TAKE OFF S.p.A.

Consolidated Financial Statements as at 30th June 2022

TAKE OFF
THE OUTLET COMPANY

TAKE OFF S.p.A.
Fully paid-up Share Capital 1,562,480 euro
Headquarters in Via Montenapoleone 8
20121 Milan (MI)
Business Register of Rome and Tax Code 04509190759
VAT no. 04509190759
R.E.A. MI 2645965

Content

Management Report

Management Report

Premise

Dear Shareholders,

The condensed Consolidated Interim Financial Statements of Take Off S.p.A. (hereinafter referred to as the "Take Off Group" or just the "Group") for the year ended 30th June 2022 was drafted in accordance with IAS 34 Interim Financial Reporting and was approved by the Board of Directors on 30th September 2022, showing a positive result of 1,430,000 euro.

General drafting criteria

The Consolidated Interim Consolidated Financial Statements for the six months ended 30th June 2022, drawn up pursuant to Article 154-ter of Legislative Decree 58/98, as amended, as well as the Issuers' Regulations issued by Consob, has been drafted in accordance with International Accounting Standards (IAS/IFRS), endorsed by the European Union and in particular the applicable accounting standard for Interim Financial Reporting (IAS 34).
The same accounting principles, recognition and measurement criteria, along with the consolidation criteria adopted in preparation of the Consolidated Financial Statements as at 31st December 2021 were applied in drafting this half-year financial report.

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 46 sales outlets – of which 39 are direct and 7 affiliated – distributed throughout the country, with a presence mainly concentrated in Southern Italy. The process of listing the Group on the Euronext Growth Milan market was finalised on 25th November 2021.

The Take Off fashion boutiques contain a selection of clothing, footwear and accessories from the best international brands along with the exclusive distribution of six proprietary labels. Thanks to the product mix and design of the fashion boutiques, Take Off's business offering has seen the company become established in its target market whilst aiming towards expansion throughout Italy.

Over S.p.A., on the other hand, conducts its business in the retail sector of children's clothing and accessories, under the proprietary brand of Overkids, with a sales network consisting of 124 affiliated shops as of 30th June 2022.

Alternative performance indicators

The Group uses a range of alternative performance indicators, which are not identified as accounting measures under IFRS, to allow for a better assessment of the Group's course.
These alternative performance indicators are constructed exclusively from historical data of the Group and determined in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with Communication no. 92543 dated 3rd December 2015.
The Company's net financial indebtedness is determined in accordance with the provisions of Guideline

no. 39, issued on 4th March 2021 by ESMA and applicable as of 5th May 2021, in line with the Call for Attention no. 5/21 issued by CONSOB on 29th April 2021.
The indicators refer only to the performance of the accounting period under review and the periods under comparison thus not to the Group's expected performance and as such, should not be considered as a substitute for the indicators required by the relevant accounting standards (IFRS).
Below is the definition of the Alternative Performance Indicators used in the Interim Consolidated Financial Statements:

- **EBITDA** – represented by the Operating Income gross of the amortisation, depreciation and write-downs of tangible and intangible assets and assets by Right-of-Use.
- **Operating Profit or EBIT** – the difference between revenues, other income and the costs of raw materials and consumables, service costs, 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, return liabilities, tax payables and other current payables and liabilities.
- **Invested Capital** – the total of non-current assets and net working capital, net of liabilities for future employee benefits, provisions for risks and charges deferred tax liabilities.
- **Net Financial Indebtedness** – calculated as the sum of current and non-current financial payables, debt instruments, trade and other non-current payables, net of cash and cash equivalents and current financial assets.

  Adjusted net indebtedness – calculated as the sum of current and non-current financial payables, debt instruments, trade payables and other non-current payables, excluding lease liabilities, net of cash and cash equivalents and current financial assets.

Operating performance in the first half of 2022

During the first half of 2022, the economic environment weakened in both the major advanced and emerging countries. At the beginning of the year and later during the second quarter, the ongoing pandemic – with the spread of the Omicron variant of the Coronavirus – and later, the consequences of Russia's invasion of Ukraine both weighed on economic growth. Against this backdrop, global trade slowed markedly during the first quarter, reflecting the contraction of foreign trade of emerging countries. In particular, China's stringent restrictive measures in certain areas have weighed on its trade, whilst international sanctions have impacted imports of goods from Russia. Inflation, which was already high during the first quarter, continued to grow at a fast pace during the spring, in June reaching the highest value the US has seen in the last forty years (9.1%), driven by the acceleration of energy and food prices. These factors led to the downward revision of estimates for both world GDP growth for this year, now forecast at 3.0% (previously 4.5%), and international trade developments.

The Group has been able to withstand the "*push*" of macroeconomic events, demonstrating how its business model is "defensive" and managing to perform even in times of crisis.

The cost containment measures we have adopted have nevertheless allowed us to achieve a substantial level of margins, albeit lower than in the same reporting period of 2021.

In fact, we promptly took action on store rents and in regards to suppliers, with positive effects that will continue after the period under review.

Revenues for the half-year were up sharply (+11.9% over 2021), amounting to 12,920,000 euro against 11,550,000 euro as at 30th June 2021, whilst there was a decrease in EBITDA, which amounted to 3,276,000 euro against 3,955,000 euro in the same period of comparison for 2021 due to the impact of costs owing to current inflation.

Despite the continuing difficult economic and socio-political environment, we have continued our organic growth by opening new shops, namely:

- Take Off in Canicattì (AG), Giugliano in Campania (NA), Cassino (FR), Benevento (BN) e Mazzano (BS); Cesano Boscone (MI), San Giuliano Milanese (MI); Castelfranco Veneto (TV), Este (PD), Rovigo (RO), Marcon (VE), Curtatone (MN); Ferrara (FE), Antegnate (BG), Conegliano (TV);
- Over in Ariano Irpino (AV), Favara (AG), Villa Castelli (BR), Partinico (PA), Campobello di Mazara (TP); Botricello (CZ), Gioiosa Marina Ionica (RC), Vibo Valentia (VV), Carmiano (LE); San Giovanni Rotondo (FG), Palermo (PA): Barcellona Pozzo Di Gotto (ME), Mesagne (BR), Mazara Del Vallo (TP), Bovalino (RC).

The opening of these shops forms part of our ongoing logic of growth like wildfire which, through a careful selection of locations, allows us to minimise opening investments and achieve *break-even*.

In order to create greater loyalty amongst our customers and thus encourage the use of online sales channels alongside the service offered by *physical stores* (a relevant strategy in these times of pandemic and restrictions on free movement), we designed and produced the first Take Off magazine, distributed free of charge in our points of sale and which allows our customers to purchase in advance some of our *luxury brands*.

Group Financial Highlights

The following table shows the Group's consolidated results achieved in terms of revenue, operating profit and pre-tax profit as at 30th June 2022 and 2021, respectively:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes	% Variations
Revenue from contracts with customers	12,919,966	11,549,795	1,370,170	11.86%
Gross Operating Income (EBITDA)	3,276,199	3,955,320	(679,121)	-17.17%
Operating result	2,227,915	3,038,942	(811,027)	-26.69%
Pre-tax result	1,854,496	2,806,937	(952,441)	-33.93%
Result for the period	1,429,535	2,128,669	(699,134)	-32.84%

Revenues for the first six months of 2022 increased by 11.9% compared to the previous period, recording an increase of 1,370,000 euro thanks to the gradual easing of restrictions imposed in response to the Covid-19 pandemic.

Starting from a pre-tax result of 1,854,000 euro (2,806,000 euro in the period 01.01.21–30.06.21), the final result for the period was 1,430,000 euro (2,129,000 euro in the period 01.01.21–30.06.21).

The Reclassified Financial Statement of the company compared to the same period in 2021 is as follows:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Revenue from contracts with customers	12,919,966	11,549,795	1,370,170
REVENUE	**12,919,966**	**11,549,795**	**1,370,170**
Other income	559,353	378,086	181,267
Costs for raw materials and consumables	(5,843,527)	(5,209,797)	(633,731)
Costs for services	(1,582,635)	(692,387)	(890,248)
Personnel costs	(2,573,334)	(1,960,403)	(612,931)
Other operating costs	(203,624)	(109,975)	(93,649)
EBITDA	**3,276,199**	**3,955,320**	**(679,121)**
Amortisation, depreciation and write-downs	(1,048,284)	(916,378)	(131,906)
EBIT	**2,227,915**	**3,038,942**	**(811,027)**
Financial management result	(373,419)	(232,005)	(141,414)
PRE-TAX RESULT	**1,854,496**	**2,806,937**	**(952,441)**
Income taxes	(424,961)	(678,267)	253,307
RESULT FOR THE PERIOD	**1,429,535**	**2,128,669**	**(699,134)**
EBITDA margin	*25.36%*	*34.25%*	

(*) **EBITDA** corresponds to the net result adjusted for financial management, taxes, depreciation and amortisation of fixed assets, provisions and bad debts. Thus defined, EBITDA represents the indicator used by the Group to monitor and evaluate its operating performance. Since it is not defined as an accounting measure under International Accounting Standards, it should not be considered an alternative measure for evaluating the trend in operating income.
(**) **EBIT** corresponds to the net result adjusted by the result of financial operations and taxes. Since 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 thus may not be comparable.

We would like to point out that the item of Other Revenues mainly includes public grants to the amount of 433,000 euro, relating to the tax credit on the increase in changes in inventories.

Raw material costs increased by 634,000 euro; however, the ratio of these costs to revenues is in line with the period of comparison.

Costs for services increased by 890,000 euro and were mainly affected by consulting costs incurred by the Group in the post-listing period and advertising costs incurred in connection with the opening of the new shops mentioned above.

The balance of financial operations, a charge in 2022 to the amount of 373,000 euro and in 2021 of 232,000 euro, was mainly affected by interest on mortgages and loans taken out by Take Off, as well as financial expenses on contracts for Rights of Use and the effect of exchange rate differences shown by Over in the reporting period.

Group Balance Sheet Highlights

The Group's consolidated statement of financial position, compared to that as at 31st December 2021, is as follows:

(Euro)	30th June 2022	31st December 2021
Property, plants and machinery	1,362,872	1,375,266
Intangible assets	23,431	23,058
Right-of-use assets	7,132,192	6,635,092
Other non-current assets	575,521	424,478
Deferred tax liabilities	1,229,502	1,261,777
Capital assets (A)	**10,323,518**	**9,719,671**
Inventories	10,787,658	8,733,667
Trade receivables	136,494	227,184
Other current receivables	2,072,801	1,320,113
Tax receivables	72,142	184,568
Short-term operating assets (B)	**13,069,095**	**10,465,532**
Trade payables	(5,344,347)	(4,890,388)
Tax payables	(1,482,629)	(1,856,274)
Other current payables and liabilities	(830,445)	(844,560)
Short-term operating liabilities (C)	**(7,657,421)**	**(7,591,222)**
Net working capital * (D) = (B) + (C)	**5,411,674**	**2,874,310**
Liabilities for future employee benefits	(924,541)	(929,803)
Provisions for risks and charges	(42,531)	(42,531)
Other non-current payables and liabilities	(107,900)	(94,500)
Deferred tax liabilities	(7,846)	(108)
Medium- to long-term liabilities (E)	**(1,082,818)**	**(1,066,943)**
INVESTED CAPITAL ** (A) + (D) + (E)	**14,652,374**	**11,527,039**
Net assets	22,332,121	23,654,135
(Liquidity)/Net non-current indebtedness	9,684,338	9,862,837
(Liquidity)/Net current indebtedness	(17,364,085)	(21,989,934)
EQUITY AND NET FINANCIAL POSITION	**14,652,374**	**11,527,039**

(*) **Net Working Capital** is calculated as the sum of inventories, trade receivables, other current receivables and tax receivables, net of trade payables, return liabilities, 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 Funds. Since 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 others and therefore not comparable.

Fixed assets rose by 644,000 euro compared to 31st December 2021, largely due to the accounting in accordance with IFRS 16 regarding rights-to-use (amounting to 7,132,000 euro as at 30th June 2022) in connection with new lease agreements. The increase in short-term operating assets is mainly due to the rise in inventories following the procurement of goods for the 2022–2023 winter season and the increase in receivables from advances to suppliers for the A/W 2022 and S/S 2023 seasons. This increase generated a negative net cash flow from operating activities in the first half of 2020, as shown in the Cash Flow Statement.

As such, the Net Working Capital (NWC) absorbs cash to the amount of 2,537,000 euro, compared to 31st December 2021. This change is mainly due to the dynamics just described on short-term assets.

