used to determine the recoverable value of the various cash-generating units (CGUs) have been illustrated in the consolidated financial statements as at 31 December 2021.
For the purposes of drafting the financial statements, the Directors carried out the appropriate assessments of the existence of indications that an asset may have suffered a reduction in value (impairment), carefully considering the effects of the COVID-19 epidemic in light of the requirements of IAS 36. This analysis, in the current context of uncertainty, required a careful evaluation by the management, which concluded that, despite considering the increase in sales compared to the same

period of the previous year due to a lower impact of government actions to contain the pandemic, and the improvement of profit margin levels, at the level of individual points of sale, it was deemed necessary to re-perform the impairment test conducted as at 31 December 2021.

6. Transactions "under common control"

In the 2021 financial year, transactions under the definition of "under common control" took place.
On 7 September 2021, the Company's Board of Directors resolved to carry out an increase in the share capital of Take Off, approved by means of the contribution of 100% of the share capital of OVER, 69.91% held by Summit S.p.A., 22.57% by Aldo Piccarreta and the remaining 7.52% by Giorgia Lamberti Zanardi.

In compliance with the regulations in force, the share capital increase was determined at a total of Euro 250,000 and supported by the estimate of Domenico Celenza, appointed by the shareholders of OVER to draft the sworn appraisal of the equity investments to be conferred, pursuant to article 2343-ter, paragraph 2, lett. b) of the Italian Civil Code.

As already described previously, said contribution in kind of the investment, for a value of Euro 250 thousand, equal to the book value of the same in the financial statements of the parent company Summit S.p.A., recorded as an increase in the share capital of Take Off S.p.A., constitutes a transaction involving reorganisation between entities under common control.

In the absence of specific applicable accounting rules, for the purposes of accounting for this transaction, Summit S.p.A.'s contribution of the shareholding of Over S.p.A. in Take Off S.p.A. was accounted for in the separate financial statements of Take Off S.p.A. in continuity with the book value of the same in the financial statements of Summit S.p.A..

7. Property, plant and equipment

The composition of the item "Property, plant and equipment" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction	Total
Historical cost as at 1 January 2021	0	739,341	268,053	116,955	232,358	1,104,207	73,285	2,534,198
Increases during the year			59,545	6,200	158,100	166,991		390,835
Decreases during the year		(621,200)				(175,640)		(796,840)
G/C			6,498.44		2,532	64,255	(73,285)	0
Historical cost as at 31 December 2021	0	118,141	334,097	123,155	392,989	1,159,812	0	2,128,193
Accumulated depreciation as at 1 January 2021	0	(29,400)	(75,888)	0	(41,784)	(435,384)	0	(582,456)
Depreciation for the year		(16,836)	(40,882)		(62,399)	(172,142)		(292,259)
Decreases during the year		12,690				95,197		107,886
Accumulated depreciation as at 31 December 2021	0	(33,546)	(116,771)	0	(104,183)	(512,329)	0	(766,829)
Net book value as at 1 January 2021	0	709,941	192,165	116,955	190,574	668,823	73,285	1,951,743
Net book value as at 31 December 2021	0	84,595	217,326	123,155	288,806	647,483	0	1,361,365

The item "Buildings" includes the acquisition values of the properties and land where the business is carried out.
The decreases in the item refer to the sale of the property located in Monopoli at via Baione no. 216 to the related party Horizon.

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 decreases mainly refer to the sale of two cars.

The item "Assets under construction and advances", equal to zero as at 31 December 2021, related to advances paid for supplies of furniture not yet delivered during the year.

The investments made by the Company during the period, equal to Euro 391 thousand, refer mainly to the purchase of new plant and machinery, furnishings and leasehold improvements.

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 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Software applications	Website	Intangible assets under development	Total
Historical cost as at 1 January 2021	**14,560**	**2,912**	**500**	**17,972**
Increases during the year	5,450	200		5,650
G/C	500		(500)	0
Historical cost as at 31 December 2021	**20,510**	**3,112**	**0**	**23,622**
Accumulated amortisation as at 1 January 2020	**(2,787)**	**0**	**0**	**(2,787)**
Amortisation for the year	(4,724)		0	(4,724)
Accumulated amortisation as at 31 December 2021	**(7,512)**	**0**	**0**	**(7,512)**
Net book value as at 1 January 2021	**11,773**	**2,912**	**500**	**15,185**
Net book value as at 31 December 2021	**12,999**	**3,112**	**0**	**16,111**

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

The change in the period, equal to Euro 1 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 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Buildings	Vehicles	Total
Historical cost as at 1 January 2021	**9,517,137**	**42,976**	**9,560,113**
Renegotiations	(34,988)	0	(34,988)
Increases	407,363	0	407,363
Terminations	0	0	0
Historical cost as at 31 December 2021	**9,889,513**	**42,976**	**9,932,489**
Accumulated depreciation as at 1 January 2021	**(2,134,058)**	**(2,774)**	**(2,136,832)**
Increases	(1,414,269)	(16,648)	(1,430,917)
Terminations			0
Accumulated depreciation as at 31 December 2021	**(3,548,327)**	**(19,422)**	**(3,567,749)**
Net book value as at 31 December 2020	**7,383,079**	**40,202**	**7,423,281**
Net book value as at 31 December 2021	**6,341,185**	**23,554**	**6,364,740**

The rights of use refer to the real estate lease contracts in place and relating to 26 points of sale, as well as vehicles. The change in the period includes the effect of depreciation for Euro 1,431 thousand, increases due to the opening of new points of sale for Euro 407 thousand, as well as the effect deriving from the contractual changes stipulated in 2021, 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 88 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 guarantees on the residual value of the assets, leases not yet stipulated for which the lessee has undertaken an obligation. 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 31 December 2021, in accordance with the provisions of IAS 36, management considered the economic and financial effects of the Covid-19 pandemic as a trigger event, conducting the appropriate assessments in order to identify possible impairment.

In particular, an analysis was carried out on the prospective capacity of the Group of CGUs that make up Take Off (the group of points of sale and wholesaling), to cope with the full recoverability of the overall book value (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 31.12.2021. 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 8,71%, 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 2021, is shown below:

(Euro)	Over S.p.A.	Total
As at 31 December 2020	**0**	**0**
Increases	250,000	250,000
Decreases		
Equity method effect		
- of which in the income statement		
- of which in the comprehensive income statement		
- of which in equity		
As at 31 December 2021	**250,000**	**250,000**

The following data relating to the wholly-owned subsidiary:

(Euro)	Site	Share held	Shareholders' Equity as at 31 December 2021
Over S.p.A.	Castellana Grotte (BA)	100.00%	3,303,552

On 4 October 2021, following the share capital increase approved by the Shareholders' Meeting, Take Off acquired control of Over S.p.A..

