PORTOBELLO

Consolidated financial statements 2021

CONTENTS

Vision

We are working to strengthen our circular, ethical and innovative business model and to extend our sales network throughout the country. We want to ensure the accessibility of quality products to the greatest number of customers and enhance the potential of our partners within a framework of sustainable development.
Creating development opportunities is our vision, but above all our passion.

Our values

INTEGRITY

We always keep our promises and commitments. Our work is characterised by responsibility, ethics, fairness and inclusion. Our operations comply with applicable regulations and the highest standards of sustainability.

INNOVATION

We develop a circular and highly innovative business model. Our Divisions are vertically integrated for efficient use of resources and to create shared value in an alternative and sustainable way.

PASSION

we have a strong passion for our work. Thanks to the enthusiasm, curiosity and dedication of each of us, we are able to find the best solutions and create added value in all our operations.

OPPORTUNITIES

We see every challenge as an opportunity. Our ambition is always to offer our customers and partners the opportunity to access the goods, services and resources they need for their well-being and growth in a spirit of joint development.

SOCIAL OFFICES AND GENERAL INFORMATION

Board of Directors

Pietro Peligra	*Chairperson*
Simone Prete	*Chief Executive Officer*
Mirco Di Giuseppe	*Director*
Roberto Bacchi	*Director*
Emanuele Ferrari	*Independent Director*

Board of Statutory Auditors

Vincenzo Rappoli	*Chairperson*
Franco Federici	*Standing auditor*
Gianluca Pellegrino	*Standing auditor*

Independent Auditors

Audirevi S.p.A.

Euronext Growth Advisor

Integrae Sim S.p.A.

Company name and Registered Office

Portobello S.p.A.
Piazzale della Stazione Snc 00071 Pomezia (RM)
Tax Code and VAT no. 13972731007
Entered in the Register of Companies of Rome at No. 13972731007
Share capital Euro 619,490.40 fully paid-in

The Board of Directors and the Board of Statutory Auditors were appointed on 19 April 2021 and will remain in office for the following three years or until the date of approval of the financial statements as at 31 December 2023. On 19 April 2021, the Board of Directors confirmed the existence, for the Independent Director Emanuele Ferrari, of the independence requirements pursuant to Article 148, paragraph 3, of the TUF, as referred to in Article 147-ter, paragraph 4, of the TUF and in compliance with Article 19 of the Articles of Association.
The independent auditors were appointed on 19 April 2021 and will remain in office until the date of approval of the financial statements as at 31 December 2023.

LETTER TO SHAREHOLDERS

***Pietro Peligra**, Chairperson*

***Roberto Panfili**, General Manager*

Dear Shareholders,

2021 was a year characterised by various challenges on a global level but also by great opportunities. The Italian economic and social fabric is still strongly marked by the consequences of the COVID-19 pandemic even if (especially in the second half of the year) there were clear signs of recovery in industrial production and consumption, although the gap compared to the pre-pandemic period has not yet been closed. Faced with this extremely competitive scenario, Portobello has not stopped its growth, demonstrating once again that it has implemented winning medium-long term strategies and has created a business model, based on a retail chain that uses the barter, which is robust and scalable in all situations, even the most challenging. In fact when unfavourable market conditions arise, the product companies we work with on the one hand need to access advertising assets to relaunch their activities and, on the other, to free-up their warehouses from unsold products. Portobello offers them this opportunity without using cash. Furthermore, in such critical periods, consumers also become more cautious and price sensitive and therefore, the Company's value proposition based on an offer that manages to combine the best value for money on the market with an excellent purchase experience, becomes more successful.

To confirm this, the Retail SBU the retail division grew 105%, thanks to an unbeatable sales offering (both in terms of price and the quality of the brands offered), further improvement of the store format, and an enlargement of the retail area by about 8 thousand square meters. The Media SBU saw a 27% increase in turnover to reach Euro 54.5 million and the B2B SBU also grew by over 38% to Euro 19.5 million. The excellent economic and financial results achieved were also corroborated by an annual increase in the value of the share by 180%, confirming the positive growth trend on the stock market and therefore the market's confidence in us.

During the course of the year, we opened 9 maxi-stores in primary locations, on highly pedestrianised streets, and in large shopping centres throughout the country. Our workforce has increased significantly: we have hired more than 230 people, mostly young people, of which almost 60% are women.

We have activated first-level sponsorships in the sports field, with the Italian Rugby Federation (FIR), of which we are the 'Official Top Sponsor', Frosinone Calcio, and the MotoGp Rider Fabio di Giannantonio. We have also increased our commitment in the area of sustainability through various initiatives, including participation in the 'Visit Suspended' projects in favour of vulnerable families, sponsored by the Social Enterprise Medici in Famiglia and the Panda Onlus Association and 'The door is always open' by Caritas Italiana, aimed at improving the living conditions of homeless people.

Our commitment has been rewarded with prestigious national awards: for the second consecutive year we are 'Champions of Growth', an award established by the German Institute for Quality and Finance (ITQF) in collaboration with the newspaper la Repubblica, awarded to companies that have had the greatest expansion in turnover; and we have received the 'Innovation Award 2021' by SMAU and the 'EY l'Impresa of the year 2021' award in the 'Sustainability' category, delivered to us at Palazzo Mezzanotte, headquarters of the Italian Stock Exchange.

Thanks to the financial collection launched and the consequent lease agreements signed with primary commercial partners in the retail sector, the excellent performance of the stores and the growing order intake of the Media SBU, in the course of 2022 we will be able to continue rapidly with our widespread expansion plan of the commercial network throughout Italy. The ultimate goal of our corporate activities.

We are very proud of the successes and goals achieved during the year, which were possible thanks to the commitment, professionalism, and passion of all our staff, who are certainly our most precious resource.

March 21, 2022

Pietro Peligra	**Roberto Panfili**
Chairperson	*General Manager*

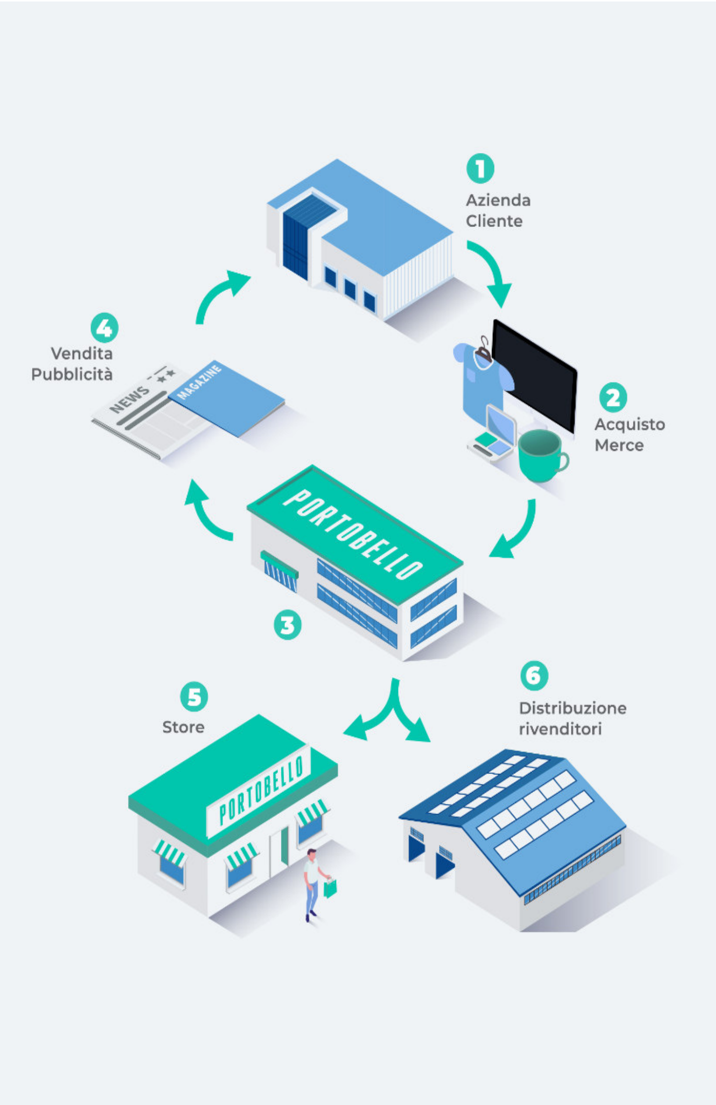
Report on the Consolidated Financial Statements as at 31 December 2021