Group Financial Highlights

The Group's net indebtedness as of 30th June 2022, compared to 31st December 2021, is as follows:

(Euro)	30th June 2022	31st December 2021
A - Cash and Cash Equivalents	22,210,020	26,455,694
B - Machinery equivalent to cash and cash equivalents	0	0
C - Other current financial assets	0	0
D - Liquidity (A + B + C)	**22,210,020**	**26,455,694**
E - Current financial payables	(3,163,673)	(2,951,044)
F - Part of current financial payables	(1,682,261)	(1,514,716)
G - Current financial indebtedness (E + F)	**(4,845,934)**	**(4,465,760)**
H – Liquidity/(Net current financial indebtedness) (D + G)	**17,364,085**	**21,989,934**
I - Non-current financial payables	(8,677,776)	(8,656,468)
K - Trade and other non-current payables	(1,006,562)	(1,206,369)
L - Non-current financial indebtedness (I + J + K)	**(9,684,338)**	**(9,862,837)**
M - Liquidity/(Net financial indebtedness) (H + L)	**7,679,747**	**12,127,096**
N - Payables from the application of IFRS 16	**(7,483,749)**	**(6,946,520)**
O - Liquidity/(Adjusted net financial indebtedness) (M - N)	**15,163,496**	**19,073,616**

Net financial liquidity (M) for the year decreased by about 4,447,000 euro compared to the previous year. This change is due to the combined effect of the distribution of dividends, the recognition of the financial liability for the Right of Use owing to the stipulation of a further five contracts, along with the decrease in cash and cash equivalents as a result of advance payments to suppliers for the procurement of goods.

It was deemed appropriate to also present, in the table above, the *adjusted* net financial indebtedness, which excludes – with respect to the calculation previously presented – the liability for Rights of Use amounting to 7,484,000 euro determined at 30.06.2022 (6,946,000 euro at 31.12.2021), and which, pursuant to IFRS 16, is classified under Other Financial Payables. Net of this amount, the Net Financial Indebtedness at 30.06.2022 was positive (Liquidity) and equal to 15,163,000 euro (19,074,000 euro at 31.12.2021).

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 of 30th June 2021.

	30th June 2022	30th June 2021
EBITDA	3,276,199	3,955,320
EBITDA margin	25.36%	34.25%
ROE Before Tax (Profit/(Loss) for the Period Before Tax/PN)	8.30%	11.87%
ROI (EBIT/Total Assets)	4.89%	8.08%
ROS (EBIT/Revenues)	17.24%	26.31%

The economic indices[1] confirm the dynamics already commented on and the management results achieved. As at 30th June 2022, EBITDA fell to 25.4% of revenue, compared to 34.2% in the previous period.

The table below shows certain balance sheet ratios[2] describing: (i) the financing of medium-/long-term loans; and (ii) the composition of financing sources, compared with the same ratios for the financial statements for the year ended 31st December 2021.

The *current ratio* shows the company's ability to repay debt. In both periods under comparison, the index shows the company's ability to cover its liabilities with its assets. The ratio showed a deterioration as at 30th June 2022 compared to the comparison period mainly due to the increase in short-term financial liabilities.

	30th June 2022	31st December 2021
Current ratio (Current assets/Current liabilities)	2.82	3.06
Acid test (Current Assets - Inventories)/Current Liabilities	1.96	2.34
Structure margin (NP - FA)	12,008,603	13,934,464
Secondary structure margin (PN + DML - AF)	22,775,759	24,864,244

[1] *ROE (Return On Equity)* – This describes the ratio of profit before tax to the net assets of the company. It summarises the profitability and return on equity.

ROI (Return On Investment) – This describes the ratio of operating income to total assets. It expresses the characteristic return on capital employed, where characteristic return means the return before financial management and taxation.

ROS (Return On Sales) – This describes the ratio of operating income to sales revenue. In percentage terms, this expresses the operating margin realised on sales from ordinary operations, where ordinary profitability means profitability before financial management and tax burden.

[2] *Structure Margin (also called Fixed Assets Coverage Margin)* – In absolute terms, this measures the company's ability to finance fixed assets with its own capital, being with sources contributed by shareholders. It allows for an assessment of whether or not the net assets are sufficient to cover the fixed assets.

Primary Structure Ratio (also known as Fixed Asset Coverage) – In percentage terms, this measures the company's ability to finance fixed assets with equity capital. This permits an assessment of the ratio between net assets (including profit or loss for the year) and total fixed assets as a percentage.

Environment and personnel-related information

In view of the company's social role, as highlighted in the document on the management report of the National Council of Certified Accountants and Accounting Experts, it is considered appropriate to provide the below information pertaining to the environment and personnel.

Personnel

During the reporting period:

- There were no serious accidents at work resulting in significant injuries to personnel in the company register;
- There were no noted occupational diseases concerning employees or former employees nor cases of bullying for which the company was declared definitively liable.

During the period, the Group invested in personnel safety.

The workforce as at 30th June 2022, net of terminations, was as follows:

(No. of units)	**30th June 2022**	**31st December 2021**
Take OFF		
Management	2	2
Clerks	11	5
Labourers	226	192
Over		
Clerks	7	8
Labourers	12	12
Total	**258**	**219**

The increase is due to personnel hired as a result of the new openings.
Training plays a crucial role for our company given the ever-changing trends in the fashion industry. Staff training was aimed at developing the technical and commercial skills of all employees. In particular, much effort went towards the commercial sector, being certainly strategic.

Environment

Thanks to investments in the renovation of our company premises, we have adapted our locations to ensure compliance with all requirements under current environmental legislation.

As far as safety is concerned, we have appointed an external professional to complete the task of training for risk prevention in the workplace, always in compliance with the relevant legislation.

Investments

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

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 31st December 2021	Change
Investments in intangible assets	3,100	12,913	(9,813)
Investments in property, plants and machinery	156,660	399,693	(243,033)
Total investments	**159,760**	**412,606**	**(252,846)**

Research and Development

Pursuant to Article 2428(2)(1) of the Italian Civil Code, it is hereby declared that Take Off and Over did not engage in any Research and Development activities during the period.

Relationships with correlated parties

During the reporting period, there were commercial and financial transactions with correlated parties. All business dealings were based on normal market conditions, whilst relations of a financial nature are non-interest-bearing. Such transactions, which do not include any atypical and/or unusual operations, are governed by normal market conditions.

Treasury shares and shares/quotas of parent companies

The companies do not own and have not acquired nor disposed of any treasury shares or shares in parent companies during the period, either directly or through trust companies or a third party.

Main risks and uncertainties

With regards to the assessment of the main risks and uncertainties, given that the Group operates prudently and adequately to face the occurance of any unforeseen and sudden events that could destabilise the context in which the company operates, the main risk elements to which the Company and the Group are exposed are described below, identifiable by type and namely being strategic, operational, financial and compliance-related.

Market and strategic risks

Market risks related to social, economic and political changes

The clothing market is highly dependent on the economic availability and spending propensity of consumers, as well as the general economic trend. Events causing political instability and/or economic recession, along with any events that may adversely affect the confidence of the type of customers targeted by the Group, could also have negative repercussions on the Group's economic, financial and asset situation. This market is also closely linked to changes in the propensity to consume as well as possible changes in lifestyles. Reduced household purchasing power and rising commodity prices are certainly having an impact on the Group's business, which is nonetheless reacting very well thanks to a careful cost-containment policy.

Competition-related risks

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

Risks associated with the definition and implementation of strategies

In formulating its strategy, the Group takes into account certain hypothetical assumptions regarding economic trends and the evolution of demand for clothing in the various geographic areas and the prospects of potential locations in which to locate its shops. Should the Group be unable to realise its strategy and/or should the basic assumptions on which the Group has founded its strategy prove erroneous, the Group's business and prospects could be adversely affected.

Operational Risks

Risk associated with directly-operated outlets

The risk associated with the management of currently-existing shops is mainly related to possible difficulties in renewing existing lease agreements, higher rents and declines in sales.

With regard to the opening of new sales outlets, it is noted that the increased costs associated with new openings may not be accompanied by an adequate growth in revenue. In the competitive scenario in which the Group operates, the possibility of expanding the DOS network depends on the ability to obtain the availability, in economically-viable terms, of space in locations deemed strategic by the Group. Indeed, the Group may have to compete for new space with other retail operators with similar or greater economic and financial capacities than its own.

Risk associated with outlets operated by franchisees

Part of the Group's distribution network is represented by points of sale operated by franchisees, with whom the Group generally favours long-established business relationships. The termination of existing business relationships with major indirect distributors, the inability to develop new business relationships or a significant decrease in relative revenue could have a negative impact on the Group's business. Furthermore, the failure of indirectly-operated outlets to comply with a commercial policy in line with the Group's image could damage the company's reputation as well as its sales.

Risk of loss of key resources and know-how

The risk is correlated to the significant dependence that the Group may have on certain managerial figures who, to date, are evaluated as strategic resources, being considered as not easily and promptly replaceable, either internally or externally. Failure to recognise the contribution these resources make could result in loss of business opportunities, lower revenues, higher costs or damages to image.

IT security risks, data management and dissemination

Today, Information Technology (IT) is one of the main enablers for achieving corporate business objectives. The IT risk is thus related to the significant degree of dependence of the Group and its relative operational processes on IT. Specifically, this means the risk of suffering economic, reputational and market share losses resulting from the possibility that a given threat – be it accidental or intentional in nature – exploits a vulnerability both implicit in the technology itself and arising from the automation of corporate business processes, provoking an event capable of compromising the safety of corporate IT assets in terms of confidentiality, integrity and availability.

Risks associated with climate change

The Group constantly monitors the latest government regulations on climate-related matters. For now, no legislation has been passed that has an impact on the Group. The Group shall adjust the key assumptions utilised in the value-in-use calculations and the sensitivity to changes in assumptions should any change be necessary.

Financial risks

With regard to financial risks, please refer to the Explanatory Notes (see Note 43 – “Financial Instruments – Fair Value and Risk Management”).

Compliance risks

Fiscal risk

The Group is routinely subject to audits of its tax returns and tax compliance by the tax authorities. The tax risk mitigation measures enacted by the Management in terms of tax compliance cannot entirely exclude the risk of tax audits.

Risk associated with changes in the national regulatory framework in which the Company operates

The Group is subject to the regulations applicable to the products it markets. Of particular importance are regulations on consumer protection, competition, worker health and safety and the environment, also in view of the ongoing Covid-19 pandemic.

The enactment of new regulations or modifications to existing regulations could require the Group to adopt stricter standards, which could entail costs for adjusting sales structures or limit the companies’ operations, with a consequent negative effect on its growth prospects.

Business Outlook

The current scenario is in a constant state of flux and even now, it is difficult to predict the short- and medium-term future. Yet, the Group was able to swiftly respond to this complex situation, reducing certain costs and maintaining an excellent level of profitability, as illustrated prior.

The second phase of the pandemic has seen a different approach from institutions, in attempting to strike a difficult balance between the imperative need to protect health and ensure the survival of the country’s economic and industrial fabric. The partial lockdowns and the strong push given to the implementation of the vaccination strategy allow work to go on, albeit it certainly in a general framework that is still changing.

Still, the beginning of 2022 was also characterised by the conflict between Russia and Ukraine and the resulting international tensions. The sanctioning measures adopted by the international community against Russia, as well as the countermeasures activated by Italy directly, have led and continue to lead to a sharp increase in prices, mainly for raw materials and energy, along with disruptions and turbulence in the functioning of international supply network, which at present have not impacted the Group’s profitability.

The Group's directors, however, thanks to the cost-containment policies put in place and its ability to cope with difficulties, are not only confident in the good performance of its prospective economic results, albeit influenced by the socio-political effects, but also believe it is essential to continue investing in its growth and development path, including by seizing the opportunities that will be generated by the possible crises of some market players. Obviously, the hope is that things will soon be back to normal.