11. Other non-current receivables

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

(Euro)	31 December 2021	31 December 2020	Change
Term deposits	408,518	398,590	9,928
Total other non-current assets	**408,518**	**398,590**	**9,928**

The item includes term deposits on the rental contracts of some commercial premises where commercial activities are carried out for Euro 406 thousand.

12. Deferred tax assets

The composition of the item "deferred tax assets" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Deferred tax assets	128,355	162,031	(33,676)
Total deferred tax assets	**128,355**	**162,031**	**(33,676)**

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 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Finished products and goods	5,152,481	7,320,936	(2,168,455)
Total inventories	**5,152,481**	**7,320,936**	**(2,168,455)**

Inventories as at 31 December amounted to Euro 5,152 thousand, marking a decrease of Euro 2,168 thousand compared to 31 December 2020.

The decrease is the direct consequence of the sales made during the year of clothing items referring to previous seasons, which remained unsold in 2020 due to the temporary closures imposed by the lockdown.

14. Trade receivables

The composition of the item "Trade receivables" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Receivables from customers	93,931	34,447	59,484
Total trade receivables	**93,931**	**34,447**	**59,484**

Trade receivables refer to receivables accrued mainly from the owners of the franchised points of sale. 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 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Advances to suppliers	84,150	173,118	(88,967)
Tax credits	500,000	0	500,000
Accrued income and prepaid expenses	6,726	6,606	120
Advances to employees	1,300	0	1,300
CIG (wage guarantee fund) receivable	587	0	587
Total other current receivables	**592,763**	**179,723**	**411,153**

Advances to suppliers refer to advances for goods and services.

The increase in absolute value compared to the previous year, equal to Euro 411 thousand, is due to the tax credit of Euro 500 thousand obtained for the costs incurred for the listing.

16. Tax receivables

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

(Euro)	31 December 2021	31 December 2020	Change
Other tax receivables	182,338	15,473	166,865
Total tax receivables	**182,338**	**15,473**	**166,865**

The item mainly refers to the receivable relating to the so-called "Super ACE (aid for economic growth)" pursuant to art. 19, paragraph 3 of Legislative Decree no. 73/2021 for a value of Euro 180 thousand.

17. Cash and cash equivalents

The composition of the item "Cash and cash equivalents" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
Bank deposits	23,060,850	11,781,371	11,279,480
Cash on hand	69,068	17,029	52,039
Total cash and cash equivalents	**23,129,918**	**11,798,400**	**11,331,518**

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

18. Shareholders' equity

The share capital as at 31 December amounts to Euro 1,562 thousand, fully paid up, and consists of 15,624,800 shares.

Shareholders' equity as at 31 December 2021 was equal to Euro 20,601 thousand, marking an increase of Euro 12,314 thousand compared to the previous year. This net increase is the result of the capital increase following the contribution of the OVER shares to TAKE OFF for Euro 250 thousand, of the share capital increase due to the placement of the newly issued share package at EGM (Euronext Growth Milan) for Euro 312 thousand, the share premium reserve relating to the above share capital increases for Euro 11.7 million, the distribution of dividends for Euro 3,800 thousand, as well as the profit for the year equal to Euro 3,889 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 2021 is shown below, compared with the same values as at 31 December 2020:

(Euro)	31 December 2020	Increases	Decreases	31 December 2021
Legal reserve	154,066	45,934		200,000
Reserve from IAS/IFRS conversion	2,440,366			2,440,366
Share premium reserve	0	12,186,720	(503,912)	11,682,808
Other reserves	2,743,924			826,293
Extraordinary reserve	2,706,268		(1,737,601)	968,668
Other capital reserves	160,000		(160,000)	0
Benefit Plan Reserve (OCI) - Discounted	(122,344)		(20,031)	(142,375)
Profits/(losses) of previous years	758,491		(758,491)	0
Total reserves	**6,096,847**	**12,232,654**	**(1,262,403)**	**15,149,467**

The legal reserve, equal to Euro 200 thousand, increased by virtue of the allocation of the profit for the year as at 31 December 2020, as per the resolution of the shareholders of 7 April 2021.

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

The positive share premium reserve of Euro 11,683 thousand following the listing on the Euronext Growth Milan market. In particular, the increase in the reserve is represented by the combined effect of the following items:

- Increase in shareholders' equity of Euro 12,187 thousand deriving from the share premium paid by the shareholders upon listing of the company;
- Listing costs incurred by the company for the aforementioned increase for a total of Euro 801 thousand (net of the tax effect) relating to placement commissions and consultancy expenses, recorded as a direct deduction of the increase in accordance with IAS 32.
- Tax credit of Euro 297 thousand, net of the contribution recognised for the listing costs incurred and recognised in accordance with IAS 32.
- Euro 204 thousand for the recognition of deferred tax assets deriving from the tax deduction of the effects referred to in the previous points:

With regard to Other Reserves:

- the “extraordinary reserve”, equal to Euro 969 thousand, decreased due to the distribution of dividends;
- the “other capital reserves” are written off as a result of the distribution of dividends;
- the “Benefit Plan reserve (OCI) - Discounted”, negative for Euro 142 thousand, represents the effect of discounting the defined benefit plans in place with employees (Severance Indemnity);

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

(Euro)	**31 December 2021**	**Possibility of use**	**Quota available**
Legal reserve	200,000	B	-
Reserve from IAS/IFRS conversion	2,440,366	-	-
Share premium reserve	11,682,808		-
Revaluation reserve		-	-
Extraordinary reserve	968,668	A, B, C	968,668
Other capital reserves	0	A, B	-
Reserve from translation of foreign subsidiary financial statements	0	-	-
Benefit Plan Reserve (OCI) - Discounted	(142,375)	-	-
Reserve for hedging operations of expected cash flows		-	-
Profits/(losses) of previous years		A, B, C	-
Total reserves	**15,149,467**		**968,668**
Non-distributable portion			0
Distributable share			**968,668**

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

19. Medium/long-term loans

The composition of the item "Medium/long-term loans" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Changes
BCC loan - long-term portion	0	71,849	(71,849)
BPB loan - long-term portion	67,714	335,631	(267,917)
BCC 2 loan - long-term portion	459,196	589,664	(130,468)
SANPAOLO 2 loan - long-term portion	209,712	703,361	(493,649)
BPM loan - long-term portion	615,829	822,811	(206,982)
BPB 2 loan - long-term portion	619,540	774,445	(154,905)
BDF loan - long-term portion	657,932	818,097	(160,165)
Sanpaolo 3 loan - long-term portion	496,575		496,575
Sanpaolo 4 loan - long-term portion	98,166		98,166
Total medium/long-term loans	**3,224,665**	**4,115,858**	**(891,193)**