FOREWORD

This report on operations to the Consolidated Financial Statement of Portobello S.p.A. as at 31 December 2021 (the 'Report') was prepared in accordance with the provisions of Article 2428 of the Italian Civil Code, as well as the Italian Accounting Standards formulated by the National Council of Chartered Accountants and of by the Italian Accounting Body (OIC). This report, drawn up with amounts expressed in Euro, is presented to accompany the Consolidated Financial Statements in order to provide income, equity, financial, and operational information on the Group accompanied, where possible, by historical elements and forward-looking valuations. It should be noted that, as this is the first Consolidated Financial Statements produced by the Group, there are no past years with which to make comparisons.

THE PORTOBELLO GROUP

The Portobello Company was established at the end of 2016 following many months of analysis by the founding shareholders regarding the evolution of the competitive scenario of the retail market, the needs and purchasing habits of modern consumers, as well as the opportunities associated with the management of media spaces and barter operations.
Portobello's business is structured in highly integrated Strategic Business Units for the achievement of maximum profitability. In addition to an efficient and fast administration of the structure, this integration allows a strong scalability of the business model, customers' growth rates, very high appreciation by the same, and margins on par with those of the best competitors in the sector.



THE BUSINESS MODEL

Portobello has created a business model scientifically designed to capture product acquisition opportunities at extremely competitive prices and provide, through an appealing and efficient format, the possibility for consumers to buy these products at lower prices than those of many other players on the market.

This circular business model starts from the media activity, an activity that is mainly used by Portobello to engage potential customers in commercial media bartering relationships, as well as in the direct sale of advertising. Portobello has both proprietary or exclusively managed advertising spaces (such as magazines, video-walls, rotary news-stands, etc.) and third-party spaces (such as outdoor, digital totems display, etc.): the Company achieves revenue or other advertising spaces, or other physical products, from goods sales, or exchange activities. The second step of the model is the resale of physical products acquired through bartering or purchased directly from suppliers. These products are destined for the Company's B2C channels: Portobello brand stores and marketplaces. Everything that, due to size or type, cannot be sold on these channels, is sold to other retailers on the B2B channel.

The business model, innovative and circular, provides for the sale of media spaces to customers-advertisers live or in barter: the products obtained are sold at competitive prices through the Portobello chain of stores, while the inventories are distributed to retailers.

In order to develop its business, the Company has set up the Strategic Business Units (**'SBUs'**) listed below:

- **Retail**: the formula includes stores with high turnover of products, Portobello's e-commerce sales portal and resale in the main marketplaces.
- **Media & Advertising**: this area includes the purchase and resale of classic third-party advertising spaces in high traffic areas, and the development of managed media, rotary circuits displayed on news-stands, and through the distribution of entertainment magazines. The spaces are sold or used in bartering activities in order to acquire products to be resold through the other channels. In addition, in 2018 Portobello became a publisher, launching various periodicals on the market ranging from the world of gossip, cooking, the family, to women's fashion, and news. The activity is carried out through the distribution of periodicals on a national scale, thus catering for the average Italian reader. Editorial content as well as printing and distribution are fully outsourced. This allows for an excellent management control in terms of costs and offsetting any sales seasonality issues. The magazines, in terms of content and user audience, are also perfectly in line with the potential advertisers of the Media SBU, thus acting as an accelerator also for the latter sector, which handles the sale of advertising spaces.
- **B2B**: to ensure the best turnover of residual goods, part of the inventories are sold throughout B2B channels. This activity makes it possible to improve margins on products sold on other channels, improve the cash cycle, and enter into agreements with international players.

Portobello's business model is circular, efficient, and scalable, thanks to the close correlation and vertical integration of the three SBUs. The benefits of this circular model are many:

- **Optimisation of resources and asset use**. Through its circular business model, the Company is able to create a strong synergy between the different SBUs and to fully exploit all available resources, which, taken individually, would certainly generate lower returns and greater risks. In addition, the integrated management model makes the Company's value proposition more interesting for corporate customers, as Portobello is able to guarantee a wide average offer, and a very selective channel for the disposal of inventories;
- **Strategy and competitive positioning.** Portobello has outlined a strategy through which it holds a position in the market with clear competitive advantages over its competitors in the reference market. The business model, in fact, allows the Company to grow quickly in industries that are very difficult and subject to great pressure on prices and margins, achieving scale efficiency and brand awareness with consumers. In the media industry, for example, against a stable or slightly decreasing market on some channels, Portobello is able to grow by acquiring more high margins advertising assets than those of other operators in the sector. Thanks to the Company’s strategy, these assets are able to be enhanced and produce significant economic benefits. For this reason, the circular and vertically integrated business model allows it to counter the declining trend experienced by many competitors. This is also true in the retail sector, where its management expertise has allowed the Company to create a highly appealing format for the consumer, structured in an efficient and scalable manner.
- **Scalability (media, retail)**. The strategy and management model adopted entail, as a direct consequence, a strong appeal to consumers looking for a better quality-price ratio. This generates growth in sales, volumes, and sales outlets, as well as, at the same time, increase an already good marginality, which, thanks to economies of scale, further improves. The strong pressure on prices caused by the emergence of the online sales channel has reduced the margins of many players and is squeezing all operators unable to achieve large scale efficiencies out of the market. This could represent an opportunity for Portobello, which, having an alternative business model, will be able to grow in line with the increasing pressures on prices and, consequently, the difficulties of its competitors.

SIGNIFICANT EVENTS

HEALTH EMERGENCY E SOCIO-ECONOMIC CONSEQUENCES

Although to a lesser extent than in 2020, the health emergency and the consequent restrictive measures imposed by the government partly characterised 2021 as well. In Italy, the number of infections accelerated from February onwards, peaking in the last part of March and leading to the introduction of further containment measures, including the suspension of school activities in the 'red zone', and greater restrictions during the Easter holidays and the extension of those in force. Since mid-April, the situation has improved, and has enabled the start of a phase of progressive reduction of restrictive measures, with the reopening of restaurants, bars, and other commercial activities, even if still with defined rules on hours and performance. Thanks also to the acceleration of the vaccination campaign, it has been possible for regions to move into the 'white zone' and the further reduction of containment measures. Since July there has been a strong focus on the spread of new variants of the virus and the increase in infections, particularly among young people, which led to a new peak and determined the so-called 'fourth wave' in the autumn-winter period. However, the good performance of the vaccination campaign, together with the spread of the 'Omicron variant', characterised by high contagiousness but low hospitalisation, has led to a general improvement in the health situation, and a consequent recovery in industrial production and consumption.