Milan, 30th September 2022

The Chair of the Board of Directors

Aldo Piccarreta

Consolidated Financial Statements as at 30th June 2022

Consolidated Statement of the Financial Position

(Euro)	Notes	30th June 2022	31st December 2021
ASSETS			
Non-current assets			
Property, plants and machinery	*(8)*	1,362,872	1,375,266
Intangible assets	*(9)*	23,431	23,058
Right-of-use assets	*(10)*	7,132,192	6,635,092
Other non-current receivables	*(11)*	575,521	424,478
Deferred tax liabilities	*(12)*	1,229,502	1,261,777
TOTAL NON-CURRENT ASSETS		10,323,518	9,719,671
Current assets			
Inventories	*(13)*	10,787,658	8,733,667
Trade receivables	*(14)*	136,494	227,184
Other current receivables	*(15)*	2,072,801	1,320,113
Tax receivables	*(16)*	72,142	184,568
Cash and cash equivalents	*(17)*	22,210,020	26,455,694
TOTAL CURRENT ASSETS		35,279,114	36,921,226
TOTAL ASSETS		45,602,632	46,640,898
NET ASSETS			
Share capital		1,562,480	1,562,480
Share premium reserve		11,682,808	11,682,808
Legal reserve		512,496	237,333
Reserve for conversion differences		2,440,366	2,440,366
Other reserves		2,233,171	2,233,171
Reserve Benefit Plan (OCI) – Actualisation		(80,419)	(141,335)
Previous years' profit/loss		2,551,685	0
Result for the period		1,429,535	5,639,312
TOTAL NET ASSETS	*(18)*	22,332,121	23,654,135
LIABILITIES			
Non-current liabilities			
Medium- to long-term financing	*(19)*	2,876,289	3,224,665
Other non-current financial liabilities	*(20)*	5,801,487	5,431,804
Liabilities for future employee benefits	*(21)*	924,541	929,803
Provisions for risks and charges	*(22)*	42,531	42,531
Other non-current liabilities	*(23)*	107,900	94,500
Non-current tax payables	*(24)*	1,006,562	1,206,369
Deferred tax liabilities	*(25)*	7,846	108
TOTAL NON-CURRENT LIABILITIES		10,767,156	10,929,780
Current liabilities			
Bank borrowings and the short-term portion of long-term loans	*(26)*	3,163,673	2,951,044
Other current financial liabilities	*(27)*	1,682,261	1,514,716
Trade payables	*(28)*	5,344,347	4,890,388
Liabilities for returns	*(29)*	26,016	41,625
Current contractual liabilities	*(30)*	19,487	0
Tax payables	*(31)*	1,482,629	1,856,274
Other current payables and liabilities	*(32)*	784,942	802,935
TOTAL CURRENT LIABILITIES		12,503,355	12,056,983
TOTAL LIABILITIES		23,270,511	22,986,763
TOTAL NET ASSETS AND LIABILITIES		45,602,632	46,640,898

Consolidated Financial Statement

(Euro)	Notes	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021
Revenue from contracts with customers	*(33)*	12,919,966	11,549,795
REVENUE		12,919,966	11,549,795
Other income	*(34)*	559,353	378,086
of which with correlated parties		*9,220*	*18,000*
Costs for raw materials and consumables	*(35)*	(5,843,527)	(5,209,797)
Costs for services	*(36)*	(1,582,635)	(692,387)
Personnel costs	*(37)*	(2,573,334)	(1,960,403)
Other operating costs	*(38)*	(203,624)	(109,975)
Amortisation, depreciation and write-downs	*(39)*	(1,048,284)	(916,378)
OPERATING RESULT		2,227,915	3,038,942
Financial expenses	*(40)*	(383,805)	(246,184)
Financial income	*(41)*	10,386	14,179
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		1,854,496	2,806,937
Income taxes	*(42)*	(424,961)	(678,267)
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS		1,429,535	2,128,669
RESULT FOR THE PERIOD		1,429,535	2,128,669
Basic/diluted earnings per share		*0.09*	*0.19*

Consolidated Comprehensive Financial Statement

(Euro)	Notes	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021
RESULT FOR THE PERIOD		1,429,535	2,128,669
Other components of the Comprehensive Financial Statement			
Other components of the Comprehensive Financial Statement that will not be subsequently reclassified to profit/(loss) for the year (net of tax):			
Gains/(losses) from discounting liabilities for future employee benefits		80,152	3,078
Deferred taxes on discounting gains/(losses)		(19,236)	0
Other components of the Comprehensive Financial Statement		60,916	3,078
Other components of the Comprehensive Financial Statement that will be subsequently reclassified to profit/(loss) for the year (net of tax):		–	
OVERALL RESULT FOR THE PERIOD		1,490,450	2,131,747

Consolidated Statement of Changes in Net Assets

(Euro)	Notes	Share capital	Legal reserve	Reserve for conversion to IAS/IFRS	Other reserves	Profit/ (loss) for the previous year	Profit/(loss) for the year	Total
Balance as at 31st December 2020		**1,186,667**	**191,399**	**2,440,366**	**2,470,718**	***733,560***	***3,815,524***	**11,838,234**
Result for the year		-	-	-	-	-	*2,128,669*	*2,128,669*
Other components of the Comprehensive Income Statement		-	-	-	*3,078*	-	-	*3,078*
Overall result for the year		-	-	-	3,078		2,128,669	2,131,748
Allocation of the result of the previous year		-	45,934	-	4,503,150	(733,560)	(3,815,524)	0
Increase in share capital	*(19)*	813,333	-	-	(813,333)	-	-	-
Distribution of dividends	*(19)*	-	-	-	(4,500,000)	0	-	(4,500,000)
Operations under common control	*(6)*	-	-	-	-	-	-	0
Balance as at 30th June 2021		**2,000,000**	**237,333**	**2,440,366**	**2,663,613**	**0**	**2,128,669**	**9,469,982**

(Euro)	Notes	Share capital	Surplus reserve	Legal reserve	Reserve for conversion to IAS/IFRS	Other reserves	Profit/ (loss) for the previous year	Profit/(loss) for the year	Total
Balance as at 31st December 2021		**1,562,480**	**11,682,808**	**237,333**	**2,440,366**	**2,091,836**	**0**	**5,639,312**	**23,654,135**
Result for the year		-	-	-	-	-	-	*1,429,535*	*1,429,535*
Other components of the Comprehensive Income Statement		-	-	-	-	*60,916*	-	-	*60,916*
Overall result for the year		-	-	-	-	60,916		1,429,535	1,490,450
Allocation of the result of the previous year		-	-	275,163	-	2,812,464	2,551,685	(5,639,312)	0
Distribution of dividends		-	-	-	-	(2,812,464)	0	-	(2,812,464)
Balance as at 30th June 2022		**1,562,480**	**11,682,808**	**512,496**	**2,440,366**	**2,152,752**	**2,551,685**	**1,429,535**	**22.332.121**

Consolidated cash flow statement

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021
Operational assets		
Profit before tax from continuing operations	**1,854,496**	**2,806,937**
Adjustments to reconcile the pre-tax result with the net cash flow from operating activities:		
Depreciation and Impairment of Property, Plants and Machinery	158,919	145,314
Amortisation and impairment of intangible assets and Right of Use	813,868	771,064
Provisions for future employee benefits	127,358	88,107
Financial income	(10,386)	(14,179)
Financial expenses	388,223	246,184
Trade receivables	90,690	67,896
Other current receivables	(640,261)	(1,262,912)
Inventories	(2,053,991)	377,776
Trade payables and contractual liabilities	473,445	(2,484,788)
Other current payables	(758,605)	1,603,836
Net change in non-current receivables/payables	(137,642)	(172,779)
Net change in deferred tax assets and liabilities	20,776	182,403
Payments for employee benefits	(56,886)	0
Interest (paid)/received	(373,419)	(232,005)
Income taxes paid	(312,204)	(984,784)
Net flow from operating activities	**(415,621)**	**1,138,070**
Investment Activities		
Investments in property, plants and machinery	(156,660)	(122,000)
Disposal of property, plants and machinery	10,135	609,710
Investments in intangible assets	(3,100)	(106,900)
Net flow from investing activities	**(149,625)**	**380,810**
Financing assets		
Medium- to long-term financing taken out	1,553,879	750,000
Repayment of medium- and long-term financing	(1,689,626)	(489,825)
Net change in other short-term financial assets	0	805,647
Repayment of financial liabilities for Right of Use on leases	(771,012)	(737,512)
Dividends paid	(2,773,670)	(2,800,000)
Net flow from financing activities	**(3,680,429)**	**(2,471,690)**
Net (decrease)/increase in cash and cash equivalents and in short-term deposits	**(4,245,675)**	**(952,810)**
Availability of cash and cash equivalents and in short-term deposits at the beginning of the period	*26,455,694*	*15,405,808*
Availability of cash and cash equivalents and in short-term deposits at the end of the period	*22,210,020*	*14,452,998*

Notes to the Interim Consolidated Financial Statements

Notes to the Consolidated Financial Statements as at 30th June 2022

1. Corporate Information and Structure of the Consolidated Financial Statements

Take Off is a joint stock company incorporated in Italy and registered with the Milan Companies Registry Office under No. 04509190759 (hereinafter, also referred to as "Take Off"). The registered office is located in MILAN (MI) at Via Montenapoleone 8.

Take Off operates in the clothing retail sector through the OUTLET shop chain formula, availing of various points-of-sale located throughout Italy and particularly in southern Italy.

The consolidated interim financial statements for the period ended 30th June 2022 has been drafted in accordance with International Financial Reporting Standards (hereinafter, "IAS/IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the European Union, exercising the option set out in Article 4(5) of Legislative Decree no. 38/2005 and in accordance with the criteria outlined in Legislative Decree no. 127 dated 09/04/1991.

Publication of the Consolidated Financial Statements for the period ending 30th June 2022 was authorised by the Board of Directors on 30th September 2022.

The Directors consider that there are no significant uncertainties that would cast doubt on this assumption. They assessed that there is a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future, not less than 12 months from the date of closing the balance sheet.

The interim condensed Consolidated Financial Statements for the six months ended 30th June 2022 were drawn up in accordance with the international accounting standard on interim reporting (IAS 34 Interim Financial Reporting). The Condensed Interim Consolidated Financial Statements do not present all the information required in the preparation of the annual Consolidated Financial Statements. For this reason, it is necessary to read the Condensed Interim Consolidated Financial Statements together with the Consolidated Financial Statements as at 31st December 2021.

The Condensed Consolidated Interim Financial Statements include the financial position of Take Off S.p.A. and Over S.p.A., jointly identified as the Take Off Group (or, the "Group"), as at 30th June 2022. These Consolidated Financial Statements were drawn up on the basis of the financial statements of the individual companies, appropriately adjusted to render them consistent and IFRS-compliant.

These interim financial statements are drawn up in Euro, as the Group's functional currency, as are the Notes to the Financial Statements, unless otherwise indicated.

The financial statements adopted are consistent with those required by the relevant accounting standards and in particular:

- The statement of financial position was drawn up by classifying assets and liabilities on a "current/non-current" basis;

- The Financial Statement was prepared by classifying operating costs by nature;
- The Comprehensive Financial Statement includes, in addition to the result for the period as per the Financial Statement, changes in equity other than those with shareholders;
- The cash flow statement has been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (Statement of Cash Flows) – in this context, it has been chosen to present within the cash flows from operating activities the amount of interest paid and received;
- The statement of changes in equity has been prepared with separate disclosure of the other components of the Comprehensive Financial Statement.

Taking into account the requirements of the relevant accounting standards, the comparison of balance sheet items is made with the consolidated values as at 31st December 2021, whilst the comparison of items in the Financial Statement is made with the consolidated values as at 30th June 2021, restated in accordance with international accounting standards. The values as at 30th June 2021, in consideration of the fact that these are the first Interim Consolidated Financial Statements, were prepared starting from the balance sheets and income statements of Take Off and Over as at 30th June 2021, with both companies being under the common control of Summit, and subsequently proceeding with an aggregation of the relative income statement and balance sheet figures of the two companies along with the application of pro-forma adjustment entries for a retroactive effect upon the acquisition of Over by Take Off, which took place on 4th October 2021.

The Notes to the Financial Statements show the changes that occurred on the individual items during the period.

2. Scope of consolidation, consolidation changes, consolidation method, consolidation principles and valuation criteria applied

2.1 Scope of consolidation

The Consolidated Financial Statements include the financial statements of the parent company and those of the subsidiaries.

In accordance with the provisions of IFRS 10, control is obtained when the Group is exposed to variable returns or has rights to such returns, arising from its relationship with the investee company and having the ability to affect those returns, through the exercise of its 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 solely on the possession of a majority of voting rights but rather on the substantive rights of each investor over the investee company.
Consequently, the judgement of the Management is required to assess specific situations giving rise to substantial rights that grant the Group the power to direct the relevant activities of the investee company so as to influence its performance.
For the purposes of the assessment of the control requirement, Management analyses all factors and circumstances, including any agreements with other investors, rights arising from other contractual agreements and potential voting rights (call options, warrants, put options granted to minority shareholders, etcetera). These other factors and circumstances may be particularly relevant in the

context of this assessment, especially in cases where the Group holds less than a majority of the voting 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 relevant factors and circumstances when assessing whether it controls the investee company.
The Group re-examines the existence of the conditions of control over an investee company when factors and circumstances indicate that there has been a change in one or more of the components considered in verification of the existence of control.
Associated companies and those over which the parent company exercises joint control with other third parties are evaluated using the equity method.

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

The companies included in the consolidation area, in addition to the parent company Take Off S.p.A., are the following:

Over S.p.A. (hereinafter also referred to as "Over"), a wholly-owned direct subsidiary, with registered office in Milan at Via Bagutta, 13, having VAT no. 03498990757. Over is a joint-stock company incorporated in Italy and registered at the Milan Business Registry under no. 05470340729. Over is a joint-stock company operating in the retail trade of children's clothing and accessories under its proprietary brand Overkids and, as of 30th June 2022, its sales network consisted of 124 shops. The subsidiary became part of the Take Off Group as of 4th October 2021.