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 2020	Disbursements	Reimbursements	Amortised cost effect	Other variations	31 December 2021
BCC loan	175,055		(103,983)			71,073
BPB loan	598,902		(263,272)			335,631
Sanpaolo loan	125,371		(125,371)			0
BCC 2 loan	716,915		(127,250)			589,664
Sanpaolo 2 loan	1,000,000		(289,944)			710,056
BPM loan	850,000		(41,006)			808,994
BPB 2 loan	800,000		(25,555)			774,445
BDF loan	974,505		(155,584)			818,920
SANPAOLO 3 loan		750,000				750,000
SANPAOLO 4 loan		500,000				500,000
Total medium/long-term loans	**5,240,748**	**1,250,000**	**(1,131,966)**	**0**	**0**	**5,358,783**
Intesa Sanpaolo Spa (import advance)	83,483		(39,945)			43,539
Intesa Sanpaolo spa (bank advance)	268,687	504,700				773,387
Total payables to banks	**5,592,919**	**1,754,700**	**(1,171,910)**	**0**	**0**	**6,175,708**
of which due within the next financial period	*1,477,061*					*2,951,044*
of which due beyond the next financial period	*4,115,858*					*3,224,665*

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;
- 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.

With reference to the loans granted during the year:

- Loan stipulated on 26/04/2021 granted by Intesa San Paolo for a nominal value of Euro 750 thousand, with a duration of 3 years with monthly deferred instalments, interest rate with an annual nominal fixed amount equal to 1.50 percentage points (spread), one annual variable portion equal to the one-month interest rate (base 360) (EURIBOR) maturing on 26/04/2024;
- Loan stipulated on 29/09/2021 granted by Intesa San Paolo for a nominal amount of Euro 500 thousand, with a duration of 18 months with deferred monthly instalments, interest rate composed of a fixed nominal annual amount equal to 1.20 percentage points called Spread, an annual variable portion equal to the one-month interest rate (base 360) called EURIBOR.

It should be noted that none of the loans are backed by covenants. For the change in financial liabilities deriving from financial assets, see note 40 “Financial instruments – fair value and risk management”.

20. Other non-current financial liabilities

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

(Euro)	31 December 2021	31 December 2020	Change
Leasing payables - long-term portion	5,155,110	6,274,910	(1,119,799)
Total other non-current financial liabilities	**5,155,110**	**6,274,910**	**(1,119,799)**

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 2021 until 31 December 2021 are shown below:

Balance as of 01/01/2021	**7,670,952**
Renegotiations	(34,988)
New contracts	407,363
Reimbursements	(1,405,940)
Terminations	0
Balance as at 31/12/2021	**6,637,387**

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

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

(Euro)	**31-Dec-21**	**31-Dec-20**
<1 year	1,482,277	1,396,043
1-2 years	1,345,302	1,420,588
2-3 years	1,121,234	1,267,534
3-4 years	711,299	1,041,500
4-5 years	388,390	626,606
>5 years	1,588,885	1,918,681
Total	**6,637,386**	**7,670,952**

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 2021			
Fixed fee	1,543,395	-	1,543,395
Variable fee with minimum payment	-	46,950	46,950
Total	**1,543,395**	**46,950**	**1,590,345**
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**

21. Liabilities for future employee benefits

The composition of the item "Liabilities for future employee benefits" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	Severance Indemnity
Balance as at 1 January 2021	**524,456**
Social security cost related to current service	258,060
Interest expense	3,295
(Profits)/losses from discounting	26,356
Uses	(63,733)
Balance as at 31 December 2021	**748,435**

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

The actuarial valuation of the severance 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%	732,188
	-0.25%	765,406

Inflation rate	+0.25%	762,838
	-0.25%	734,501
Turnover rate	+1%	740,006
	-1%	758,107

The number of employees by category as at 31 December 2021, compared with 31 December 2020, is shown in the following table:

(no. units)	31 December 2021	31 December 2020	Changes
Managers	2	2	0
White-collar workers	6	8	(2)
Blue-collar workers	189	184	5
Total	**197**	**194**	**3**

22. Provisions for non-current risks and charges

The composition of the item "Provisions for risks and charges" as at 31 December 2021, compared with the same values as at 31 December 2020 is shown below:

(Euro)	Provision for risks on disputes	Total
Balance as at 1 January 2021	**42,531**	**42,531**
Provision for the year	0	0
Uses in the year	0	0
Balance as at 31 December 2021	**42,531**	**42,531**

As at 31 December 2021, the item includes the amount set aside by the Company for risks deemed probable due to non-recurring labour law disputes.

23. Deferred tax liabilities

The composition of the item "Deferred tax liabilities" as at 31 December 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Change
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.

24. 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 2021, compared with the same values as at 31 December 2020, is shown below:

(Euro)	31 December 2021	31 December 2020	Changes
Intesa Sanpaolo Spa import finan.	43,539	83,483	(39,945)
Intesa Sanpaolo spa confirming	773,387	268,687	504,700
BCC loan - short-term portion	71,073	103,206	(32,134)
BPB loan - short-term portion	267,916	263,271	4,645
Sanpaolo loan - short-term portion	0	125,371	(125,371)
BCC 2 loan - short-term portion	130,468	127,251	3,218
Sanpaolo 2 loan - short-term portion	500,344	296,639	203,705
BPM loan - short-term portion	193,165	27,189	165,976
BPB 2 loan - short-term portion	154,904	25,555	129,349
BDF loan - short-term portion	160,988	156,408	4,580
Sanpaolo 3 loan - short-term portion	253,425	0	253,425
Sanpaolo 4 loan - short-term portion	401,834	0	401,834
Total payables to banks and short-term portion of long-term loans	**2,951,044**	**1,477,061**	**1,473,983**

As at 31 December 2021, the item refers to the short-term portion of bank loans (for comments relating to this item, please see note 19 "Medium/long-term loans") as well as the amount of payables due to banks for import advances.

The payable to Banca Intesa for confirming refers to a reverse factor transaction while the payable to Banca Intesa finimport relates to advances for imports of goods.