RETAIL

2021 began with the persistence of many of the criticalities that had characterised the previous year: with Italy still coloured in red and orange, retail sales struggled to regain strength due to the generalised crisis. However, during the year, the sector recorded room for improvement. According to the permanent Confimprese-EY Observatory, which monitors consumption trends in the catering, clothing, and non-food sectors, the sector is still recovering from the pre-pandemic period with a closure in November 2021 at -13% on November 2019, and -24% on the progressive year vs 2019 (the reference year to track the benchmark due to the restrictions that started in November 2020). The observatory highlights that the sector marks +14% vs 2020 in 2021, however the heavy gap on 2019 (-24%) still remains, reflecting the difficulties arising from the healt

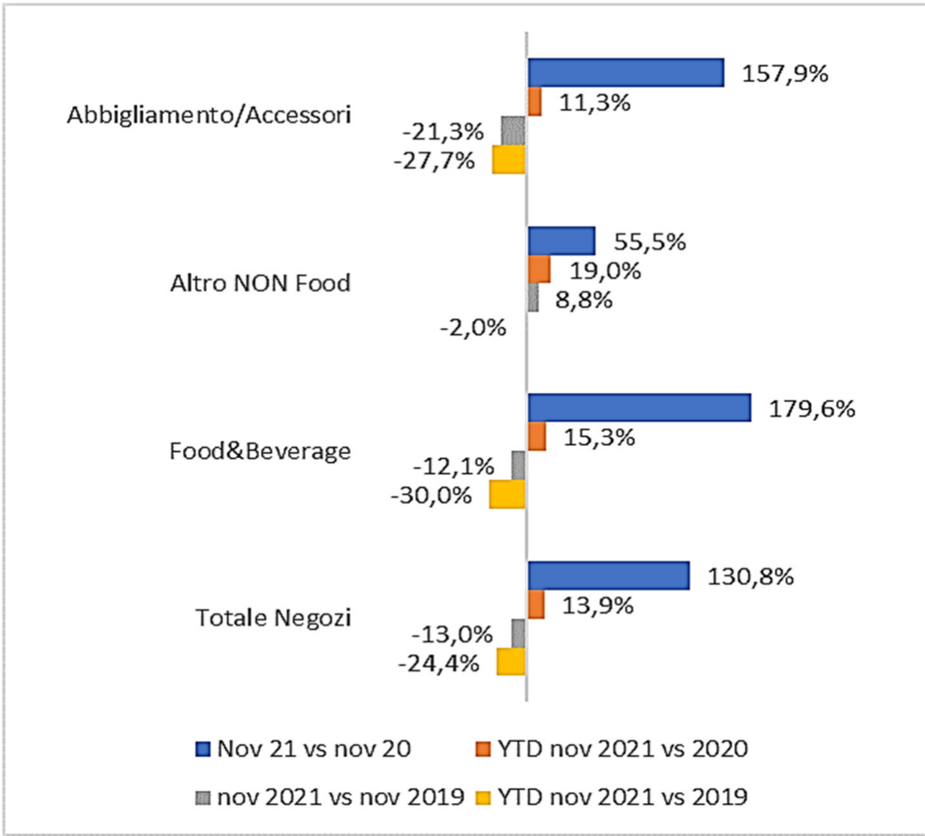


Figure 1 - Source: Confimprese Market Consumption Observatory - EY

clothing/accessories are still heavily below in 2021 vs 2019 with -27%, and also in November they are the most penalised sector, down by -21% vs 2019. Catering is the sector with the worst performance of the year compared to 2019 (-30%), but shows greater signs of dynamism in the recovery in November with -12% on 2019. The sector with the best performance is non-food, which has almost closed the gap 2021 vs 2019 with a -2% and records a positive figure for the month of November (+ 8.8%) compared to 2020, thanks to the positive effect of some categories and operators such as those related to home and technology.

Despite the complex scenario, the B2C (Retail) SBU recorded excellent results, reporting revenues as at 31 December 2021 of Euro 11.5 million.
During the year 2021, 9 new Portobello stores were opened and in particular:

- Milan - via Torino. The shop, with an area of almost 1,000 square meters on 3 levels, is located at the corner of via Speronari inside the famous 'palazzo that breathes', whose exterior not only provides a distinctive architectural feature but also a concentration of technology based on natural principles with low environmental impact.
- C.C. Grotte Center - Camerano (AN). Located in one of the most beautiful areas of Italy, the Riviera del Conero, the Grotte Centre is a reference point in the southern area of the province of Ancona. The Shopping Centre has many national and international brands such as H&M, Decathlon, and Terranova and many useful services, including health provisions (such as a dental surgery, an optician, and a para-pharmacy).
- C.C. Romaest – Rome. With over 210 shops, a modern multiplex cinema complex, a hypermarket, and various areas dedicated to catering, the Romaest Shopping Centre offers commercial activities and spaces for collective use for a total of 98,000 square meters, and represents a reference point for the inhabitants of the different neighbourhoods of the capital.
- La Romanina – Rome. With over 90 shops on 3 levels, 10 restaurants, and a hypermarket, the La Romanina Shopping Centre is the reference for shopping for the residents of the area, and is easily reachable from the city centre thanks to the underground line A.
- C.C. Porte di Catania – Catania. Reference point for the inhabitants of the neighbouring areas, the Porte di Catania Shopping Centre has large parking lots, catering areas, a hypermarket, a parapharmacy, areas dedicated to children, and many other services.
- C.C. Olbia Mare – Olbia. With a floor space of 2250 square meters, the store, inside the Olbia Mare Shopping Centre, is one of the largest Portobello brand stores. Inside the commercial structure there are catering areas and many other services.
- C.C. Fanocenter - Fano (PU). With 55 shops of the best brands and about 1400 parking spaces, the Fanocentre Shopping Centre has numerous services including a nursery, a large dining and relaxation area, and a hypermarket.
- C.C. Porte di Torino – Turin. With 38 shops, 2300 parking spaces, and a hypermarket, the Porte di Torino Shopping Centre is a space dedicated to the whole family for shopping and entertainment. There is a large dining area and an area dedicated to children of all ages.
- C.C. Puntadiferro – Forlì. With a modern and peculiar structure, the Puntadiferro Shopping Centre has about 100 shops and hosts various thematic events inside, thus representing an important reference for both shopping and entertainment for the inhabitants of Forlì.