2.2 Principles of consolidation
The companies included in the scope of consolidation on a line-by-line basis are those controlled by the Parent Company, also through indirect shareholdings.
Where necessary, the financial statements of the companies included in the scope of consolidation have been adjusted to bring them into line with accounting standards, which are homogeneous within the Group and refer to IAS/IFRS.
The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases. In the case of the consolidation of Over S.p.A., given that a reorganisation transaction between entities under common control can be configured, the retrospective approach was used, considering that control had been assumed prior to the start date of the least recent period presented in the Issuer's Consolidated Financial Statements.
The assets and liabilities, expenses and income of consolidated entities are fully recognised on a line-by-line basis in the Consolidated Financial Statements (per the line-by-line method). The accounting value of the investments in each of the controlled entities is eliminated against the corresponding fraction of the shareholders' equity of each of the investee entities, including any *fair value* adjustments to the value of assets and liabilities effectuated at the date control is acquired. The quotas of equity and profit or loss attributable to non-controlling interests are shown separately under the specific headings in the Statement of Net Assets, the Financial Statement and the Comprehensive Income Statement. Minority interests have not been shown in the Consolidated Financial Statements due to being zero in these Consolidated Financial Statements.

Changes in equity interests held (directly or indirectly) by the Company in controlled entities, which do not result in a change in the classification of the investment as a controlled entity, are recognised as net asset transactions. The carrying amount of net asset attributable to owners of the parent and non-controlling interests is adjusted to reflect the change in the ownership quota.
The difference between the carrying amount of non-controlling interests and the fair value of the amount paid or received is recognised directly in net assets attributable to the owners of the parent.
Contrarily, the transfer of shares resulting in the loss of control sees recognition in the Financial Statement: (i) of any gain/loss calculated as the difference between the amount received and the corresponding fraction of net assets sold; (ii) of the effect of the alignment to the relative fair value of any residual investment retained; (iii) of any amounts recognised in other comprehensive income relating to the former controlled entity for which a reversal to the Financial Statement is expected. The fair value at the date of loss of control of the retained equity investment, if any, represents the new carrying value of the equity investment and, thus, the value of reference for the subsequent valuation of the equity investment in accordance with the applicable valuation criteria.
Dividends received by the parent company and consolidated companies from investments included in the scope of consolidation are reversed from the Consolidated Financial Statement.
Balance sheet items in foreign currencies are converted into euro by applying the end-of-period exchange rates. Financial Statement items of reports in foreign currency are converted into euro at the average exchange rates for the year. Given the same revenue and margins in local currency, changes in exchange rates may have an impact on the countervalue in euro for revenues, costs and economic results. Differences arising from the translation of opening shareholders' equity at year-end exchange rates are charged to the currency conversion reserve, together with the difference between the results of operations and the balance sheet.

An associate is an investee over which the investor has significant influence, ergo the power to participate in the determination of the financial and operating policies of the investee, yet without having control or joint control over it. The investor is presumed to have significant influence (unless the contrary can be proven) if it owns – directly or indirectly through subsidiaries – at least 20% of the exercisable voting rights. A joint venture is a jointly-controlled arrangement in which the jointly-controlling parties have rights to the net assets of the agreement and, thus, have an interest in the jointly-controlled corporate vehicle. Investments in associates and joint ventures are accounted for using the equity method.

Profits arising from transactions between consolidated companies and those not yet realised vis-à-vis third parties are eliminated, as are receivables, payables, income and expenses, guarantees, commitments and risks between consolidated companies.
Unrealised profits with companies accounted for under the equity method are eliminated to the extent of the relevant share of the Group. In both cases, intragroup losses are not eliminated since they are considered as representing an actual lower value of the transferred asset.

3. Accounting principles and valuation criteria adopted

The Condensed Consolidated Interim Financial Statements as at 30th June 2022 have been drawn up under the historical cost convention. Please refer to the specific paragraphs commenting on the balance sheet and income statement items for more details on the criteria adopted.

2.1 Discretionary Valuations and Significant Accounting Estimates

Preparation of the Take Off and Over Interim Financial Statements requires discretionary judgements, estimates and assumptions that affect values in terms of revenue, expenses, assets and liabilities, along with the disclosure of contingent liabilities at the balance sheet date. The actual results may thus differ from such estimates. Any uncertainty surrounding these assumptions and estimates could lead to outcomes requiring a significant adjustment to the carrying value of these assets and/or liabilities in the future. Estimates and assumptions are periodically reviewed and the effects of any changes to such are reflected in the Financial Statement for the period in which the estimate is revised. The main discretionary estimation and valuation processes relate to the recognition and measurement of the balance sheet items below.

Leasing

The accounting of leases in accordance with IFRS 16 requires certain estimates to be made, referring in particular to:

- An estimation of the term of a leasing contract in the presence of renewal or early termination options;
- An estimate of the relevant discount rate.

Estimation of the duration of a leasing contract

The Group determines the term of the lease as the non-cancellable period of the lease, to which is added both the periods covered by the lease extension option where there is reasonable certainty of exercising that option and the periods covered by the lease termination option, where there is reasonable certainty of not exercising said option.

For some of its leases, the Group has the option to extend or terminate the lease early. The Group applies its judgement in assessing whether there is reasonable certainty of exercising the renewal options. That said, all relevant factors are considered that may result in an economic incentive to exercise renewal options or terminate the contract.

In the presence of renewal options exercisable by both contractual parties, the Group considers whether or not there were significant economic disincentives to reject the renewal request as required by Paragraph B34 of IFRS 16. In the event of options exercisable by only one of the two parties, Group companies have considered paragraph B35 of IFRS 16. The application of the foregoing, taking into account the specific factors and circumstances as well as the estimate of the probability of the option being exercised, has resulted in the original term of the lease agreement (6 years on average) generally being considered, without providing for the exercise of renewal options. Only for buildings considered as strategic by the companies, the contractually-stipulated 6-year renewal option was considered within the term of the lease and thus in the calculation of the useful life of the buildings. These forecasts are consistent with the assumptions made in the most recent Business Plan for the 2021–2025 period, approved by the Management.

After the effective date of the lease, the Group reviews the lease term upon any significant event or significant change in circumstances occurring that, depending on the will of the Group companies, affects the lessee's reasonable certainty of exercising an option not previously included in its determination of the lease duration or of not exercising an option previously included in its determination of the lease duration. In November 2019, a decision was published that clarifies how the concepts of non-cancellable period, lease duration (considered for liability recognition purposes) and enforceable period (useful for identifying when the contract no longer generates enforceable rights and obligations) are to be read and interrelated for the purposes of applying IFRS 16. The decision clarified that, for the purpose of identifying the period of enforceability, a tenant must consider the contractual point at which both parties involved can exercise their right to terminate the contract without incurring penalties that are not insignificant. The concept of any penalty must not have a merely contractual meaning but must be seen in consideration of all economic aspects of the contract. Once the period of enforceability has been identified, the lessor assesses – in the presence of renewal or cancellation – options for the period it is reasonably certain to be able to control the right to use the asset and thus determines the term of the lease. At the date of drafting these financial statements, the Group has considered such matters and conclusions and shall continue to monitor their development over time.

Estimation of the discount rate

The Group cannot easily determine the implicit interest rate of leases and thus avail of the marginal financing rate to measure lease liabilities. This rate corresponds to the rate that the lessee would have to pay for a loan with similar maturity and similar collateral required to obtain an asset of similar value to the right-of-use asset in a similar economic environment and may be determined in terms of an individual contract or portfolio of contracts. The companies estimate the marginal lending facility using observable data (such as market interest rates), if available.

Provisions for inventory write-downs

The Group has recognised provisions for the possibility that products in inventory may have to be sold as stock and thus have to be adjusted to their estimated realisable value. To do so, the Group made assumptions in relation to the number of products sold as stock within the past and the possibility of disposing of these products from directly-operated outlets. In particular, the Group has reflected in the inventory allowance its assumptions regarding the expected disposal of inventories of previous collections, including surpluses related to the current collection, considering the actual scenario marked by uncertainty.

For other estimation processes, please refer to the description in the Annual Consolidated Financial Statements as at 31st December 2021.

4. Impacts of the Covid-19 emergency and international tensions

The Covid-19 health emergency led the governments of all states concerned to make decisions regarding restrictions, bans and blockades on commercial activities, the movement of people and international traffic (lockdowns), with an exceptionally-negative impact on tourist flows worldwide, even resulting in the temporary closure of the Group's outlets.

Still, the beginning of 2022 was also characterised by the conflict between Russia and Ukraine and the resulting international tensions. The sanctioning measures adopted by the international community against Russia, along with the countermeasures activated by Italy directly, have led and continue to lead to a sharp increase in prices, mainly for raw materials and energy, together with disruptions and

turbulence in the functioning of international supply network, which at present have not impacted the Group's profitability. The Group does not purchase raw materials from Ukraine or Russia and, moreover, it should be noted that the supply network does not at any time pass through the territories affected by the conflict, thus supplies have not slowed down.
Although the uncertainty regarding the development of the situation and the possible repercussions at a global macroeconomic level remains very high, no significant negative consequences on the Group's results for the 2022 financial year are currently foreseen.

Impairment Test for Tangible Assets for Rights-of-Use

The Group performs an impairment test on 31st December of each year and when circumstances indicate that the recoverable amount of goodwill may be impaired. The impairment test for intangible assets with an indefinite useful life is based on the calculation of value in use. The key assumptions utilised to determine the recoverable amount of the various Cash-Generating Units (CGUs) were disclosed in the Consolidated Financial Statements as at 31st December 2021.

The Directors made appropriate assessments of the existence of any indications that an asset may be impaired, carefully considering the effects of the COVID-19 outbreak and the consequences of international tensions arising from the Russia-Ukraine conflict, in light of the requirements of IAS36. In the current context of uncertainty, such analyses required a careful evaluation by management, concluding that – considering the increase in sales compared to the same period of the previous year due to a lesser impact of the government's actions to contain the pandemic and the improvement in margins, at the level of individual shops as well as the CGU Group – it was not deemed necessary to re-perform the impairment test conducted as at 31st December 2021.

5. New accounting standards and interpretations effective from 1st January 2022 along with accounting standards and interpretations issued but not yet effective

The accounting standards adopted for drafting the condensed Consolidated Half-Year Financial Statements are consistent with those used for drafting the Consolidated Financial Statements as at 31st December 2021, save for the adoption of new standards and amendments effective as at 1st January 2022. The Group has not yet adopted in advance any new standards, interpretations or amendments issued but not yet in force.
Several amendments apply for the first time in 2022 but did not have an impact on the Group's Interim Condensed Consolidated Financial Statements.

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

An onerous contract is one in which the non-discretionary costs (such as costs that the Group cannot avoid due to being party to a contract) necessary to perform the obligations undertaken are greater than the economic benefits that are supposed to be obtainable from the contract.
The amendment clarifies that in determining whether a contract is onerous or generates a loss, an entity must consider costs directly related to the contract for the provision of goods or services that include both incremental costs (such as direct labour and material costs) and expenses directly attributable to contractual activities (such as depreciation of equipment used to perform the contract as well as costs

for managing and supervising the contract). General and administrative expenses are not directly related to a contract and are excluded unless explicitly chargeable to the other party on the basis of the contract.
These changes had no impact on the Group's half-yearly Condensed Financial Statements.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments are intended to replace references to the Framework for the Preparation and Presentation of Financial Statements with references to the Conceptual Framework for Financial Reporting published in March 2018, without a significant change to the requirements of the standard.
The Board also added an exception to the valuation principles of IFRS 3 to avoid the risk of potential "day-after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies, if contracted separately. Such an exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether an obligation actually exists at the date of acquisition.
The amendment also added a new paragraph to IFRS 3 clarifying that contingent assets do not qualify as recognisable assets at the date of acquisition.
These changes had no impact on the Group's half-yearly Condensed Financial Statements, since no contingent assets, liabilities or contingent liabilities were recognised in the half-year for the purpose of such changes.

Property, Plants and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendments prohibit entities from deducting from the cost of any item of property, plants or machinery any proceeds from the sale of products sold during the period in which that asset is brought to the location or the conditions necessary for such to be capable of operating in the manner intended by the Management. Instead, an entity accounts for the revenues from the sale of such products and the costs to produce those products in the Financial Statement.
These changes did not have an impact on the Group's Condensed Consolidated Half-Year Financial Statements as there were no sales related to such items of property, plants or machinery prior to coming into operation before or after the beginning of the previous comparative period.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

This amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts recognised by the parent company, taking into account the date of transition to the IFRSs by the parent. This amendment also applies to associates or joint ventures that elect to apply paragraph D16(a) of IFRS 1.
This change had no impact on the Group's condensed Consolidated Half-Yearly Financial Statements as the Group is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

This amendment clarifies what fees an entity includes in determining whether the terms and conditions of a new or amended financial liability are materially different from the terms and conditions of the original financial liability. These fees include only those paid or received between the debtor and lender, including fees paid or received by the debtor or lender on behalf of others. No such amendment has been proposed with regard to IAS 39 Financial Instruments: Recognition and Measurement.

This change had no impact on the Group's Condensed Consolidated Half-Year Financial Statements, as there were no changes in the Group's financial liabilities during the half-year.