25. Other current financial liabilities

The breakdown of the item "Other current financial liabilities" as at 31 December 2021, compared with the same values as at 31 December 2020, is as follows:

(Euro)	31 December 2021	31 December 2020	Change
Leasing payables - short-term portion	1,482,277	1,396,043	86,234
Total other current financial liabilities	**1,482,277**	**1,396,043**	**86,234**

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

26. 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 2021	31 December 2020	Changes
Payables to suppliers	1,777,551	2,681,346	(903,795)
Invoices to be received	73,275	68,464	4,811
Credit notes to be received	(5,118)	(7,951)	2,833
Goods for purchase during travel	0	132,341	(132,341)
Banca IFIS S.p.a.	74,937	1,058,346	(983,409)
Total trade payables	**1,920,645**	**3,932,546**	**(2,011,901)**

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

27. Liabilities for returns

The composition of the item "Liabilities for returns" as at 31 December 2021, compared with the same values as at 31 December 2020 is shown below:

(Euro)	31 December 2021	31 December 2020	Changes
Vouchers issued	41,625	68,247	(26,622)
Total payables for contractual obligations	**41,625**	**68,247**	**(26,622)**

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

28. Tax payables

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

(Euro)	31 December 2021	31 December 2020	Changes
Withholdings on employee work and self-employment	92,210	57,649	34,561
IRES (corporate income tax)	303,488	982,441	(678,953)
IRAP	77,152	198,848	(121,696)
VAT	193,676	57,795	135,881
Payables for penalties and interest	458,086	458,086	0
Withholdings	0	(13,223)	13,223
Total tax payables	**1,124,612**	**1,741,596**	**(616,984)**

As at 31 December 2020, the item mainly refers to the payable for IRES and IRAP for Euro 303 thousand and Euro 77 thousand, respectively, in addition to VAT and withholdings.

The decrease compared to the previous year, equal to Euro 617 thousand, is mainly due to the reduced tax payables for IRES and IRAP.
Payables for penalties and interest, equal to Euro 975 thousand, refer to taxes relating to previous years for which there have been no changes with respect to the previous year.

29. Other current payables and liabilities

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

(Euro)	31 December 2021	31 December 2020	Changes
Payables to social security institutions	129,444	71,755	57,689
Payables to employees	250,347	350,224	(99,877)
Security deposits	0	0	0
Payables to the parent company	0	1,000,000	(1,000,000)
Accrued expenses and deferred income	9,093	17,786	(8,693)
Total other current payables and liabilities	**388,884**	**1,439,765**	**(1,050,881)**

As at 31 December 2021, the item mainly includes payables to social security institutions for Euro 129 thousand, payables for fees to be paid to employees for Euro 250 thousand and accrued liabilities and deferred income for Euro 9 thousand.

The increase over the prior year is mainly due to the settlement of the payable due to the parent company Summit S.p.A., which arose following the resolution for the distribution of dividends.

INCOME STATEMENT

30. Revenues from contracts with customers

The composition of the item "Revenues from contracts with customers" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Wholesale sale of goods	211,532	425,922	(214,390)
Proceeds from store sales	19,641,206	14,046,612	5,594,594
Other sales proceeds	45,975	0	45,975
Total revenues from contracts with customers	**19,898,713**	**14,472,534**	**5,426,179**

The item “Revenues from contracts with customers” includes revenues from the sale of wholesale goods and revenues from shop sales. The latter, which represent 99% of the turnover, refer to the revenues generated by the 26 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 of the relaxation of the restrictions imposed to combat Covid-19 and the related reopenings.

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 2021 - 31 December 2021		
(Euro)	**Wholesale sale of goods**	**Retail sales of goods**	**Retail sales of goods**
Type of assets			
Wholesale sale of goods	211,532		
Proceeds from store sales		19,641,206	
Other sales proceeds			45,975
Total revenues from contracts with customers	**211,532**	**19,641,206**	**45,975**
Geographical area			
Italy	211,532	19,641,206	45,975
Abroad			
Total revenues from contracts with customers	**211,532**	**19,641,206**	**45,975**
Timing of revenue recognition			
Goods transferred at a point in time	211,532	19,641,206	45,975
Goods transferred over time			
Total revenues from contracts with customers	**211,532**	**19,641,206**	**45,975**

	1 January 2020 - 31 December 2020	
(Euro)	**Wholesale sale of goods**	**Retail sales of goods**
Type of assets		
Wholesale sale 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**

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.

31. Other income

The composition of the item "Other income" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Leases and subleases	21,300	32,725	(11,425)
Various contributions	781,704	380,613	401,091
Reimbursement of franchisee expenses	12,074	13,770	(1,696)
Discounts/allowances receivable	1,419	2,948	(1,529)
Contingent assets	72,382	103,633	(31,251)
Capital gains	41,373	498,619	(457,246)
Other sales revenues	564,456	0	564,456
Total other income	**1,494,707**	**1,032,308**	**462,400**
of which with related parties	***582,056***	***450,000***	***132,056***

It should be noted that the item is positively influenced mainly by the contributions received for Euro 781 thousand. This item includes the contribution of Euro 240 thousand received from the Puglia Region as "Investment aid for small and medium-sized enterprises" of "POR Puglia FESR-FSE 2014-2020", the contribution to support the increase in the value of final warehouse inventories for 420 thousand euros and the contribution received to support the expenses related to the listing process on the Euronext Growth Milan market of the Take Off which ended on 25 November 2021 (Euro 82 thousand).

The item “Capital gains” decreased in the year in question, given that in the year of comparison there was a sale of assets which generated the non-recurring capital gain.

The item “Other minor” includes sales of furnishings to the related company Horizon.

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

The composition of the item "Costs for raw materials and consumables" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Purchases of goods	6,630,218	8,981,918	(2,351,700)
Purchases of consumables	76,866	86,478	(9,612)
Ancillary charges on purchases	102,252	79,006	23,247
Change in inventories of goods	2,168,455	(1,808,168)	3,976,623
Total costs for raw materials, semi-finished products and consumables	**8,977,791**	**7,339,234**	**1,638,558**

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 substantial decrease in the item is mainly attributable to the lower costs incurred for the purchase of goods given the existing stock of items relating to the 2020 collections placed on the market only in 2021, as a result of the easing of the restrictions to contain Covid-19.

33. Costs for services

The composition of the item "Costs for services" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Telephone expenses	28,855	22,846	6,008
Security services	27,171	29,636	(2,465)
Electricity	215,976	214,041	1,936
Water supply	16,316	13,516	2,800
Maintenance and repairs	63,643	172,911	(109,268)
Insurance	19,841	23,886	(4,046)
Transportation	13,050	16,803	(3,753)
Advertising	102,080	104,661	(2,581)
Consulting	441,421	198,634	242,787
Remuneration to corporate bodies	123,286	97,631	25,656
Other costs for services	359,858	403,960	(44,102)
Total costs for services	**1,411,498**	**1,298,524**	**112,974**

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 increase in the item compared to the previous year, equal to Euro 113 thousand, is also mainly due to the reopening of the points of sale after the extended lockdown in 2020.