OPERATING SALES POINTS OF THE PORTOBELLO BRAND AS AT 31 DECEMBER 2021

CITY	ADDRESS
MILAN	Via Torino
MILAN	Corso Buenos Aires
MILAN	Corso Genova
ROME (Capena)	Via Tiberina km 1700
ROME	Via Tiburtina 541
ROME	Via dei Castani 171-175
ROME	Piazza Santa Maria Maggiore 9-10
ROME	Via Francesco Grimaldi 76/78
ROME (Ostia)	Via delle Gondole 20
ROME	Viale Libia 204
ROME	Via Tuscolana 1048/1058
ROME	Via dei Colli Portuensi 453/455
FROSINONE	Viale Europa snc
TURIN	C.C. Porte di Torino
FANO (PU)	C.C. Fanocenter
CATANIA	C.C. Porte di Catania
OLBIA	C.C. Olbia Mare
ROME	C.C. Romaest
ROME	C.C. La Romanina
ANCONA	C.C. Grotte Centre
FORLI’	C.C. Punta di Ferro

In addition to the opening of the new outlets mentioned above, the Group has signed binding agreements for the lease of properties with the aim of opening 'Portobello' branded outlets on pedestrianised streets and in large shopping centres throughout Italy. In particular, the agreements signed with leading commercial partners active in the retail sector concern the following locations:

- Parco Commerciale Grande Sud – Giugliano (NA)
- C.C. Merlata Bloom - Milan
- C.C. Grande Cuneo - Cuneo
- C.C. Etnapolis - Belpasso (CT)
- C.C. Il Borgogioioso – Carpi (MO)
- C.C. Centroborgo - Bologna (BO)
- C.C. Porto Grande - Porto d'Ascoli (AP)
- C.C. Città Fiera - Udine
- C.C. To Dream - Torino
- C.C. I Malatesta - Rimini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KitchenAid
PREMIAMO
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MEDIA AND PUBLISHING

The advertising investment market in Italy recorded in the first eleven months of 2021 a total value of approximately Euro 5.1 billion, with an increase of 14.8% (approximately Euro +656 million) compared to the values of the same period of last year. In the single month of November, the figure stood at approximately Euro 622 million, with an increase of 1.2% compared to the values of the same month in 2020. Despite the slowdown in recent months, the advertising market completely recovered the gap compared to the pre-pandemic values in terms of 'extended perimeter', registering +0.7% (Euro +57 million) compared to the same period in 2019. Unlike the 'traditional perimeter', the gap to be recovered remains well above Euro 200 million (-4.8%).

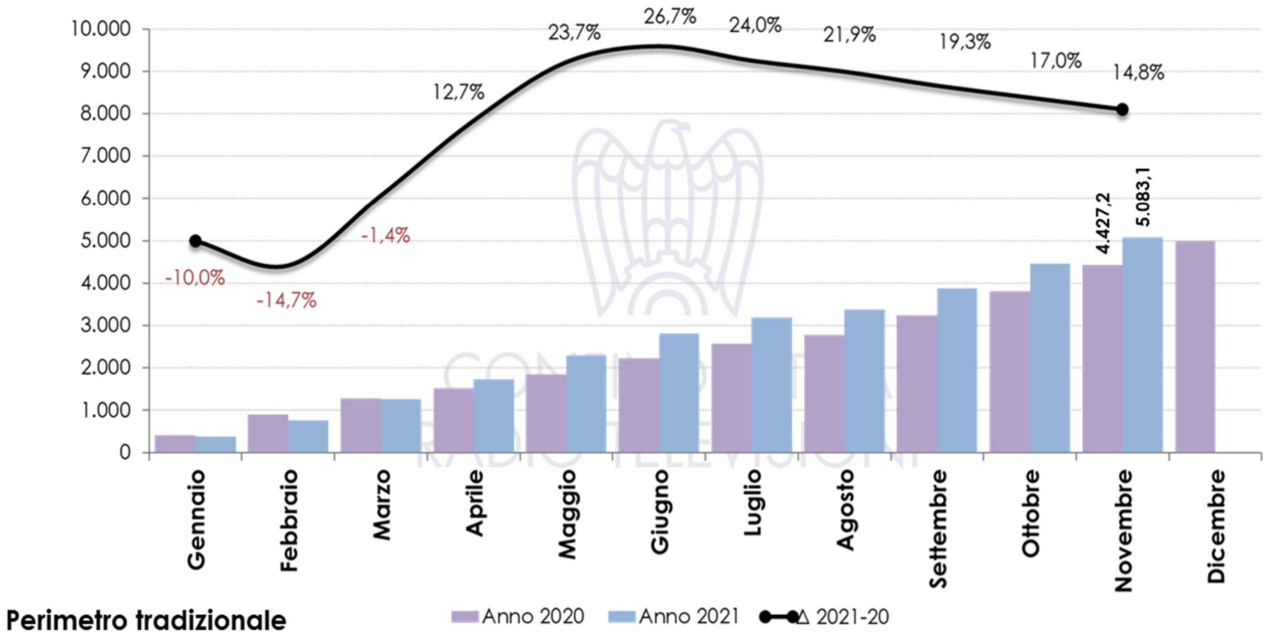

Figure 2 - Source: Confindustria Radio Televisions (CRTV) elaborations on Nielsen data

Note: The 'traditional' perimeter monitored by Nielsen does not include the Search, Social, and Classified components of the Internet, and the so-called Over The Top

In terms of individual media, TV grew by 17.6%, radio closed the year with +9.8%, while newspapers grew more slowly (+4.7%) and furthermore, periodicals experienced a growth of +3.3%.

NOVEMBRE 2021	Gen / Nov 2021	Gen / Nov 2021	Δ 2021/20
Quotidiani [1]	391,453	409,771	4,7%
Periodici [1]	191,556	197,898	3,3%
Televisione [2]	2.882,318	3.389,188	17,6%
Radio [3]	298,129	327,448	9,8%
TV + Radio	3.180,447	3.716,636	16,9%
Internet [4]	383,977	459,070	19,6%
Cinema [6]	4,058	2,616	*
Outdoor [5]	42,539	52,101	22,5%
Transit	54,688	55,014	0,6%
Go TV	6,537	6,763	3,5%
Direct Mail	171,962	183,226	6,5%
TOTALE PUBBLICITA'	**4.427,217**	**5.083,093**	**14,8%**

Figure 3 - Source: Nielsen Italy

LOANS

During the first half of 2021, the Company entered into a syndicated loan transaction for a total of Euro 6 million with Banca Monte dei Paschi di Siena and Cassa Depositi e Prestiti. The transaction, coordinated by the Montepaschi Group, with MPS Capital Services as agent bank and in synergy with CDP, is aimed at supporting the company's multi-year investment plan, which, thanks to this medium/long-term loan, will significantly increase the number of its stores. The variable-rate, unsecured loan, amounting to Euro 6 million, has a term of five years expiring on 31 December 2026 and a repayment schedule in arrears on a half-yearly basis, after an initial pre-amortisation period of nine months. The financing agreement contains provisions that are usual for contracts of this kind, including: (i) a 'change of top management' clause in the event that Pietro Peligra and Simone Prete cease to hold their current positions prior to the natural expiry of the term of office of the Board of Directors envisaged with the approval of the financial statements as at 31 December 2023; (ii) assumption of mandatory early repayment, inter alia, in the event of failure to comply with the financial covenants typical of such transactions (Net financial debt/Shareholders' equity and Net financial debt/EBITDA, both calculated on an annual basis); (iii) the possibility of voluntary early repayment of the amounts financed, subject to payment of a penalty; and (iv) further provisions relating to events of mandatory early repayment, declarations, covenants (including financial) and obligations not to do anything, revocation events, consents, and materiality thresholds in line with practice for transactions of this kind. With the financing of Portobello, Banca MPS, and CDP confirm their focus on young businesses that hope to grow and represent a strong focal point for the local economy. At a time of general contraction and change in the retail sector caused by the pandemic, this transaction will allow the Company to strengthen its physical presence and business in the country.