IAS 41 Agriculture – Taxation in fair value measurements

This amendment removes the requirements in paragraph 22 of IAS 41 relating to the exclusion of cash flows for taxes when measuring the fair value of an asset for the purpose of IAS 41.

This amendment had no impact on the Group's Condensed Consolidated Half-Year Financial Statements as the Group did not have any assets for the purpose of IAS 41 as of the balance sheet date.

6. Seasonality or cyclicality of intermediate operations

Although the Group's activities do not show profound seasonal or cyclical variations in overall annual sales, they are affected by the imperfect homogeneity of the flow of revenues and costs over the various months throughout the year, mainly arising from the collections (Autumn/Winter vs. Spring/Summer). Group sales are concentrated mainly in the last months of each half-year, being a period characterised by the sale of goods with a higher unit value. Promotional actions with relative discounts on merchandise are applied by the Management, progressively over the course of the individual sales seasons (Autumn/Winter vs. Spring/Summer).
It follows from the above that the intra-annual results of the Group may not contribute uniformly to the formation of the economic and financial results of each year.

7. Operations "under common control"

In the 2021 financial year, transactions took place per the definition of "under common control".
On 7th September 2021, the Company's Board of Directors resolved to proceed with a capital increase for Take Off through the contribution of 100% of Over's share capital, with 69.91% held by Summit, 22.57% by Aldo Piccarreta and the remaining 7.52% by Giorgia Lamberti Zanardi.

In accordance with the regulations in force, the capital increase was determined at a total amount of 250,000 euro and supported by the appraisal of Prof. Domenico Celenza, appointed by Over's shareholders to draw up the sworn appraisal of the shareholdings subject to contribution, pursuant to Article 2343-ter, paragraph 2(b) of the Italian Civil Code.

As previously described, this contribution of the shareholding in kind, to the value of 250,000 euro, equal to the carrying value of the same in the financial statements of the parent company Summit S.p.A. and recorded as an increase in the share capital of Take Off S.p.A., can be configured as a reorganisation transaction between entities under common control.

In the first six months of the 2022 financial year, there were no transactions "under common control".

8. Property, plants and machinery

The composition of the item “Property, Plants and Machinery” as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Ongoing fixed assets	Total
Historical cost as at 1st January 2022	**118,141**	**369,020**	**231,211**	**1,522,161**	**403,989**	**0**	**2,644,521**
Increases in the period	–	30,505	8,424	77,614	40,117	–	156,660
Divestitures in the period	–	–	(5,000)	(16,611)	–	–	(21,611)
Historical cost as at 30th June 2022	**118,141**	**399,525**	**234,635**	**1,583,164**	**444,105**	**0**	**2,779,570**
Amortisation/depreciation reserve as at 1st January 2022	**(33,546)**	**(145,273)**	**(108,056)**	**(871,296)**	**(111,084)**	**0**	**(1,269,254)**
Amortisation/depreciation for the period	**(5,848)**	**(23,164)**	**(5,236)**	**(84,797)**	**(39,873)**	**–**	(158,919)
Divestitures in the period	**–**	**–**	**2,361**	**9,114**	**–**	**–**	11,476
Amortisation/depreciation reserve as at 30th June 2022	**(39,394)**	**(168,437)**	**(110,931)**	**(946,978)**	**(150,957)**	**0**	**(1,416,697)**
Net book value as at 31st December 2021	**84,595**	**223,746**	**123,155**	**650,865**	**292,905**	**0**	**1,375,267**
Net book value as at 30th June 2022	**78,747**	**231,087**	**123,704**	**636,186**	**293,148**	**0**	**1,362,873**

The item “Buildings” includes the acquisition values of buildings and land where the company’s business is conducted.

The item “Plants and machinery” relates to the costs incurred for plants and machinery in the company’s headquarters and in various sales outlets and logistics sites.

The item “Industrial and commercial equipment” mainly relates to costs incurred in setting up new sales outlets.

The item “Leasehold improvements” represents certain point-of-sale fit-out costs incurred on third-party assets.

The item “Other assets” relates to residual goods with repeated use (such as furniture and fixtures, office equipment, telephones) functional to the set-up and operation of sales outlets.

Assets under “Fixed assets underway and advance payments” relate to advances paid for furnishings not yet delivered at the end of the period.

Investments made by Group companies during the period, equal to 157,000 euro, mainly refer to the purchase of new plants and machinery, other assets and leasehold improvements. The reductions, on the other hand, mainly refer to the sale of shelving and a vehicle to the correlated companies Over S.p.A. and Horizon S.p.A., respectively.

It should be noted that property, plants and machinery were not impaired during the period analysed and did not show any indicators of impairment.

9. Intangible assets

The composition of the item “Intangible assets” as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	Applicative programmes	Website	Trademarks	Total
Historical cost as at 1st January 2022	**20,510**	**3,112**	**7,263**	**30,885**
Increases in the period	3,100	0	0	**3,100**
Divestitures in the period	0	0	0	**0**
Historical cost as at 30th June 2022	**23,610**	**3,112**	**7,263**	**33,985**
Amortisation/depreciation reserve as at 1st January 2022	**(7,512)**	**0**	**(316)**	**(7,827)**
Amortisation/depreciation for the period	(2,525)	0	(202)	**(2,727)**
Divestitures in the period	0	0	0	**0**
Amortisation/depreciation reserve as at 30th June 2022	**(10,037)**	**0**	**(517)**	**(10,554)**
Net book value as at 31st December 2021	**12,999**	**3,112**	**6,947**	**23,058**
Net book value as at 30th June 2022	**13,574**	**3,112**	**6,746**	**23,431**

As mentioned above, intangible assets are represented by software used for the management of sales outlets.

The change for the period, amounting to €373 and calculated net of the share of depreciation for the period, refers to investments in application programmes.

10. Tangible assets for rights of use

The composition of the item “Tangible assets for rights of use” as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	Land and buildings	Vehicles	Office equipment	Total rights -to-use
Historical cost as at 31st December 2021	**10,480,503**	**42,976**	**20,022**	**10,543,502**
Increases in the period	1,322,374	0		1,322,374
Resolutions	0	0	(20,022)	(20,022)
Historical cost as at 30th June 2022	**11,802,878**	**42,976**	**0**	**11,845,854**
Amortisation/depreciation reserve as at 31st December 2021	**(3,883,099)**	**(19,422)**	**(5,889)**	**(3,908,410)**
Amortisation/depreciation for the period	(802,817)	(8,324)	0	(811,141)
Resolutions	0	0	5,889	5,889
Amortisation/depreciation reserve as at 30th June 2022	**(4,685,916)**	**(27,746)**	**0**	**(4,713,662)**
Net book value as at 31st December 2021	**6,597,405**	**23,554**	**14,134**	**6,635,092**
Net book value as at 30th June 2022	**7,116,962**	**15,230**	**0**	**7,132,192**

Rights of use mainly refer to existing real estate leases pertaining to Take Off sales outlets, Over’s head office, as well as vehicles and office equipment on a residual basis. The variation in the period includes the effect of depreciation and amortisation for 811,000 euro, increases against the opening of new shops for 1,269,000 euro, as well as the effect of contractual amendments stipulated in 2022 for 54,000 euro, pertaining to the current pandemic that resulted in the redefinition of the amounts due on certain existing lease agreements.

Also not covered are: guarantees on the residual value of assets; unexpired leases to which the lessee has committed; and, restrictions or agreements imposed by leases along with sale and leaseback transactions. With regard to the exercise of the option to extend or terminate, please refer to the section above titled "Accounting principles and valuation criteria adopted – Leasing".

As at 30th June 2022, in accordance with the provisions of IAS 36, management considered the economic and financial effects caused by the COVID-19 epidemic, the conflict in Ukraine and relative inflation as *trigger events* and proceeded to make appropriate assessments to identify possible impairment. With particular reference to the leased outlets, the management analysed the performance of all outlets and concluded that for none of the outlets analysed was it necessary to arrange for an impairment test as at 30th June 2022.

11. Other non-current receivables

The composition of the item "Other non-current assets" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Deposits constrained	575,521	424,478	151,042
Total other non-current assets	**575,521**	**424,478**	**151,042**

This item mainly includes deposits issued on utilities in the amount of around 2.6 thousand euro and escrow deposits on lease contracts for certain commercial premises where business activities are conducted in the amount of 573,000 euro.

12. Deferred tax liabilities

The composition of "Deferred tax assets" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Deferred tax liabilities	1,229,502	1,261,777	(32,275)
Total deferred tax liabilities	**1,229,502**	**1,261,777**	**(32,275)**

Deferred tax assets were mainly determined on the value of tax losses accrued in previous years by Over and carried forward indefinitely, as well as on the provision for inventory write-downs, as shown below. The recoverability of the aforementioned deferred tax assets is thus subject to the achievement of future taxable profits large enough to utilise the benefits of deferred tax assets. The Management's assessment of this recoverability takes into account estimated future taxable income and is based on prudent fiscal planning.

13. Inventories

The composition of the item "Inventories" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Finished products and goods	11,137,658	9,233,667	1,903,991
Provision for write-down of inventories	(350,000)	(500,000)	150,000
Total inventories	**10,787,658**	**8,733,667**	**2,053,991**

Inventories as at 30th June 2022 came to 10,788,000 euro, an increase of 2,054,000 euro compared to 31st December 2021. The provision for inventory write-downs decreased by 150,000 euro, adjusted to the estimated realisable value determined.

14. Trade receivables

The composition of the item "Trade receivables" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Receivables from customers	138,283	542,275	(403,993)
Credit notes to be issued	0	(313,863)	313,863
Non-performing loans	74,937	0	74,937
Provision for bad debts	(76,725)	(1,228)	(75,497)
Total trade receivables	**136,494**	**227,184**	**(90,690)**

Impaired receivables refer to receivables whose collection is not certain and are covered by the relevant provision for bad debts. Trade receivables refer to receivables accrued from the owners of Over's franchise outlets.

As a result of the analyses performed, there were no expected losses on trade receivables as of the consolidated balance sheet date.

15. Other current receivables

The composition of the item "Other current receivables" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Advances to suppliers	1,635,962	807,499	828,463
Advances to employees	1,300	1,300	0
Other receivables	432,796	500,000	(67,204)
INAIL (National Institute for Insurance Against Workplace Accidents and Occupational Disease)	0	(669)	669
CIG credit	587	587	0
Accrued and deferred revenue	2,155	11,395	(9,240)
Total other current receivables	**2,072,801**	**1,320,113**	**752,688**

Advances to suppliers refer to advances for goods and services.

The rise in absolute value compared to the previous year, equal to 753,000 euro, is largely due to the increase in advances to suppliers made against the supply of goods for the A/W 2022 and S/S 2023 seasons and to the item "Other current receivables", which includes the granting of the tax credit in support of the increase in the value of the final inventories, per tax credit Article 48-bis at 433,000 euro.

16. Tax receivables

The composition of the item "Tax receivables" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Regional Production Tax	9,625	0	9,625
Corporate Income Tax	59,738	0	59,738
Other tax receivables	2,779	184,568	(181,789)
Total tax receivables	**72,142**	**184,568**	**(112,426)**

The increase from the end of the previous year, equal to 112,000 euro, is mainly due to Take Off's payment of Corporate Income Tax and Italian Regional Production Tax advances. The resulting receivables as at 31st December 2021 were fully offset in the 2022 financial year.

17. Cash and cash equivalents

The composition of the item "Cash and cash equivalents" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Bank deposits	22,135,250	26,385,815	(4,250,566)
Cash on hand	74,770	69,879	4,891
Total cash and cash equivalents	**22,210,020**	**26,455,694**	**(4,245,675)**

The decrease in cash and cash equivalents is mainly due to the distribution of dividends in the year 2021, as per the resolution of the Shareholders' Meeting of 28th April 2022, along with advances to suppliers for the provision of goods for the A/W 2022 and S/S 2023 seasons.

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

18. Net assets

Take Off's share capital as of 30th June 2022 amounted to 1,562,000 euro, fully paid-up and consisting of 15,624,800 shares.

The Group's consolidated shareholders' equity as of 30th June 2022 was 22,332,000 euro, with a decrease of 1,322,000 euro compared to 31st December 2021. This decrease comes as the result of the distribution of dividends to the amount of 2,812,000 euro.

Please refer to the Statement of Changes in Net Assets as at 30th June 2022 for details.

The following table shows the reconciliation between net assets and net profit of the parent company Take Off S.p.A. along with the net assets and net profit attributable to the Group.

(Euro)	31st December 2021	Increases	Decreases	30th June 2022
Legal reserve	237,333	275,163		512,496
IAS/IFRS conversion reserve	2,440,366			2,440,366
Share premium reserve	11,682,808	0	0	11,682,808
Other reserves	2,233,171	0	0	2,233,171
Extraordinary reserve	2,073,171			2,073,171
Other capital reserves	160,000			160,000
Reserve Benefit Plan (OCI) – Actualisation	(141,335)	60,916		(80,419)
Total reserves	**16,452,343**	**336,078**	**0**	**16,788,422**

The legal reserve, amounting to 512,000 euro, increased by virtue of the allocation of the profit for the year as at 31st December 2021.