34. Personnel costs

The composition of the item "Personnel costs" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Remuneration	2,785,762	2,529,883	255,879
Social security and insurance charges	618,226	665,259	(47,033)
Severance indemnity provision	258,060	169,175	88,885
Other personnel costs	103,761	8,742	95,019
Total personnel costs	**3,765,809**	**3,373,059**	**392,750**

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

The increase in personnel costs compared to the same previous period, equal to Euro 393 thousand, derives from the effects of the reopening of the points of sale after the lockdown imposed and the non-application of the CIGS (extraordinary wage guarantee fund).

35. Other operating costs

The composition of the item "Other operating costs" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Rents	0	2,126	(2,126)
Building expenses	16,451	19,036	(2,585)
Other costs relative to leases	53,816	80,766	(26,951)
Lease instalments	17,130	291	16,840
Non-income taxes	91,439	130,124	(38,685)
Contingent liabilities	24,006	48,235	(24,228)
Capital losses	8,385	0	8,385
Other minor operating costs	7,469	11,120	(3,651)
Total other operating costs	**218,696**	**291,697**	**(73,002)**

As at 31 December 2021, the item mainly includes building expenses and additional costs of rental points of sale for Euro 70 thousand, taxes and non-income taxes for Euro 91 thousand and contingent liabilities for Euro 24 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 2020 and 2021, only the minimum fee was paid. The variable component, when 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.

36. Amortisation, depreciation and write-downs

The composition of the item "Amortisation, depreciation and write-downs" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Amortisation of intangible assets	4,724	2,267	2,457
Depreciation of rights of use	1,430,917	1,068,445	362,472
Depreciation of property, plant and equipment	292,259	270,220	22,039
Total amortisation/depreciation and write-downs	**1,727,901**	**1,340,933**	**386,968**

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.

37. Financial expenses

The composition of the item "Financial expenses" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Bank interest expense	98,791	57,258	41,534
Exchange rate losses	6,115	7,523	(1,407)
Interest expense on lease contracts	182,038	159,190	22,848
Other financial expenses	12,794	5,328	7,466
Write-down of short-term equity securities	0	51,789	(51,789)
Total financial expenses	**299,739**	**281,087**	**18,652**

The increase in the item compared to the previous year, equal to Euro 19 thousand, is mainly due to bank interest expense.

38. Financial income

The composition of the item "Financial income" for the year 2021, compared with the same values for the year 2020, is shown below:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Exchange rate gains	354	9,235	(8,882)
Interest income	36,344	44,490	(8,146)
Earnings on investment funds	0	5	(5)
Total financial income	**36,698**	**53,731**	**(17,033)**

The decrease in the item is mainly due to the lower impact of interest income.

39. Income taxes

The composition of the item "Income taxes" for the period from 1 January to 31 December 2021, compared with the same values for the period from 1 January to 31 December 2020, is as follows:

(Euro)	1 January 2021 - 31 December 2021	1 January 2020 - 31 December 2020	Changes
Taxes for the period	896,019	425,110	470,909
Deferred tax assets	244,029	19,087	224,942
Total income taxes	**1,140,048**	**444,197**	**695,851**

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)

Result before taxes	**4,993,701**	
Theoretical tax burden (24% rate)		**1,198,488**
Temporary differences deductible in subsequent years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	0	
Non-deductible write-downs	0	
Exchange rate variations not deductible	0	
Non-deductible interest expense	0	
Total	0	
Reversal of temporary differences from previous years:		
Maintenance costs exceeding the deductible portion (Article 102 TUIR)	-122,221	
Interest expense not deducted in previous years	0	
Total	-122,221	
Differences that will not be reversed in subsequent years:		
Non-deductible or unpaid taxes	2,706	
Non-deductible expenses for means of transport pursuant to art. 164	46,861	
Other increases	200,066	
Other decreases	-1,476,946	
Total	-1,227,314	
Use of tax losses		
Use of tax losses	0	
ACE (aid for economic growth) deduction	-129,805	
Total	-129,805	
Taxable amount	**3,514,361**	
Current income taxes for the year		**843,447**

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

Difference between value and cost of production	5,256,741	
Costs not relevant for IRAP purposes	3,765,809	
Other relevant items	0	
Total	**9,022,550**	
Theoretical tax burden (rate 4.82%)		**434,887**
Differences that will not be reversed in subsequent years:		
Costs, fees and profits pursuant to art. 11 of Legislative Decree no. 446	17,400	
Municipal property tax	2,526	
Other increases for IRAP purposes	28,831	
Other decreases for IRAP purposes	-1,367,681	
Total	-1,318,924	
IRAP deductions	2,812,293	
Taxable IRAP	**4,891,333**	
Current IRAP for the year		**232,572**

The breakdown of deferred tax assets is shown below:

	31/12/2021			31/12/2020			31/12/2021	
(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 in OCI
Deferred tax assets								
Excess maintenance	266,838	24.00%	64,041	389,054	24.00%	93,373	32,885	-
Short-term employee benefit measurement	0	24.00%	0	78,074	24.00%	18,738	18,738	-
Registration of rights of use on leases	88,758	28.82%	25,579	88,758	28.82%	25,580	1	-
Discounting of severance indemnity	161,398	24.00%	38,735	101,415	24.00%	24,340	(11,624)	(2,771)
Deductions for listing expenses to SE	0		0	0		0	204,029	-
Tax losses that can be carried forward indefinitely	0	24.00%	0	0	24.00%	0	0	-
Non-deductible write-downs	0	28.82%	0	0	28.82%	0	0	-
Total deferred tax assets	516,993		128,355	657,301		162,031	244,029	(2,771)

(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 liabilities								
Exchange rate variations not deductible	0	24.00%	0	0	24.00%	0	0	-
Other variations	450	24.00%	108	450	24.00%	108	0	-
							0	-
Total deferred tax liabilities	450		108	450		108	0	0
Cost/(Revenue) for deferred taxes							244,029	(2,771)

40. Financial instruments - fair value and risk management

B. Accounting classification

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

(Euro)	31 December 2021	31 December 2020
Financial assets at amortised cost		
Other non-current receivables	408,518	398,590
Trade receivables	93,931	34,447
Other current receivables	92,763	179,723
Tax receivables	682,338	15,473
Current financial assets	0	0
Total financial assets at amortised cost	**1,277,551**	**628,233**
Financial liabilities at amortised cost		
Medium/long-term loans	3,224,665	4,115,858
Other non-current financial liabilities	5,155,110	6,274,909
Payables to banks and short-term portion of long-term loans	2,951,044	1,477,061
Other current financial liabilities	1,482,277	1,396,043
Trade payables	1,920,645	3,932,546
Payables for contractual obligations	41,625	68,247
Tax payables	1,124,612	1,741,597
Other current payables and liabilities	388,884	1,439,766
Total financial liabilities at amortised cost	**16,288,862**	**20,446,026**