CAPITAL INCREASE

On 8 June 2021, the Board of Directors resolved to execute the authority pursuant to Article 2443 of the Italian Civil Code, granted by the Extraordinary Shareholders' Meeting on 19 April 2021, by increasing the share capital, for cash and in divisible form, by a maximum amount of Euro 10,000,000.00 (including share premium), by issuing a maximum of 250,000 ordinary shares with no indication of the expressed nominal value.
The capital increase concerned 243,902 new ordinary shares with no indication of their expressed nominal value, corresponding to approximately 8.15% of the pre-money share capital, for a total counter value of Euro 9,999,982.00 (including share premium). The newly issued shares were placed at a price per share of Euro 41.00.
The newly issued shares were offered for subscription as part of a private placement carried out through an accelerated book-building procedure and were issued with the exclusion of pre-emptive rights pursuant to Article 2441(5) of the Italian Civil Code, as they are reserved exclusively for "qualified investors" (including foreign investors), as defined in Article 100 of Legislative Decree No 58 of 24 February 1998, 34-ter of the Regulations adopted by CONSOB with Resolution No 11971 of 14 May 1999, and 35 of the Regulations adopted by CONSOB with Resolution No 20307 of 15 February 2018, as well as foreign institutional investors within the meaning of Regulation S of the United States Securities Act of 1993 or other entities in the European Economic Area (EEA), excluding Italy, that are "qualified/institutional investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (and in any case excluding institutional investors from Australia, Canada, Japan and the United States and any other foreign country in which the placement is not possible in the absence of an authorisation from the competent authorities), therefore without publication of a prospectus and/or an information document by virtue of the applicable exemptions provided for by the applicable regulations (including transactional regulations). Following full subscription of the newly issued shares, Portobello's post-increase share capital amounts to Euro 619,490.40, divided into 3,236,902 ordinary shares with no indication of the nominal value expressed, with a free float of approximately 26.48%. In the context of the transaction, Portobello has entered into lock-up commitments for a term of 120 days in line with market practice for similar transactions, subject to share issues reserved for equity incentive plans. Midcap (TP ICAP Europe SA) and BPER Banca S.p.A. acted as Joint Bookrunners for the accelerated book-building, while Simmons & Simmons acted as law firm for the transaction.

RELEASE OF SHARES SUBJECT TO LOCK-UP AND TAKEOVER BY OPERATING SHAREHOLDERS

On 7 October 2021, following the authorisation granted by Euronext Growth Advisor Integrae SIM to the shareholder Patrizia Amicucci, relating to the early release of the Lock-up agreement entered into on 7 August 2020 (see press release) and relating to the 229,767 shares owned by it (equal to 7.10% of the issuer's share capital), the Company has approved this release. The request for release of the Lock-up is functional both for the purpose of increasing the Company's free float and for the purpose of a possible sale of the shares to the operating shareholders within the shareholder structure with the aim of their greater involvement. In this regard, the Company received communication from the Chairman of the Board of Directors Pietro Peligra and the COO Roberto Panfili who, separately and for an amount equal to 37,500 shares each, exercised the call option granted to them by the shareholder Patrizia Amicucci as per the agreement signed on 2 August 2021.

SPONSORSHIP

Portobello, since its foundation, has supported and promoted sport, which represents an important tool for socialising and promoting fundamental values such as team spirit, respect, loyalty, and above all inclusion at all levels. During 2021, the Company signed three first-level sponsorship agreements in the sports field. Sponsorships are part of the communication and marketing strategy, aimed at representing the Italian identity of the Company and its roots in the territory, and therefore supporting both local populations and activities, as well as national excellence. This strategy, together with the numerous openings of points of sale and a massive media campaign through high-profile 'influencers' and 'brand ambassadors', has helped to strengthen awareness of the brand throughout the country. The three sponsorships were signed with:

- **Frosinone Calcio**: Portobello is Official Sponsor for the 2021-22 season. Through the Portobello logo affixed to the front of the match jersey, the Company further strengthens brand awareness, especially in the Lazio region, where it is based.
- **Italian Rugby Federation (F.I.R.)**: Portobello is Official Top Sponsor for the 2021-22 season. The agreement with F.I.R. allows Portobello to benefit from great visibility at national level, through various initiatives at all home games of the 'Guinness Six Nations Championship' and 'Autumn International Series' tournaments.
- **Fabio Di Giannantonio (MotoGP Rider in 2022):** Portobello is Sponsor of Fabio Di Giannantonio, Italian motorcycling talent, for the 2022 season. Thanks to the agreement signed in October 2021, the Company will benefit from international visibility through the affixing of the logo on the right and left sleeves of the suit used by the driver during all free/official practices and races.

AWARDS AND ACKNOWLEDGEMENTS

The Company, in the course of 2021, was awarded prestigious prizes and recognitions at national level.

- **Champions of Growth:** for the second consecutive year Portobello is a 'Champion of Growth', an award recognised to companies that have had the greatest expansion in turnover for the three-year period of 2017-2020. 'Champions of Growth' is a ranking drawn up by the German Institute for Quality and Finance (ITQF) in collaboration with the newspaper La Repubblica's Affari & Finanza, whose purpose is to pay homage to dynamic companies that contribute to giving new impetus to society and to the Italian economy.
- **SMAU Innovation Award 2021:** Smau Milano is the reference event for all the leading companies in innovation in Italy. The Company was awarded this thanks to a highly innovative project, which aims to develop an artificial intelligence model aimed at writing texts in the journalistic field. Portobello presented its project to the panel 'Open innovation and artificial intelligence to make processes more efficient'.
- **EY the Entrepreneur of the Year 2021:** The award was given to the Co-founder and COO Roberto Panfili 'for the intuition of an innovative and circular business model, which integrates media advertising and retail with effects on the optimisation of industry for its customers, and which allowed the company to establish itself, after only 18 months from its foundation in 2016, as the youngest company listed on the Italian Stock Exchange'. The handover ceremony was held on 24 November in Milan, at Palazzo Mezzanotte, headquarters of the Italian Stock Exchange.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY

In the complex social and economic context that characterised 2021, also due to the consequences related to the COVID-19 pandemic, the Company wanted to expand the scope of sustainability activities through some social responsibility initiatives, including:

- **La Porta è Sempre Aperta (The Door is Always Open)**: the project, promoted by Caritas Italiana, had the aim of protecting vulnerable people living on the street in the metropolitan area of Roma Capitale through an extraordinary reception plan in the winter period. Specifically, the Company actively contributed, through a cash donation, to the creation of 5,000 'panettoncini', sold by Caritas to finance the aforementioned project.
- **Visita Sospesa (Visit Suspended):** promoted by the Social Company Medici in Famiglia and the Panda Onlus Association, the Visita Sospesa project aims to raise funds to provide free medical and psychological care to families with children in conditions of social vulnerability. The Company's contribution came through the donation of some products, sold by the Temporary Shop Milove, to finance the business.