The IAS/IFRS conversion reserve, positive to the amount of 2,440,000 euro, includes the overall effect of the transition to international accounting standards.

The positive share premium reserve of 11,683,000 euro is following the listing on the Euronext Growth Milan market.

Concerning Other Reserves:

- The "Extraordinary Reserve" of 2,073 euro remained virtually unchanged;
- "Other Capital Reserves", amounting to 160,000 euro as at 30th June 2022, remained unchanged.

The "Benefit Plan (OCI) reserve – Actualisation", negative in the amount of 80,000 euro, represents the discounting effect of the defined benefit plans for employees (Employee Severance Pay).

19. Medium- to long-term financing

The composition of the item "Medium- and long-term loans" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Changes
BPB financing – long-term quota	0	67,714	(67,714)
BCC 2 financing – long-term quota	392,730	459,196	(66,466)
Sanpaolo 2 financing – long-term quota	0	209,712	(209,712)
BPM financing – long-term quota	531,904	615,829	(83,925)
BPB 2 financing – long-term quota	541,066	619,540	(78,474)
BDF financing – long-term quota	576,040	657,932	(81,892)
Sanpaolo 3 financing – long-term quota	0	496,575	(496,575)
Sanpaolo 4 financing – long-term quota	0	98,166	(98,166)
Sanpaolo 5 financing – long-term quota	834,549	0	834,549
Total medium- to long-term financing	**2,876,289**	**3,224,665**	**(348,376)**

This item refers to the medium- to long-term portion of bank loans outstanding as of the reporting dates.

The overall change in short- and medium-/long-term bank borrowings is shown below:

(Euro)	31st December 2021	Disbursements	Renegotiations	Reimbursements	30th June 2022
BCC Financing	71,073			(53,171)	17,901
BPB Financing	335,631			(133,373)	202,258
BCC 2 Financing	589,664			(64,827)	524,837
Sanpaolo 2 Financing	710,056			(249,650)	460,406
BPM Financing	808,994			(82,473)	726,521
BPB 2 Financing	774,445			(77,114)	697,331
BDF Financing	818,920			(79,499)	739,422
Sanpaolo 3 Financing	750,000		(750,000)	0	0
Sanpaolo 4 Financing	500,000			(199,520)	300,480
Sanpaolo 5 Financing	0	250,000	750,000	0	1,000,000
Total medium- to long-term financing	**5,358,783**	**250,000**	**0**	**(939,626)**	**4,669,157**
Intesa Sanpaolo SpA Finimport	43,539	203,592			247,131
Intesa Sanpaolo SpA Confirming	773,387	350,286			1,123,673
Total payables to banks	**6,175,708**	**803,879**	**0**	**(939,626)**	**6,039,961**
of which due within the next financial year	*2,951,044*				*3,163,673*
of which due beyond the next financial year	*3,224,665*				*2,876,289*

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

- Unsecured loan granted by BCC Alberobello for a nominal amount of 500,000 euro with a 5-year term and maturity date of 31st August 2022, having monthly instalments and a 3-month Euribor + spread interest rate;
- Loan granted by Banca Popolare di Bari for a nominal amount of 1,300,000 euro with a 5-year term and maturity date of 31st March 2023, having monthly instalments and a 6-month Euribor + spread interest rate, guaranteed by the Fondo di Guarantee Fund for SMEs under Law 662/96;
- Loan granted by BCC Alberobello e Sammichele di Bari for a nominal amount of 800,000 euro with a 6-year term and maturity date of 30th April 2026, having monthly instalments and a 3-month Euribor + spread interest rate, guaranteed by the Guarantee Fund for SMEs under Law 662/96;
- Loan granted by Intesa San Paolo for a nominal amount of 1,000,000 euro with a 3-year term and pre-amortisation, having a maturity date of 26th May 2023, monthly instalments and a fixed interest rate, guaranteed by the Guarantee Fund for SMEs per Decree-Law no. 23 dated 8th April 2020;

- Loan granted by Banca Popolare di Milano for a nominal amount of 850,000 euro with a 6-year term and maturity date of 6th March 2023, having quarterly instalments, a fixed interest rate, guaranteed by the Guarantee Fund for SMEs per Decree-Law no. 23 dated 8th April 2020;
- Unsecured loan granted by Banca Popolare di Bari for a nominal amount of 800,000 euro with a 5-year term plus one year of pre-amortisation, a maturity date of 31st October 2026, monthly instalments and a fixed interest rate, guaranteed by the Guarantee Fund for SMEs under Law 662/96;
- Unsecured loan granted by Banca del Fucino for a nominal amount of 1,000,000 euro with a 6-year term, having a maturity date of 28th October 2026, monthly instalments and a fixed interest rate, guaranteed by the Guarantee Fund for SMEs under Law 662/96.
- Loan entered into on 26th April 2021 and granted by Intesa San Paolo for a nominal amount of 750,000 euro with a 3-year duration and monthly instalments in arrears, an interest rate with a nominal fixed annual quota equal to 1.50 percentage points (Spread) and a variable annual quota equal to the one-month interest rate (on a 360 basis) (EURIBOR) due 26th April 2024;
- Loan entered into on 29th September 2021 and granted by Intesa San Paolo for a nominal amount of 500,000 euro with an 18-month term and monthly instalments in arrears, an interest rate consisting of an annual nominal fixed rate equal to 1.20 percentage points (Spread), and a variable annual rate equal to the one-month interest rate (on a 360 basis) (EURIBOR).

With reference to the loans granted to Take Off S.p.A. throughout the period, it should be noted that a renegotiation occurred in 2022 for 250,000 euro relative to the loan entered into on 26th April 2021 and granted by Intesa San Paolo.

Finally, it should be noted that none of the loans are backed by covenants. For variations in these financial liabilities arising from financial assets, see Note 39 – "Financial Instruments – Fair Value and Risk Management".

20. Other non-current financial liabilities

The composition of the item "Other non-current financial liabilities" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Leasing payables – long-term portion	5,801,487	5,431,804	369,684
Total other non-current financial liabilities	**5,801,487**	**5,431,804**	**369,684**

This item refers to residual long-term liabilities arising from existing lease agreements pertaining to the commercial premises of the sales outlets and the Over headquarters.

Changes in financial liabilities from 1st January 2022 to 30th June 2022 are shown below:

Balance at 31/12/2021	**6,946,520**
New contracts	1,322,374
Reimbursements	(770,939)
Resolutions	(14,207)
Balance at 30/06/2022	**7,483,749**
of which current	***1,682,261***
of which non-recurring	***5,801,487***

21. Liabilities for future employee benefits

The composition of the item "Liabilities for future employee benefits" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	**Severance pay**
Balance at 31/12/2021	**929,803**
Social security cost related to current work benefits	127,358
Interest expense	4,418
Profit/(losses) from discounting	(80,152)
Uses	(56,885)
Balance 30/06/2022	**924,541**

This item refers to the Staff Severance Pay Reserve (Trattamento di Fine Rapporto or, "TFR") accrued in regards to employees.

The actuarial valuation of severance benefits is carried out using the "accrued benefits" formula by means of the Projected Unit Credit Method as required by IAS 19. This methodology takes the form of valuations that express the average present value of retirement obligations accrued based on the service the worker has rendered up to the time the valuation is made, not projecting the worker's salary in accordance with regulatory changes introduced by the recent Pension Reform. The calculation methodology can be summarised in the following steps:

- Projection for each employee in force at the valuation date of the severance pay already set aside up to the unknown date of payout;
- Determination for each employee of the probable payments of severance indemnities to be made by Group companies in the event of the employee leaving due to dismissal, resignation, incapacity, death or retirement, as well as in the event of requests for advances;
- Discounting, at the date of valuation, of each probable payment.

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

- Death per the mortality tables published by the State General Accounting Department;
- National Social Security Institute tables by age and sex;
- Retirement – 100% upon reaching the AGO requirements adjusted to Legislative Decree 4/2019;
- Turnover frequency of 8%;
- Frequency of anticipations at 1%;
- Annual rate increase for severance benefits of 2.4%;
- Inflation rate of 1.2%;
- Discount rate of 0.77%.

The following table shows the effects there would be on the defined benefit obligation as a result of a change in the discount rate:

(Euro)	Sensitivity	New TFR
Discount rate	+0.25%	907,193
	-0.25%	942,579
Inflation rate	+0.25%	939,812
	-0.25%	909,712
Turnover rate	+1%	924,975
	-1%	923,836

The number of employees by category as at 30th June 2022, compared with 31st December 2021, is shown in the table below:

(No. of units)	30th June 2022	31st December 2021	Changes
Take OFF			
Management	2	2	0
Clerks	11	5	6
Labourers	226	192	34
Over			
Clerks	7	8	(1)
Labourers	12	12	0
Total	**258**	**219**	**39**

22. Provisions for risks and charges

The composition of the item "Provisions for liabilities and charges" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	Provision for litigation risks	Total
Balance at 31/12/2021	**42,531**	**42,531**
Provisions for the year	–	–
Utilised within the year	–	–
Balance at 30/06/2022	**42,531**	**42,531**

At 30th June 2022, the item included the amount set aside by Take Off for risks deemed probable for labour disputes.

23. Other non-current liabilities

The composition of the item "Other non-current liabilities" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change

Security deposits	107,900	94,500	13,400
Total other non-current payables and liabilities	**107,900**	**94,500**	**13,400**

As at 30th June 2022, the item comprises the amount of security deposits as non-interest-bearing guarantees paid to Over.

24. Non-current tax payables

The composition of the item "Non-current tax payables" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Variation
Payables for financial transactions – quota beyond the financial year	1,006,562	1,206,369	(199,807)
Not-current tax payables	**1,006,562**	**1,206,369**	**(199,807)**

The item includes the portion due after 12 months of the payable for tax settlement pursuant to Article 182-ter of the Finance Law, arising from the closure of Over's arrangement with creditors in 2019.

25. Deferred tax liabilities

The composition of "Deferred tax liabilities" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	31st December 2022	31st December 2021	Change
Deferred tax liabilities	7,846	108	7,738
Total deferred tax liabilities	**7,846**	**108**	**7,738**

Deferred tax liabilities mainly reflect the tax effects of positive IAS/IFRS translation adjustments. For more details on deferred taxes, please refer to the Notes on Income Taxes.

26. Bank borrowings and short-term portion of loans

The composition of the item "Bank borrowings and short-term portion of long-term loans" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Changes
Intesa Sanpaolo SpA Finimport	247,131	43,539	203,592
Intesa Sanpaolo SpA Confirming	1,123,673	773,387	350,286
BCC financing – long-term quota	17,901	71,073	(53,171)
BPB financing – long-term quota	202,258	267,916	(65,658)
BCC 2 financing – long-term quota	132,108	130,468	1,639
Sanpaolo 2 financing – long-term quota	460,406	500,344	(39,937)
BPM financing – long-term quota	194,617	193,165	1,451

BPB 2 financing – long-term quota	156,265	154,904	1,360
BDF financing – long-term quota	163,382	160,988	2,393
Sanpaolo 3 financing – long-term quota	0	253,425	(253,425)
Sanpaolo 4 financing – long-term quota	300,480	401,834	(101,354)
Sanpaolo 5 financing – long-term quota	165,451	0	165,451
Bank borrowings and the short-term portion of long-term loans	**3,163,673**	**2,951,044**	**212,629**

As at 30th June 2022, the item refers to the short-term portion of bank borrowings, for which reference to Note 18 – "Medium- and long-term loans" should be made, along with the amount of payables to banks for import advances.

27. Other current financial liabilities

The composition of the item "Other current financial liabilities" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Leasing payables – short-term portion	1,682,261	1,514,716	167,545
Total other current financial liabilities	**1,682,261**	**1,514,716**	**167,545**

This item mainly refers to residual short-term liabilities for lease contracts pertaining to the commercial premises of sales outlets.

28. Trade payables

The composition of the item "Trade payables" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Changes
Liabilities to suppliers	2,223,350	1,892,195	331,155
Invoices to be received	23,183	87,729	(64,546)
Banca IFIS S.p.A.	0	74,937	(74,937)
Credit notes to be received	0	(5,118)	5,118
Suppliers in litigation	3,097,814	2,840,646	257,168
Total trade payables	**5,344,347**	**4,890,388**	**453,959**

Trade payables refer to payables contracted for the purchase of goods for resale.
Of note is the amount of 3,098,000 euro arising from an ongoing dispute with Over's suppliers for the supply of non-conforming goods, the change in which is solely attributable to the change in exchange rate in the reporting period.

29. Liabilities for returns

The composition of the item "Liabilities for returns" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Vouchers issued	26,016	41,625	(15,609)
Total liabilities for returns	**26,016**	**41,625**	**(15,609)**

The balance refers to vouchers issued by individual sales outlets for returns made by customers.