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)	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Financial assets				
Financial receivables from subsidiaries	-	-		-
Equity securities	-	-		-
Total financial assets		-		-

Financial liabilities				
BCC loan	71,073	175,055	71,073	175,055
BPB loan	335,631	598,902	335,631	598,902
Sanpaolo loan	0	125,371	0	125,371
BCC 2 loan	589,664	716,915	589,664	716,915
Sanpaolo 2 loan	710,056	1,000,000	710,056	1,000,000
BPM loan	808,994	850,000	808,994	850,000
BPB 2 loan	774,445	800,000	774,445	800,000
BDF loan	818,920	974,505	818,920	974,505
Sanpaolo 3 loan	750,000		750,000	
Sanpaolo 4 loan	500,000		500,000	
Intesa Sanpaolo Spa import finan.	43,539	83,483	43,539	83,483
Intesa Sanpaolo spa confirming	773,387	268,687	773,387	268,687
Total financial liabilities	**6,175,708**	**5,592,919**	**6,175,708**	**5,592,919**
Total net financial assets	**6,175,708**	**5,592,919**	**6,175,708**	**5,592,919**

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:

		31/12/2021	
(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	-	71,073	-
BPB loan	-	335,631	-
Sanpaolo loan	-	0	-
BCC 2 loan	-	589,664	-
Sanpaolo 2 loan	-	710,056	-
BPM loan	-	808,994	-
BPB 2 loan	-	774,445	-
BDF loan	-	818,920	-
Intesa Sanpaolo Spa import finan.	-	750,000	-
Intesa Sanpaolo spa confirming	-	500,000	-
Sanpaolo 3 loan	-	43,539	-
Sanpaolo 4 loan	-	773,387	-
Total financial liabilities	**0**	**6,175,708**	**0**

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**	**-**

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 2021 and 31 December 2020 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 2021 and 31 December 2020.

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 2021	31 December 2020
Non-current financial liabilities				
BCC loan	3-month Euribor + spread	2022	0	71,849
BPB loan	6-month Euribor + spread	2023	67,714	335,631
Sanpaolo 2 loan	fixed	2023	209,712	703,361
BCC 2 loan	3-month Euribor + spread	2023	459,196	589,664
BPM loan	fixed	2023	615,829	822,811
BPB 2 loan	fixed	2026	619,540	774,445
BDF loan	fixed	2026	657,932	818,097
Sanpaolo 3 loan	fixed	2024	496,575	
Sanpaolo 4 loan	1-month Euribor + spread	2023	98,166	
Payables for leases	2.5%	2022-2031	5,155,110	6,274,909
Total non-current financial liabilities			**8,379,775**	**10,390,767**
Current financial liabilities				
BCC loan	3-month Euribor + spread	2021	71,073	103,206
BPB loan	6-month Euribor + spread	2021	267,916	263,271
Sanpaolo loan	fixed	2021	0	125,371
BCC 2 loan	3-month Euribor + spread	2021	130,468	127,251
Sanpaolo 2 loan	fixed	2021	500,344	296,639
BPM loan	fixed	2023	193,165	27,189
BPB 2 loan	fixed	2026	154,904	25,555
BDF loan	fixed	2026	160,988	156,408
Sanpaolo 3 loan	fixed	2024	253,425	
Sanpaolo 4 loan	1-month Euribor + spread	2023	401,834	
Intesa Sanpaolo Spa import finan.		2021	43,539	83,483
Intesa Sanpaolo spa confirming		2021	773,387	268,687
Payables for leases	2.5%	2022-2031	1,482,277	1,396,043

Total current financial liabilities	**4,433,321**	**2,873,104**

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 2021							
BCC loan	71,073						71,073
BPB loan	267,916	67,715					335,631
Sanpaolo loan	-						-
BCC 2 loan	130,468	133,768	137,151	140,619	47,658		589,664
Sanpaolo 2 loan	500,344	209,712					710,056
BPM loan	193,165	168,064	170,599	173,173	103,993		808,994
BPB2 loan	154,904	157,637	160,418	163,248	138,237		774,445
BDF loan	160,988	165,305	169,241	173,269	150,117		818,920
Sanpaolo 3 loan	253,425	375,596	120,980				750,000
Sanpaolo 4 loan	401,834	98,166					500,000
Intesa Sanpaolo spa confirming	773,387						773,387

Intesa Sanpaolo Spa import finan.	43,539						43,539
Payables for leases	1,482,277	1,345,302	1,121,234	711,299	388,390	1,588,885	6,637,386
Payables for contractual obligations	41,625						41,625
Trade payables	1,920,645						1,920,645
Tax payables	1,124,612						1,124,612
Other current payables and liabilities	388,884						388,884
Total	**7,909,087**	**2,721,265**	**1,879,622**	**1,361,608**	**828,395**	**1,588,885**	**16,288,862**

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 2021, compared with 31 December 2020:

(Euro)	31 December 2020	Cash Flows	New leasing contracts	Other	31 December 2021
Medium/long-term loans	4,115,858	485,289		(1,376,482)	3,224,665
Payables to banks and short-term portion of loans	1,477,061	97,501		1,376,482	2,951,044
Lease liabilities - non-current portion	6,274,909		407,363	(1,527,162)	5,155,110
Leasing liabilities - current portion	1,396,043	(1,405,940)		1,492,174	1,482,277
Total	**13,263,871**	**(823,150)**	**407,363**	**(34,989)**	**12,813,096**

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 2021 and 2020.

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 2021	31 December 2020
Onerous financing	6,175,708	5,592,919
Lease liabilities	6,637,387	7,670,952
Trade and other payables	3,475,766	7,182,155
Cash and cash equivalents	(23,129,918)	(11,798,400)

Net debt	**(6,841,056)**	**8,647,626**
Shareholders' equity	**20,600,584**	**8,286,688**
Equity and net debt	**13,759,527**	**16,934,314**
Net debt/equity	**-33.21%**	**104.36%**

The change in the Net Debt/shareholders' equity ratio compared to 2020 is attributable to the capital increase and the consequent contribution of cash and cash equivalents within the Company.

41. 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 2021	31 December 2020
Net result for the year	3,888,637	1,189,841
Average number of ordinary shares	10,910,939	10,000,000
Basic and diluted earnings per share	**0.36**	**0.12**

The increase in earnings per share compared to 2020 is due to the combined effect of:

- increase in profit for the year
- increase in the average number of shares in circulation, consequent to the capital increases approved in 2021.