BUSINESS EVOLUTION

After a first half of the year that was mixed, the European and Italian economies got back on track, thanks to the combined effect of the improved health situation and the gradual abandonment of restrictive measures to contain the pandemic. Infections and deaths are now steadily declining, although there are still concerns about the development of new variants of the COVID-19 virus, and the national vaccination campaign has now immunised most Italians. Economic activity in Italy, after a still difficult first quarter, proved more resilient than expected and data on the performance of the manufacturing sector and business and consumer surveys show that real GDP growth gained further momentum especially in the second half of the year. According to Istat data, GDP growth in 2021 on an annual basis stood at 6.5%, the highest since 1976, marking +0.6 in the fourth quarter compared to the previous three months.

Although the health crisis in Italy seems to be under control right now, in late February 2022 there was an earth-shaking global geopolitical event - the Russian Federation's army invaded the Republic of Ukraine, bringing despair upon all the world's chanceries, especially in EU and NATO countries who promptly responded by imposing stiff economic/financial sanctions on the invader. Given the risk of a possible escalation of the conflict, a propagation of the war in the EU and therefore a direct or indirect involvement of Italy is excluded. Among the different consequences, the new scenario has caused further increase in the cost of energy all over Europe, especially in countries that depend heavily on Russian energy procurement, which certainly include Italy. Nevertheless, although our country's future economic implications are not entirely foreseeable, Portobello's production (by its very nature not energy-consuming) ought not to be particularly affected by the Russia-Ukraine war's consequences. Furthermore, in critical periods like the current one, characterised by uncertainty, rising costs and falling purchasing power, consumers become more cautious and price sensitive; therefore, the Company's value proposition, based on an offer that sustainably manages to combine the best value for money on the market with an excellent purchase experience, becomes more successful as already proven during the pandemic. A careful analysis of the Group's situation and its prospects for future activities allows us to positively assess both its ability to continue to build a functioning economic complex intended for the production of income for a foreseeable future period, lasting several years, therefore there are no business continuity risks.

As proof of this, Portobello continues to develop its chain of stores, which in late 2021 reached a total surface area of approximately 13,000 square metres, to which new openings will be added in 2022, already contracted, that will bring the surface area of the Company to a total of 24,000 square metres (equal to approximately 96 stores equivalent to Portobello's standard 250 square metre size).

ECONOMIC/FINANCIAL PERFORMANCE

OPERATING INCOME DATA

The main operating income figures of the Group, as at 31 December 2021, prepared in accordance with national accounting standards, are shown below:

Consolidated income statement *(figures in Euro)*	**31/12/2021**
Revenues from sales and services	85,487,707
Other revenues and income	2,692,151
Value of production	**88,179,858**
raw materials, consumables and goods	83,330,338
Change in inventories of raw materials, consumables and goods	-28,060,169
Cost of sales	**55,270,169**
Gross Margin	**32,909,689**
%	**37.32%**
Personnel	**5,406,702**
Use of third-party assets	**3,424,627**
Services	**6,764,358**
Other operating expenses	**798,375**
EBITDA	**16,515,627**
%	**18.73%**
Amortisation, depreciation, provisions and write-downs	**2,629,413**
EBIT	**13,886,214**
%	**15.75%**
Other financial income	45
Interest and other financial charges	-463,518
Value adjustments of financial assets	-400,000
Financial management	**-863,473**
EBT	**13,022,741**
Income taxes for the year, current, deferred and prepaid	**4,203,979**
PROFIT (LOSS) FOR THE PERIOD	**8,818,762**
%	**10.00%**

The value of production as at 31/12/2022 stood at Euro 88,179,858. The following table shows the value of production broken down by business area:

Activity Category	**31/12/2021**
Average	54,552,666
Retail (or B2C)	11,488,783
B2B	19,446,258
Other revenues	2,692,151
Value of production	**88,179,858**

EBITDA indicates the result before financial and extraordinary management, taxes, amortisation and depreciation of fixed assets, provisions and write-down of receivables. The EBITDA thus defined represents the indicator used by the Directors of Portobello S.p.A. to monitor and assess the operating performance of the company. Since EBITDA is not identified as an accounting measure within the scope of accounting standards, it should not be considered an alternative measure for the assessment of the performance of the operating results of Portobello S.p.A. Since the composition of the EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by Portobello S.p.A. may not be the same as that adopted by other entities and/or groups and therefore not comparable. As at 31/12/2021 the same amounted to Euro 16,515,627 with an incidence of 18.73% compared to the value of production.

EBIT indicates the result before financial charges and taxes for the year. EBIT therefore represents the result of operations before return on both third-party and own capital. The EBIT thus defined represents the indicator used by the Company's directors to monitor and assess the operating performance of the company. Since EBIT is not identified as an accounting measure within the scope of national accounting standards and its composition is not regulated by the reference accounting standards, the calculation criterion applied by the Company may not be the same as that adopted by other entities and therefore not be comparable with them. As at 31/12/2021 the same amounted to Euro 13,886,214 with an incidence of 15.75% on the value of production.

	31/12/2021
Value of production	88,179,858
EBITDA	16,515,627
EBT	13,022,741

The consolidated net result as at 31 December 2021 is equal to Euro 8,818,762 and is made up as follows:
- Profit attributable to the group Euro 8,854,332
- Profit attributable to third parties Euro (35,570)

The table below provides details of the costs incurred by the Company in 2021:

ITEM	31/12/2021
Costs for raw materials, consumables and goods	83,330,338
Costs for services	6,764,358
Costs for use of third-party assets	3,424,627
Personnel costs	5,406,702
- wages and salaries	*3,931,746*
- social security contributions	*1,189,796*
- provision for employee severance indemnity	*238,809*
- other personnel costs	*46,351*
Changes in inventories of raw materials, consumables and goods	- 28,060,169
Other provisions	550,000
Other operating expenses	798,375
Production costs	**72,214,231**

Statement of Financial Position

The financial position of Portobello S.p.A. as at 31 December 2021 and the comparison with the corresponding values as at 31 December 2020 are shown below:

Consolidated Balance Sheet (data in euros)		31/12/2021
	Intangible fixed assets	5,346,804
	Tangible fixed assets	1,995,790
	Financial fixed assets	1,065,870
NET FIXED ASSETS		**8,408,464**
	Inventories from direct purchases	14,358,167
	Inventories from barter purchases	30,661,405
	Write-down provision	-1,100,000
Inventories		**43,919,572**
	Customers	4,309,756
	Suppliers	-11,887,771
Trade receivables and payables		**-7,578,015**
	Tax receivables and payables	-4,420,652
	Other receivables	1,364,102
	Other payables	-2,153,519
	Accrued income and prepaid expenses	2,536,955
	Accrued expenses and prepaid income	-256,035
Other current assets		**-2,929,149**
	Advertising to be consumed	20,953,272
	Advertising to be provided	-10,013,118
Advertising		**10,940,154**
NET WORKING CAPITAL		**44,352,562**
	Employee severance indemnity	-389,210
	Other provisions	-32,637
CONSOLIDATED LIABILITIES		**-421,847**
NET INVESTED CAPITAL		**52,339,179**
	Share capital	619,490
	Reserves	-25,548,707
	(Profit) loss for the period	-8,854,332
	Minority Shareholders' interests	-13,430
SHAREHOLDERS' EQUITY OF THE GROUP		**-35,035,959**
	(Financial payables)	-1,234,117
	(Bank payables)	-18,540,278
	Cash and cash equivalents	2,471,175
NFP		**-17,303,220**
TOTAL SOURCES		**-52,339,179**