30. Current contractual liabilities

The composition of the item "Current contractual liabilities" as of 30th June 2022, compared with the same values as of 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Customer deposits	19,487	0	19,487
Total current contractual liabilities	**19,487**	**0**	**19,487**

This item mainly refers to deposits paid by customers by way of holds on goods to purchase.

31. Tax payables

The composition of the item "Tax payables" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Change
Corporate Income Tax	37,154	327,091	(289,937)
Regional Production Tax	70,816	118,710	(47,894)
Other tax payables	0	36,810	(36,810)
Tax settlement payables – portion within the year	399,116	398,119	996
Payables for penalties and interest	975,543	975,543	0
Total tax payables	**1,482,629**	**1,856,274**	**(373,645)**

As at 30th June 2022, the item mainly refers to payables for penalties and interest, amounting to 975,000 euro and referring to taxes of previous years for which there were no changes compared to the previous fiscal year.

It should be noted that the payable for tax settlement, equal to 399,000 euro for the portion due during the year and 1,006,000 euro due after year's end, relates to the debt accrued as a result of the tax settlement pursuant to Article 182-ter of the Bankruptcy Law, defined by Over.

The decrease from the previous year, equal to 373,000 euro, is mainly due to the decrease in payables for Corporate Income Tax and Italian Regional Production Tax.

32. Other current payables and liabilities

The composition of the item "Other current payables and liabilities" as at 30th June 2022, compared with the same values as at 31st December 2021, is shown below:

(Euro)	30th June 2022	31st December 2021	Changes
Payables to social security institutions	84,578	147,746	(63,168)
Payables to employees	523,124	262,048	261,076
Withholding taxes on employment and self-employment	36,521	110,734	(74,213)
VAT	45,431	268,175	(222,744)
Other current payables and liabilities	51,294	0	51,294
Accrued liabilities and deferred income	43,994	14,232	29,762
Total other current payables and liabilities	**784,942**	**802,935**	**(17,993)**

As at 30th June 2022, this item consisted mainly of payables for amounts due to employees to the amount of 523,000 euro, payables to social security institutions to the amount of 85,000 euro, and VAT to the amount of 45,000 euro.

FINANCIAL STATEMENT

33. Revenue from contracts with customers

The composition of the item "Revenue from contracts with customers" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Sale of wholesale goods	526,158	103,171	422,987
Shop sale payments	12,040,379	11,370,870	669,509
Other sales payments	353,429	75,754	277,675
Total revenue from contracts with clients	**12,919,966**	**11,549,795**	**1,370,170**

The item "Revenue from contracts with customers" includes revenue from the sale of wholesale goods, revenue from shop sales and other sales revenue.

Revenue from shop sales as at 30th June 2022 represented 93% of turnover and referred to the revenue generated by the 39 directly-owned points of sale and the revenue generated by the 7 Take Off-affiliated shops, in addition to the sales of the 124 Over-affiliated shops. The change in the period is essentially due to the effects of the reduced restrictions due to the slowdown of the Covid-19 pandemic and the consequent increase in sales, appropriately commented on in the Management Report, to which reference should be made.

The timing of determining revenue for the sale of goods, whether through the retail or wholesale channel, occurs upon control of the good being transferred to the customer, generally at the time of delivery.

Below is a breakdown of revenue from contracts with Group customers according to geographic criteria and the timing of their reporting:

	01/01/2022 – 30/06/2022		
(Euro)	**Sale of wholesale goods**	**Wholesale retail sales**	**Other sales payments**
Type of goods			
Sale of wholesale goods	526,158		
Shop sale payments		12,040,379	
Other sales payments			353,429
Total revenue from contracts with clients	**526,158**	**12,040,379**	**353,429**
Geographical area			
Italy	526,158	12,040,379	353,429
Foreign	–	–	–
Total revenue from contracts with clients	**526,158**	**12,040,379**	**353,429**
Timing of revenue recognition			
Assets transferred at a given time	526,158	12,040,379	353,429
Assets transferred over time	–	–	–
Total revenue from contracts with clients	**526,158**	**12,040,379**	**353,429**

34. Other income

The composition of the item "Other income" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	**1st January 2022 – 30th June 2022**	**1st January 2021 – 30th June 2021**	**Changes**
Leases and subleases	12,000	9,700	2,300
Various contributions	449,343	277,423	171,920
Reimbursement of affiliate expenses	58,983	41,796	17,187
Discounts/rebates	1,977	1,623	354
Contingent assets	33,206	5,798	27,408
Gains	3,187	33,423	(30,236)
Other minors	658	8,325	(7,667)
Total other income	**559,353**	**378,086**	**181,267**
of which with correlated parties	***9,220***	***18,000***	

The increase in the item "Other revenues and income" is mainly due to the granting of the contribution to support the increase in the value of final warehouse inventories, a tax credit per Article 48-bis in the amount of 433,000 euro within the item "Various contributions".

35. Costs for raw and semi-processed materials and consumables

The composition of the item "Costs for raw materials and consumables" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Purchases of goods	7,668,939	4,589,268	3,079,671
Purchases of consumables	58,108	45,440	12,667
Ancillary charges on purchases	170,532	197,312	(26,780)
Change in inventories of goods	(2,054,051)	377,776	(2,431,827)
Total costs for raw material, semi-finished products and consumables	**5,843,527**	**5,209,797**	**633,731**

The costs of raw materials, supplies and consumables mainly refer to the purchase of goods for resale at individual points of sale.

The increase in these costs compared to the previous year, amounting to 634,000 euro, is mainly due to an increase in the purchase costs of goods to ensure the procurement of new openings.

36. Costs for services

The composition of the item "Costs for services" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Telephone expenses	20,009	20,233	(223)
Supervisory services	14,735	14,301	434
Electricity	116,746	112,377	4,370
Water	4,147	2,689	1,458
Maintenance and repairs	24,977	29,387	(4,411)
Insurance	25,370	20,070	5,299
Shipping	50,696	51,109	(413)
Advertising	664,288	49,657	614,631
Consultancy	288,383	121,983	166,400
Remuneration of the corporate bodies	102,795	98,866	3,928
Other service costs	270,490	171,715	98,775
Total costs for services	**1,582,635**	**692,387**	**890,248**

Costs for services include expenses 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 consultation, costs related to remuneration for administrative and supervisory bodies, along with other residual costs.

The increase in this item over the previous year, amounting to 890,000 euro, is mainly due to the costs incurred for advertising relating to the opening of the new Take Off and Over shops and consulting expenses due to the new corporate structure following the listing on the stock exchange.

37. Personnel costs

The composition of the item "Personnel Costs" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Remuneration	1,881,822	1,486,986	394,836
Social security and insurance charges	368,094	333,832	34,262
Provision for severance package	127,358	124,454	2,904
Other personnel-related costs	196,060	15,131	180,929
Total personnel costs	**2,573,334**	**1,960,403**	**612,931**

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

The increase in personnel costs compared to the same period of the previous year, equal to 613,000 euro, derives from the reduction of income support measures for workers (Cassa Integrazione Guadagni – Wage Guarantee Fund), salary increases and the hiring of new personnel for the opening of new sales outlets.

38. Other operating costs

The composition of the item "Other operating costs" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Condominium expenses	3,432	8,782	(5,350)
Other costs related to leases	75,277	34,085	41,192
Lease fees	12,664	8,565	4,099
Taxes and non-income taxes	41,532	29,371	12,161
Contingent liabilities	52,416	4,916	47,500
Losses	3,398	14,447	(11,049)
Other operating costs	14,905	9,808	5,096
Total other operating costs	**203,624**	**109,975**	**93,649**

As at 30th June 2022, the item mainly includes condominium expenses and additional costs of rented outlets to the amount of 75,000 euro, the contingent liabilities to the amount of 52,000 euro, non-income taxes to the amount of 42,000 euro and capital losses to the amount of 3,000 euro.

In particular, other lease-related expenses refer to expenses for equipment utilised at the points of sale and in promotional activities.

One of Take Off's lease agreements provides for variable rent payments, linked to the turnover of the outlet, with the provision of a minimum payment. It should be noted, however, that during 2021 and 2022, only the minimum fee was paid. The variable component, if paid, is recorded in the Financial Statement.

The Group has no early termination options that it intends to exercise but has not measured in the liabilities for the lease. 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 valuation criteria to which reference is made for further information. In addition, there are no outstanding lease contracts into which the Group has entered.

39. Amortisation, depreciation and write-downs

The composition of the item "Amortisation, depreciation and write-downs" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Amortisation of intangible assets	2,727	2,478	248
Amortisation on rights-to-use	811,141	768,585	42,556
Depreciation on property, plants and machinery	158,919	145,314	13,604
Provision for write-downs Credits	75,497	0	75,497
Total amortisation, depreciation and write-downs	**1,048,284**	**916,378**	**131,906**

This refers to the depreciation of buildings, furniture, electronic machines, general installations and equipment, as well as the depreciation of rights-to-use.

It should be noted that the company wanted to set aside 75,000 euro for bad debts whose recoverability is uncertain.

For more details, please refer to the comments on intangible assets, rights of use and property, plants and machinery.

40. Financial expenses

The composition of the item "Financial expenses" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Bank interest expenses	47,264	53,819	(6,555)
Exchange rate losses	978	3,772	(2,794)
Interest expenses on leasing contracts	90,175	97,661	(7,486)
Other financial expenses	4,430	1,187	3,244
Taxes for previous years	229	0	229

Exchange rate fluctuation	240,728	89,746	150,983
Total financial dues	**383,805**	**246,184**	**137,621**

The increase in this item compared to the previous year, amounting to 138,000 euro, is mainly due to losses from exchange rate fluctuations amounting to 151,000 euro.

41. Financial income

The composition of the item "Financial income" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Exchange rate gains	0	236	(236)
Interest income	10,386	13,943	(3,558)
Total financial income	**10,386**	**14,179**	**(3,793)**

The decrease in this item is mainly due to lower foreign exchange gains and lower interest income.

42. Income taxes

The composition of the item "Income taxes" for the period from 1st January to 30th June 2022, compared with the same values for the period from 1st January to 30th June 2021, is shown below:

(Euro)	1st January 2022 – 30th June 2022	1st January 2021 – 30th June 2021	Changes
Taxes for the period	404,185	496,841	(92,656)
Deferred tax assets	20,776	181,426	(160,651)
Total income tax	**424,961**	**678,267**	**(253,307)**

Current taxes refer to Corporate Income Tax and Italian Regional Production Tax for the period.

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

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

Reconciliation between tax expenses from financial statements and theoretical tax expenses (Corporate Income Tax)

Net income before taxes	**3,442,504**	
Theoretical tax burden (24% rate)		**826,201**
Temporary differences deductible in future years:		

Maintenance expenses exceeding the deductible amount (Article 102 – Consolidated Income Tax Code)	0	
Non-deductible write-downs	0	
Non-deductible changes in exchange rates	257,168	
Non-deductible interest expenses	0	
Total	257,168	
Reversal of temporary differences from previous years		
Maintenance expenses exceeding the deductible amount (Article 102 – Consolidated Income Tax Code)	(98,653)	
Interest expenses not deducted in previous years	(304,388)	
Total	(403,041)	
Differences that will not affect subsequent years:		
Non-deductible or unpaid taxes	1,998	
Expenses for unpaid means of transport – Article 164	37,868	
Excluded portion of distributed profits – Article 89	(1,508,608)	
Textile Bonus Contribution	(432,796)	
Other increases	95,385	
Other decreases	0	
Total	-1,806,153	
Utilisation of tax losses		
Utilisation of tax losses	(237,498)	
ACE deduction		
Total	(237,498)	
Taxable income	**1,252,981**	
Current taxes on operating income		**300,715**

Reconciliation between tax charge from financial statements and theoretical tax charge (Italian Regional Production Tax)

Difference between production value and production costs	3,491,314	
Costs not relevant for Italian Regional Production Tax purposes		
Other relevant items	0	
Total	**3,491,314**	
Theoretical tax burden (4.82% rate)		**168,281**
Differences that will not affect subsequent years:		

Costs, fees and profits referred to in Article 11 of Legislative Decree 446		
Municipal property tax		
Textile Bonus Contribution		
Other increases for Italian Regional Production Tax purposes	72,951	
Other decreases for Italian Regional Production Tax purposes		
Total	72,951	
Italian Regional Production Tax deductions	2,024,592	
Taxable Italian Regional Production Tax	**1,539,673**	
Current Italian Regional Production Tax for the year		**74,212**