42. Significant events occurring after the end of the period

The Italian government has injected huge impetus into the vaccination plan and has pursued the implementation of a series of partial lock-downs, differentiated by Region, and more targeted by geographic area. These two actions have greatly contributed to reducing the spread of Covid-19, although in recent times additional variants of the virus are again increasing the number of cases of infection.
It is therefore undeniable that the general situation remains very complex, continuing to hinder the return to normality which would certainly encourage significant growth in sales in our points of sale.
Furthermore, the lifting of the restrictions expected for the end of March 2022 will change the reference scenario even if the timing and methods of a return to normality are not yet clear.

The recent unexpected inflationary pressures, partly as a result of the conflict in Ukraine, are imposing themselves in all their drama in the international context and will undoubtedly produce negative consequences for a long period. Rising energy, fuel and raw material prices undoubtedly have a negative impact, weighing down the profit and loss account with costs that, however carefully controlled and efficient, undoubtedly affect our planning. Costs and price-rises suffered due to exogenous variables, which are predictable, but unfortunately not always controllable, will be managed as well as possible. The Company, however, has already demonstrated the resilience of its business model as well as the high variability and flexibility of its cost structure, maintaining a significant marginality even in the most complex years of the pandemic. Within the current complex context, at present there are no elements that cannot be managed by the Company in line with what has been done in the recent past.
In this market environment we will continue with our purchasing, procurement and research and design strategy, attempting to make it more aggressive given the solid net financial position and more flexible in relation to the rotation of collections and inventory.

43. Related-Party Transactions

The details of the financial and economic transactions of the Company with related parties as at 31 December 2021 are shown below:

STATEMENT OF FINANCIAL POSITION TRANSACTIONS

(Euro)	Receivables and other financial assets	Other non-current financial liabilities	Other current financial liabilities	Other current liabilities
Balance as at 31 December 2021				
Horizon S.r.l.	-	(1,803,333)	(156,785)	
Vistamare S.r.l.	-	-	-	-
Summit S.p.A.	-	-	-	-
Total	**-**	**(1,803,333)**	**(156,785)**	**0**
Balance as at 31 December 2020				
Horizon S.r.l.	-	(1,960,118)	(152,918)	
Vistamare S.r.l.	-	-		
Summit S.p.A.	-			(1,000,000)
Total	**-**	**(1,960,118)**	**(152,918)**	**(1,000,000)**

INCOME STATEMENT TRANSACTIONS

(Euro)	Other income	Costs for raw materials and consumables	Interest expense
Balance as at 31 December 2021			
Horizon S.r.l.	582,056		51,082
Total	**582,056**	**0**	**51,082**

Balance as at 31 December 2020			
Horizon S.r.l.			13,152
Summit S.p.A.		418,405	
Emanuele Piccareta	450,000		
Total	**450,000**	**418,405**	**13,152**

It should be noted that all related-party transactions were concluded under normal market conditions.

44. 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 92 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 26 thousand.

45. 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:

- BONUS INVENTORIES for Euro 419,740;
- ACE (aid for economic growth) for Euro 180,000
- LISTING for Euro 500,000.

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.

46. 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.

47. 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 S.p.A., with registered office in Milan in Via

Montenapoleone no. 8, as a subsidiary of the same which holds 72.63% 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 2020**
ASSETS	
Fixed assets	
Intangible fixed assets	885
Tangible fixed assets	20,471
Financial fixed assets	1,424,602
Current assets	
Receivables	1,114,589
Cash and cash equivalents	585,068
Accrued income and prepaid expenses	
TOTAL ASSETS	**3,145,615**
LIABILITIES	
Shareholders' equity	2,819,642
Provisions for risks and charges	12,000
Severance indemnity fund	1,330
Payables	312,524
Accrued expenses and deferred income	119
TOTAL LIABILITIES	**3,145,615**

INCOME STATEMENT

(Euro)	**For the year ended 31 December 2020**
Production value	475,903
Costs of production	389,496
Difference between value and cost of production	**86,407**
Financial income and expenses	1,918,257
Income taxes	37,714
Profit/(loss) from the period	**1,966,950**

48. Proposal to the Shareholders' Meeting

In thanking you for your trust, we invite you to approve these financial statements of the Parent Company Take Off S.p.A. as at 31 December 2021 submitted for your attention and to resolve on the allocation of the profit for the year totalling Euro 3,888,637 as follows:

- for Euro 112,496 to the Legal Reserve, up to one fifth of the share capital (art. 2430 of the Italian Civil Code);

- for Euro 2,812,464 as an ordinary dividend gross of legal withholdings, equal to Euro 0.18 (gross) per share, to be distributed to the Shareholders in proportion to the stake in the share capital of the Company, respectively held;

- for Euro 963,677 to retained earnings.

****

Dear Shareholders,

We invite you to approve the financial statements for the year ended 31 December 2021 as prepared by me.

***

Milan, 28 March 2022

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.

TAKE OFF S.p.A.

Share capital Euro 1,562,480 fully paid-in
Registered office in Via Montenapoleone 8
20121 Milan (MI)
Register of Companies of Milan and Tax Code 04509190759
VAT no. 04509190759
R.E.A. (economic and administrative index) MI 2645965
* * *

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING (PURSUANT TO ARTICLE 2429, PARAGRAPH 2 OF THE ITALIAN CIVIL CODE)

To the Shareholders of Take Off S.p.A.

1. INTRODUCTION: LEGISLATIVE AND PROFESSIONAL ETHICS REFERENCES

the Board of Statutory Auditors of Take Off S.p.A. (hereinafter also "Take Off" or the "Company") is required, pursuant to article 2429, paragraph 2 of the Italian Civil Code, to report to the Shareholders' Meeting on the results of the financial year and on the activities carried out in fulfilling its duties, as well as to present observations and proposals regarding the financial statements and their approval.

The Board of Statutory Auditors' activities are based on the legal provisions and on the rules of conduct of the board of statutory auditors issued by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* – CNDCEC - ('National Institute of Chartered Accountants). Therefore, the Board of Statutory Auditors has adhered to the rules of conduct applicable to unlisted companies, as the rules of conduct issued by the CNDCEC for listed companies are not applicable to the control body, given that TAKE OFF is listed on the EGM market which, as is well-known, is not a regulated market pursuant to Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance).

The Company has a "traditional" governance model.

The term of office of the Board of Statutory Auditors, appointed by means of resolution of the shareholders' meeting on 19 June 2019, shall expire on 28 April 2022, the date of the Shareholders' Meeting called to resolve on approval of the financial statements for the financial year ended as at 31 December 2021.