Net fixed assets as at 31/12/2021 amounted to Euro 8,408,464. The inventories of finished products at the closing date of the consolidated financial statements are equal to Euro 45,019,572 (gross of the related bad debt provision) divided as follows:

- 14.3 million in goods purchased in cash ('Cash Inventories')
- 30.7 million in goods acquired through bartering ('Barter Inventories')

With reference to the item, 'Advertising' it should be remembered that the bartering activity essentially consists of an exchange of customers' goods and services with advertising services offered by the Company whose consumption is diluted over time (generally advertising services offered by Portobello in exchange for goods or other services must be consumed within the current financial year or, at the latest, within the financial year following the signing of the relative contract). With regard to the above, the performance of the item, which in the financial statements is included among deferred income and expenses, provides indications on the evolution of the business and can be equated to an 'Order Portfolio' both in terms of purchases (advertising to be consumed) and sales (advertising to be provided) and is linked to the timing of consumption of the related advertising services. Therefore, the increase in the item

does not result in a cash absorption since the invoicing of the exchange contracts are settled by offsetting of the items and therefore does not result in cash outflows. Lastly, it should be noted that the item 'advertising to be consumed' is entirely attributable to media acquired through barter contracts, therefore this component will not generate any cash outflow. In fact, media acquired in cash generally does not produce prepaid expenses because the purchase of advertising from third parties takes place concurrently with the consumption of the end customer and therefore no time lags are generated. Finally, it should be noted that the significance of advertising acquired in cash is around 2% of the total cost of acquisition of media and recorded in the income statement.
Group shareholders' equity amounts to Euro 35,022,529 million, of which Euro 13,430 pertaining to minority interests.

The net financial position of Portobello S.p.A. as at 31 December 2021 is shown below:

Details of NFP (Figures in Euro)	**31/12/2021**
Cash	88,218
Other cash and cash equivalents	2,382,957
LIQUIDITY (a) + (b) + (c)	**2,471,175**
Current financial receivables	-
Current bank payables	-1,460,876
Current portion of non-current debt	-4,169,114
Other current financial payables	-595,151
CURRENT FINANCIAL DEBT (f)+(g)+(h)	**-6,225,141**
NET CURRENT FINANCIAL DEBT (i)-(e)-(d)	**-3,753,966**

The net current financial position is negative for approximately Euro 3.8 million. Current bank and financial payables refer to short/medium-term advance loan agreements.

The following table shows the net financial position of Portobello S.p.A., restated on the basis of CONSOB Resolution no. 15519 of 27 July 2006:

Details of NFP (Figures in Euro)	**31/12/2021**
Cash	88,218
Other cash and cash equivalents	2,382,957
LIQUIDITY (a)+(b)+(c)	**2,471,175**
Current financial receivables	-
Current bank payables	-1,460,876
Current portion of non-current debt	-4,169,114
Other current financial payables	-595,151
CURRENT FINANCIAL DEBT (f)+(g)+(h)	**-6,225,141**
NET CURRENT FINANCIAL DEBT (i)-(e)-(d)	**-3,753,966**
Non-current bank payables	-12,910,288
Other non-current payables	-638,966
NON-CURRENT FINANCIAL DEBT (k)+(l)+(m)	**-13,549,254**
NET FINANCIAL DEBT (j)+(n)	**-17,303,220**

MAIN PROFITABILITY RATIOS

For a better understanding of the economic situation and the result of the Company, some economic indicators are compared for the two reference periods which, although not identified with accounting measures directly in the financial statements, allows a clear view of developments of the Company's business performance.

The indicators listed below should be used as a supplement to the information provided by the UCIs.

Return on Asset

ROA	**31/12/2021**
Net operating income	13,886,214
Total Assets	86,561,825
Net Operating Income/Total Assets	**16.04%**

The index measures the return on invested capital with reference to the result before financial management.

Return on Equity

ROE	**31/12/2021**
Net profit	8,854,332
Shareholders' Equity	35,035,959
Net profit/Shareholders' Equity	**25.27%**

The index measures the return on equity invested in the company.

Return on investment

ROI	**31/12/2021**
Net operating income	13,886,214
Net Invested Operating Capital (*)	52,761,026
Net Operating Income/Net Invested Operating Capital	**26.32%**

(*) Net Invested Operating Capital is the sum of Net Fixed Assets and Net Working Capital

The index measures the profitability and efficiency of the invested capital with respect to the core business operations.

Return on Sales

ROS	**31/12/2021**
Net operating income	13,886,214
Revenues from Sales and Services	85,487,707
Net operating income/Revenue from sales and services	**16.24%**

The index measures the profitability of the company to generate profits from sales.

Ebit

Ebit	**31/12/2021**
EBIT	13,886,214
Value	**13,886,214**

The profit margin measures the result for the year without taking into account extraordinary items and financial charges. It includes the result of the ancillary area and the financial area, net of financial charges.

Secondary structural margin

	31/12/2021
Equity	35,035,959
Fixed Assets	8,408,464
Primary structure margin = Equity - Fixed assets	**26,627,495**
Primary structure ratio = Equity/Fixed assets	**4.17**

The absolute value of the Company's ability to hedge its investments in fixed assets with its own resources.

Secondary structural margin

	31/12/2021
Equity	35,035,959
Consolidated liabilities	14,659,708
Fixed Assets	8,408,464
Secondary structural margin = (Equity + Consolidated Liabilities) - Fixed Assets	**41,287,203**
Secondary structure ratio = (Equity + Consolidated Liabilities)/Fixed Assets	**5.91**

It expresses in absolute terms the Company's ability to hedge investments in fixed assets with consolidated sources.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- At the end of January 2022, the Company signed a loan agreement for a total of Euro 5 million with Deutsche Bank. The operation is aimed at supporting the corporate multi-year investment plan, having at the same time entered into binding agreements with primary commercial partners active in the retail sector for the opening of new stores throughout Italy, pursuant to which the network is commercial increases by approximately further 5,000 square meters, comparable in characteristics and profitability to approximately 20 stores built through the standard Portobello concept of 250 square meters, within the following 12 months. The stores will be opened in high-traffic shopping centres throughout the country in order to reach a significantly greater number of customers. The variable-rate, unsecured loan, amounting to Euro 5 million, has a term of five years expiring on 3 February 2027 and a repayment schedule in arrears on a quarterly basis, after an initial pre-amortisation period of 6 months. The financing agreement contains provisions that are usual for contracts of this kind, including: (i) assumption of mandatory early repayment, inter alia, in the event of failure to comply with the financial covenants typical of such transactions (Net financial debt/Shareholders' equity and Net financial debt/EBITDA, both calculated on an annual basis) (ii) the possibility of voluntary early repayment of the amounts financed, subject to payment of a penalty; (iii) further provisions relating to events of mandatory early repayment, declarations, covenants (including financial) and obligations not to do anything, revocation events, consents and materiality thresholds in line with practice for transactions of this kind. In consideration of the shareholding structure of the Company, a 'change of management' clause is also envisaged in the event that Pietro Peligra, Roberto Panfili, and Simone Prete cease to hold, directly or indirectly, a cumulative shareholding between them equal to at least 30% of the shares of the Company. At a time of general contraction and change in the retail sector caused by the pandemic, this transaction will allow the Company to strengthen its physical presence and business in the country.