43. Financial instruments – Fair Value and Risk Management

A. Accounting classification

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

(Euro)	30th June 2022	31st December 2021
Financial assets at amortised cost		
Receivables and other non-current financial assets	0	0
Other non-current receivables	575,521	424,478
Trade receivables	136,494	227,184
Other current receivables	1,640,005	820,113
Tax receivables	504,937	1,536,706
Current financial liabilities	0	0
Total financial assets at amortised cost	**2,856,957**	**3,008,481**
Financial liabilities at amortised cost		
Medium- to long-term financing	2,876,289	3,224,665
Other non-current financial liabilities	5,801,487	4,055,767
Bank borrowings and the short-term portion of long-term loans	3,163,673	2,951,044
Other current financial liabilities	1,682,261	2,890,753
Trade payables	5,344,347	4,890,388
Payables for contractual obligations	26,016	41,625
Tax payables	–	–
Other current payables and liabilities	702,990	424,027
Total financial liabilities at amortised cost	**19,597,064**	**18,478,268**

B. Fair Value Measurement

The table below compares, by individual class, the book value and fair value of financial instruments held by the Group, excluding those whose book value reasonably approximates fair value:

	Book value		Fair value	
(Euro)	**30/06/2022**	**31/12/2021**	**30/06/2021**	**31/12/2021**
Financial assets	**0**	**0**	**0**	**0**
Financial Liabilities				
BCC Financing	17,901	71,073	17,901	71,073
BPB Financing	202,258	335,631	202,258	335,631
BCC 2 Financing	524,837	589,664	524,837	589,664
Sanpaolo 2 Financing	460,406	710,056	460,406	710,056
BPM Financing	726,521	808,994	726,521	808,994
BPB 2 Financing	697,331	774,445	697,331	774,445
BDF Financing	739,422	818,920	739,422	818,920
Sanpaolo 3 Financing	0	750,000	0	750,000
Sanpaolo 4 Financing	300,480	500,000	300,480	500,000
Sanpaolo 5 Financing	1,000,000	0	1,000,000	0
Intesa Sanpaolo SpA Finimport	247,131	43,539	247,131	43,539
Intesa Sanpaolo SpA Confirming	1,123,673	773,387	1,123,673	773,387
Total financial liabilities	**6,039,961**	**6,175,708**	**6,039,961**	**6,175,708**
Total net financial assets	**(6,039,961)**	**(6,175,708)**	**6,039,961**	**6,175,708**

The Management has verified that the fair value of cash and cash equivalents and short-term deposits, readily marketable equity securities, trade receivables and payables, bank overdrafts and other current liabilities approximate the carrying value as a result of the short-term maturities of such instruments.

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

	30/06/2022		
(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 Financing	–	17,901	–
BPB Financing	–	202,258	–
BCC 2 Financing	–	524,837	–
Sanpaolo 2 Financing	–	460,406	–
BPM Financing	–	726,521	–
BPB 2 Financing	–	697,331	–
BDF Financing	–	739,422	–
Intesa Sanpaolo SpA Finimport	–	247,131	–
Intesa Sanpaolo SpA Confirming	–	1,123,673	–
Sanpaolo 4 Financing	–	300,480	–
Sanpaolo 5 Financing	–	1,000,000	–
Total financial liabilities	**–**	**6,039,961**	**–**

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

- Financial receivables from subsidiaries are assessed 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 equities is determined using the market value at the date of reference;
- The fair value of the Group's interest-bearing loans and borrowings are determined using the discounted cash flow method, with a discount rate that reflects the loan rate utilised by the issuer at year-end, with the default risk as at 30th June 2022 and 31st December 2021 being assessed as not significant.

There were no transfers between Level 1 and Level 2 and no fair value estimates at Level 3 as at 30th June 2022 and 31st December 2021.

C. Financial risks

The Group is exposed to varying degrees of financial risks pertaining to its business 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 the Management. The objective is to ensure that the liability structure is always in balance with the composition of the assets, in order to maintain adequate solvency of the capital.

The sources of financing utilised by the Company consist of a mix of risk capital, contributed on a permanent basis by shareholders, and debt capital, comprising:

- Medium-/long-term loans with a multi-year amortisation plan, to cover investments in fixed assets;
- Real estate leasing contracts.

Market risk

Market risk is the risk of fluctuations in the future streams of a financial instrument as a result of changes in market prices. It consists of two types of risk:

- Interest rate risk;
- Price risk.

Interest rate risk

Interest rate risk is the risk of fluctuations in the future streams of a financial instrument due to changes in interest rates.

The Group's sensitivity to interest rate risk is managed with due consideration for its overall exposure. As part of its general policy of optimising financial resources, the Group seeks balance by resorting to the least costly forms of financing. The Group also performs sensitivity analyses on changes in interest rates in the medium term in order to assess the possible effects on the Consolidated Financial Statement. In this regard, it should be noted that the Group is monitoring the curve of future interest rates in order to take action to contain financial charges, including through early extinction and/or renegotiation of variable-rate loan contracts.

The Group's main sources of exposure to interest rate risk are bank loans, which have variable interest rates and are thus subject to the risk of changes in cash flows. This risk is reflected in the leasing liabilities, measured at the marginal financing 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	Expiry date	30th June 2022	31st December 2021
Non-current financial liabilities				
BCC Financing	3-month Euribor + spread	2022	0	0
BPB Financing	6-month Euribor + spread	2023	–	67,714
Sanpaolo 2 Financing	fixed	2023	–	209,712
BCC 2 Financing	3-month Euribor + spread	2023	392,730	459,196
BPM Financing	fixed	2023	531,904	615,829
BPB 2 Financing	fixed	2026	541,066	619,540
BDF Financing	fixed	2026	576,040	657,932
Sanpaolo 3 Financing	fixed	2024	0	496,575
Sanpaolo 4 Financing	Euribor 1 month+spread	2023	0	98,166
Sanpaolo 5 Financing	Euribor 1 month+spread		834,549	0
Lease payables	2.5%	2022–2031	5,801,487	5,431,804
Total non-current financial liabilities			**8,677,776**	**8,656,468**
Current financial liabilities				
BCC Financing	3-month Euribor + spread	2021	17,901	71,073
BPB Financing	6-month Euribor + spread	2021	202,258	267,916
BCC 2 Financing	3-month Euribor + spread	2021	132,108	130,468
Sanpaolo 2 Financing	fixed	2021	460,406	500,344
BPM Financing	fixed	2023	194,617	193,165
BPB 2 Financing	fixed	2026	156,265	154,904
BDF Financing	fixed	2026	163,382	160,988
Sanpaolo 3 Financing	fixed	2024	0	253,425
Sanpaolo 4 Financing	Euribor 1 month+spread	2023	300,480	401,834
Sanpaolo 5 Financing	Euribor 1 month+spread		165,451	0
Intesa Sanpaolo SpA Finimport		2021	247,131	43,539
Intesa Sanpaolo SpA Confirming		2021	1,123,673	773,387
Lease payables	2.5%	2022–2031	1,682,261	1,514,716
Total current financial liabilities			**4,845,934**	**4,465,760**

Credit risk

The Group's main exposure to credit risk arises from trade receivables, the quality and seniority of which is constantly monitored by the administrative structure to ensure timely intervention and reduce the risk of losses. With regard to overdue receivables, no particular risks are evident.

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 a default by a counterparty, currently assessed as remote.

Liquidity risk

The Group manages liquidity risk through tight control of the components of operating working capital and of trade receivables and trade payables in particular.

The Group is committed to obtaining a good generation of cash then exploiting such in the outgoings necessary for payments to suppliers without jeopardising the short-term treasury balance and whilst avoiding critical situations and tensions in current liquidity, using – in addition and where necessary – bank overdrafts and short-term loans. On the other hand, the outstanding medium- to long-term loans are used to realise investments, consisting of the expansion of the distribution network.

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

(Euro)	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	> 5 years	Total
Balance at 30/06/2022							
BCC Financing	17,901						17,901
BPB Financing	202,258						202,258
BCC 2 Financing	132,108	135,449	138,874	118,407			524,838
Sanpaolo 2 Financing	460,406						460,406
BPM Financing	166,811	169,327	171,881	174,474	44,028		726,521
BPB2 Financing	156,265	159,022	161,827	164,682	55,536		697,332
BDF Financing	162,493	167,269	172,184	177,245	60,231		739,422
Sanpaolo 3 Financing							–
Sanpaolo 4 Financing	300,480						300,480
Sanpaolo 5 Financing	165,451	499,265	335,283				1,000,000
Intesa Sanpaolo SpA Confirming	1,123,673						1,123,673
Intesa Sanpaolo SpA Finimport	247,131						247,131
Leasing liabilities	1,682,261	1,391,835	1,168,863	755,237	433,439	1,514,886	6,946,520
Trade payables	5,344,347						5,344,347
Payables for contractual obligations	26,016						26,016
Tax payables	1,564,581						1,564,581
Other current payables and liabilities	702,990						702,990
Total	**12,455,174**	**2,522,166**	**2,148,912**	**1,390,044**	**593,234**	**1,514,886**	**20,624,416**

(Euro)	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	> 5 years	Total
Balance at 31/12/2021							
BCC Financing	71,073						71,073
BPB Financing	267,916	67,715					335,631
BCC 2 Financing	130,468	133,768	137,151	140,619	47,658		589,664
Sanpaolo 2 Financing	500,344	209,712					710,056
BPM Financing	193,165	168,064	170,599	173,173	103,993		808,994
BPB2 Financing	154,904	157,637	160,418	163,248	138,237		774,445
BDF Financing	160,988	165,305	169,241	173,269	150,117		818,920
Sanpaolo 3 Financing	253,425	375,596	120,980				750,000
Sanpaolo 4 Financing	401,834	98,166					500,000
Intesa Sanpaolo SpA Confirming	773,387						773,387
Intesa Sanpaolo SpA Finimport	43,539						43,539
Leasing 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**

Changes in financial liabilities (IAS 7)

Changes in financial liabilities arising from financial assets as at 30th June 2022, compared to 31st December 202, are detailed below:

(Euro)	**31st December 2021**	**Cash Flows**	**New leasing contracts**	**Other**	**30th June 2022**
Medium- to long-term financing	3,224,665	(53,912)		(2,658,256)	512,496
Bank borrowings and short-term portion of loans	2,951,044	(81,835)		7,079	2,876,289
Lease liabilities – non-current portion	5,431,804		1,268,958	(4,260,395)	2,440,366
Lease liabilities – current portion	1,514,716	(770,939)		5,057,709	5,801,487
Total	**13,122,228**	**(906,686)**	**1,268,958**	**(1,853,863)**	**11,630,638**

The “Other” column includes the effects of reclassification of loans from “non-current” to “current”, including lease obligations, related to the passage of time, as well as the effect of renegotiations and terminations of operating leases.

44. Significant Events occurring after year’s end

In the months following the end of the period, the Group pursued its expansion policy by opening new sales outlets. The openings for each company are summarised below:

- TAKE OFF: Ferrara (FE), Antegnate (BG), Conegliano (TV), Stezzano (BG), Velletri (RO), Pordenone (PN); Bellinzago Lombardo (MI);
- OVER: Barcellona Pozzo Di Gotto (ME), Mesagne (BR), Mazara Del Vallo (TP), Bovalino (RC), Lercara Friddi (PA), Brindisi (BR), Lamezia Terme (CZ), Assisi (PG), Marsala (TP).

Sales results for the months of July–September 2022, mainly related to the sales period of the S/S 2022 season, were in line with what was budgeted. Also in terms of margins, the trend recorded in the first half of 2022 is confirmed and, for the time being, there are no direct repercussions of the current macroeconomic scenario as a result of international tensions.

The governing bodies continued to implement actions to contain corporate costs in order to ensure, in any case, the economic and financial balance of the Group.

No further significant events affecting the Group’s activities occurred after the closing of this Half-Year Report.

45. Transactions with correlated parties

During the period, Take Off sold a company vehicle to the correlated company Horizon S.p.A. for 4,000 euro as well as shelving to the subsidiary Over S.p.A. for 5,000 euro.

Details of the Company's financial and economic relations with corelative parties as at 30th June 2022 are set out below:

ASSET RELATIONS

(Euro)	Receivables and other current financial assets	Other non-current financial liabilities	Other current financial liabilities	Other current liabilities
Balance at 30/06/2022				
Horizon S.p.A.	–	(1,723,459)	(158,755)	–
Vistamare S.r.l.	–	–	–	–
Summit S.p.A.	–	–	–	–
Total	**–**	**(1,723,459)**	**(158,755)**	**–**

ECONOMIC RELATIONS

(Euro)	Revenue from contracts with customers	Other income	Costs for raw materials and consumables	Interest expense
Balance at 30/06/2022				
Vistamare S.r.l.	–	–	–	–
Over S.p.A.	–	5,122	–	–
Summit S.p.A.	–	–	–	–
Horizon S.p.A.	–	4,098	–	–
Total	**0**	**9,220**	**0**	**0**

****

Milan, 30th September 2022

The Chair of the Board of Directors
Aldo Piccarreta

The undersigned Aldo Piccarreta, in his capacity as Legal Representative, pursuant to and for the purposes of Article 23 of Legislative Decree no. 82/2005 and aware of the criminal liability under Article 76 of Presidential Decree no. 445/2000 for cases of falsity in deeds and mendacious declarations, certifies the conformity of the attached documents with those retained in the Company's records.