The independent audit has been assigned to EY S.p.A. for the three-year period 2020-2022, by means of resolution of the shareholders' meeting on 21 June 2020.

2. MONITORING OF OBSERVANCE OF THE LEGAL, REGULATORY AND STATUTORY PROVISIONS

During the financial year ended as at 31 December 2021, the Board of Statutory Auditors met seven times. The Board also took part in the meetings of the Board of Directors (10) and participated in four shareholders' meetings.

In conducting its monitoring activities, the Board liaised with the independent auditors EY and with the main corporate functions for the mutual exchange of opinions and considerations.

As regards the exchange of information relating to the profiles pursuant to Legislative Decree no. 231/2001, the Board reports that the Chairman of the Board is the single-member Supervisory Board pursuant to the aforementioned decree and that the relevant organisational model was approved by means of board resolution of [13 May 2021].

In particular, the Board of Statutory Auditors acknowledges that:

it has monitored:

- observance of the law and of the articles of association and respect for the principles of proper administration;
- the process carried out for the admission of Take Off, effective from 25 November 2021, to trading on Borsa Italiana S.p.A. ("Euronext Growth Milan" market);
- compliance of the resolutions passed by the corporate bodies with the law and with the regulatory provisions, as well as with the articles of association;
- the transactions with related parties. In this regard, the Board reports that, effective from 4 October 2021, Take Off acquired full control of Over S.p.A., which meant that the Company is obligated to draft the consolidated financial statements;
- the process of preparation of the financial information, verifying observance of the legal and regulatory provisions, regarding the formation and approach of the separate financial statements and the consolidated financial statements, as well as of the relevant accompanying documents;
- the actions taken with reference to the provisions governing privacy, with regard, in particular, to EU Regulation no. 2016/279 (GDPR), with respect to which the Company appointed the Data Protection Officer (DPO);
- the independence of the independent auditors (article 19, paragraph 1, letter d), of Legislative Decree no. 39/2010), who also provided an additional service to the Company in the form of assistance with the listing process;

it has ascertained:

- respect for the regulations on the holding of meetings of the corporate bodies;
- the fulfilment of the periodic disclosure obligation by the managing directors regarding the exercise of their powers;
- the continued respect for the conditions of independence and professionalism by the members of the Board of Statutory Auditors;
- the continued satisfaction, based on the documentation examined, of the independence requirement by EY.

As regards the above, the Board reports:

- that the monitoring activities, as described above, did not highlight any criticalities or aspects worthy of reporting;
- that the resolutions-decisions taken comply with the law and the articles of association;
- that, during the year, no statements were received pursuant to article 2408 of the Italian Civil Code, no complaints or reports;
- that it has not issued any opinions or formulated any proposals during the financial year ended as at 31 December 2021.

3. MONITORING OF RESPECT FOR THE PRINCIPLES OF PROPER ADMINISTRATION

For the purpose of monitoring respect for the principles of proper administration, the Board not only participates, as reported above, in the meetings of the corporate bodies, but declares:

- that it has obtained the necessary information from the directors, according to the prescribed time-frame, on the activities carried out and on the most significant economic, financial and equity transactions resolved and implemented during the financial year ended as at 31 December 2021 and by the subsidiary. Based on the information acquired, the Board can reasonably assert that said transactions conform to the law and to the articles of association and that they are not manifestly imprudent, risky, involve a potential conflict of interest or are in contrast with the shareholders' meeting resolutions or are as such to compromise the integrity of company assets;
- that it has not recorded any atypical or unusual with Group companies or with third parties performed during FY 2021;
- that based on the information acquired, the Board can affirm that the management choices made by the directors are based on the principles of proper administration and reasonableness, taking account of the risk profiles connected with Take Off's activities.

The Board reports that, as at 31 December 2021, the Company does not hold any treasury shares. On 28 March 2022, the Board of Directors resolved to submit to the Shareholders' Meeting of 28 April 2022 the authorisation to purchase treasury shares, up to a maximum limit of 5% of the share capital.

4. MONITORING OF THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

The Board of Statutory Auditors acquired knowledge and monitored, for matters within its competence, the adequacy of the Company's organisational structure and considers said structure, on the whole, to be adequate.

The Board acknowledges, in this regard, the definition of the roles of Chief Financial Officer, with the hiring of a specific member of personnel on (10 January 2022) and the Investor Relator, as per the board resolution of (3 December 2021).

5. MONITORING OF THE INTERNAL CONTROL SYSTEM

The Board of Statutory Auditors monitored the adequacy of the internal control and risk management system and the administrative-accounting system, as well as the latter's suitability in correctly representing management events, by:

- obtaining information from the chief executive officer;
- obtaining information from the heads of the specific corporate functions concerned and the independent auditors;
- through an examination of the corporate documents.

Taking the above into account, the Board of Statutory Auditors believes that Take Off's internal control system is essentially adequate.

6. VERIFICATION OF THE SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Board carried out the checks on the observance of the rules regarding the formation and structure of the separate financial statements and the consolidated financial statements of Take Off relating to the financial year ended as at 31 December 2021, drafted in compliance with the International Financial Reporting Standards (IFRS), adopted by the European Union with EU Regulation 1606/2002, taking account of the measures issued in implementation of Legislative Decree no. 38/2005, monitoring the general approach of the aforementioned documents.

The independent auditors EY today issued its reports in accordance with article 14 of Legislative Decree no. 39/2010, which show that the separate financial statements and the consolidated financial statements of Take Off provide a true and fair view of the financial position of the Company and of the Take Off Group as at 31 December 2021, of the economic result and the cash flows for the financial year ended as at said date.

The Board notes that the consolidated financial statements and the separate financial statements were drafted on the basis of the going concern assumption, which the administrative body deemed to be satisfied.

7. CONCLUSIONS AND PROPOSALS REGARDING THE SEPARATE FINANCIAL STATEMENTS AND THEIR APPROVAL

E.Y. S.p.A., tasked with conducting the independent audit, is responsible for expressing a judgment on the financial statements pursuant to article 14 of Legislative Decree no. 39 of 27 January 2010.

The Board of Statutory Auditors, taking account of the above, for matters within its competence, does not note any reasons to prevent the approval of TAKE OFF's separate financial statements relating to the financial year ended as at 31 December 2021. Equally, there are no reasons to obstruct the administrative body's proposal regarding the allocation of the result for the year, formulated in the explanatory notes.

Monopoli, 12 April 2022

THE BOARD OF STATUTORY AUDITORS

Luca Provaroni (Chairman) [signature]

Sebastiano Bonnano (Member) [signature]

Egidio Romano (Member) [signature]