- In early February, Sae Sardegna S.r.l. - controlled by Sae-Sapere Aude Editori S.p.A. Group (Gruppo Sae), in which Portobello currently holds a share of about 20% of the share capital, acquired the newspaper, La Nuova Sardegna. The transaction came after Sae Group's December 2020 acquisition of the newspapers Il Tirreno, La Nuova Ferrara, Gazzetta di Modena and Gazzetta di Reggio. Thanks to the acquisition of La Nuova Sardegna, Portobello broadened its local advertising offering, and consequently bolstered SBU Media & Advertising through which to make advertising barter transactions with ad hoc sales agreements.

- At the beginning of the months of February and March, Portobello inaugurated two maxi stores in Emilia Romagna, at the 'Centroborgo' and 'I Malatesta' malls in Bologna and Rimini respectively. Both shopping centres, as local hubs for shopping and leisure, have large car parks, food courts, a superstore, and many other services.

MANAGEMENT AND COORDINATION ACTIVITIES

Pursuant to paragraph 5 of article 2497-bis of the Italian Civil Code, we state that the Company is not subject to management and coordination by others.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Pursuant to and for the purposes of the first paragraph of article 2428 of the Italian Civil Code, a description of the main risks and uncertainties to which the Company is exposed is provided below:

Risks associated with the sector in which the Company operates

The Company's economic, equity and financial situation is influenced by the various factors that affect the macro-economic situation in the various countries in which it operates, including the level of consumer and business confidence.

Credit risk in relation to commercial relations with customers

Almost all of the trade receivables derive from barter transactions that envisage settlement by exchange, therefore there are no risk profiles in the management of receivables, nor are there any negative impacts determined by the current emergency situation. With reference to the residual part of the receivables not deriving from barter contracts, all the appropriate valuations were made and a bad debt provision was set up to cover the related risk.

Liquidity risks

Liquidity risk, relating to the availability of financial resources and access to the credit market. Liquidity risk is to be considered medium/low, given the level of indebtedness of the Company with respect to business volumes and shareholders' equity.

Interest rate risks

Interest rate risk relating to the Company's exposure to financial instruments that generate interest. The Company is not exposed to a significant extent and therefore there are no risks relating to interest rates on bank debt. However, the Company has taken out two medium/long-term loans with variable rates linked to the performance of the Euribor for which a corresponding hedging transaction was entered into. The details of the transaction are reported in the explanatory notes to the financial statements.

Exchange rate risks

The Company operates almost entirely in the Eurozone. Transactions settled in currencies other than the euro, if present, are very limited. Therefore, there are no significant exchange rate risks.

RESEARCH AND DEVELOPMENT ACTIVITIES

During the 2021 financial year, research and development activities were completed relating to Artificial Intelligence technologies for the production of content, which envisages the automation of part of the generation process through the development of tools able to support creators. Specifically, the focus is mainly on three categories of content: scripts for documentaries, articles, and social media posts. Since all existing solutions require an intense re-processing of the generated text, the aim is to give the user the possibility to intervene during all phases of the automated process, allowing the machine and human beings to work side by side in a co-creative process, in which the machine can explain how it makes certain decisions and the human being can interact with it during the entire process. At the same time, the machine can update itself through feedback loops that emerge from this framework (machine learning). The costs incurred in 2020 and 2021, identified in the related technical certification, have been capitalised in the current year.

TREASURY SHARES

Pursuant to article 2435-bis and 2428 of the Italian Civil Code, it should be noted that the Company held no treasury shares at the reporting date.

USE OF RELEVANT FINANCIAL INSTRUMENTS FOR THE ASSESSMENT OF THE EQUITY AND FINANCIAL POSITION AND THE ECONOMIC RESULT FOR THE PERIOD

Pursuant to and for the purposes of the provisions of point 6-bis) of the third paragraph of art. 2428 of the Italian Civil Code, it is hereby stated that the Company has not undertaken any particular financial risk management policies, as this is not considered relevant. However, it should be noted that two Interest Rate Swap (IRS) derivative contracts have been entered into in order to hedge against any possible fluctuations in the variable rate applied to the loan in question whose details are provided in the Explanatory Notes

MAIN NON-FINANCIAL INDICATORS

Pursuant to the second paragraph of article 2428 of the Italian Civil Code, it is hereby stated that, due to the specific activities carried out and for a better understanding of the Company situation, the performance and the results of operations, the exposure of non-financial indicators is not considered relevant.

ENVIRONMENTAL INFORMATION

It is hereby stated that the Company has not undertaken any particular environmental impact policies as they are not necessary in relation to the activity carried out.

INFORMATION ON PERSONNEL MANAGEMENT

There are no significant information regarding personnel management.

SHARES/UNITS OF THE PARENT COMPANY

It is hereby stated that the Company is not subject to control by any company or corporate group.

SECONDARY OFFICES

In compliance with the provisions of article 2428 of the Italian Civil Code, the Company's secondary operating offices are shown below:

- Milan, Corso Venezia, 45

RELATIONS WITH SUBSIDIARIES, ASSOCIATES, PARENT COMPANIES AND COMPANIES SUBJECT TO THE CONTROL OF PARENT COMPANIES

With reference to this point, please refer to the dedicated section of the Explanatory Notes.

Rome, 21/03/2022

Financial statements as at 31 December 2021

PORTOBELLO SPA

Consolidated Financial
Statements as at 31-12-2021

Personal data	
Headquarters in	POMEZIA, PIAZZALE DELLA STAZIONE SNC
Tax Code	13972731007
REA Number	RM 1486865
P.I.	13972731007
Share Capital Euro	619,490 fully paid-in
Legal form	Joint-stock company
Main business sector (ATECO)	731101
Company in liquidation	no
Company with sole shareholder	no
Company subject to management and coordination by third parties	no
Membership of a group	yes
Name of the parent company	PORTOBELLO SPA

Consolidated Balance Sheet

	31/12/2021
Assets	
B) Fixed assets	
I - Intangible fixed assets	
1) start-up and expansion costs	4,302
3) industrial patent rights and intellectual property rights	1,620,535
4) concessions, licenses, trademarks and similar rights	42,256
5) goodwill	1
6) work in progress and payments on account	545,439
7) others	3,134,271
Total intangible fixed assets	*5,346,804*
II - Tangible fixed assets	
1) land and buildings	46,250
2) plant and machinery	976,319
3) industrial and commercial equipment	241,214
4) other assets	732,007
Total tangible fixed assets	*1,995,790*
III - Financial fixed assets	
1) equity investments in	
b) associates	100,000
d-bis) other companies	922,670
Total equity investments	1,022,670
3) other securities	43,200
Total financial fixed assets	*1,065,870*
Total fixed assets (B)	*8,408,464*
C) Current assets	
I - Inventories	
4) finished products and goods	43,919,572
Total inventories	*43,919,572*
II - Receivables	
1) from customers	
due within the next financial year	4,309,756
Total receivables from customers	4,309,756
5-bis) tax credits	
due within the next financial year	2,598,529
Total tax credits	2,598,529
5-ter) deferred tax assets	12,295
5-quater) from others	
due within the next financial year	560,766
due after the next financial year	791,041
Total receivables from others	1,351,807
Total receivables	*8,272,387*
IV - Cash and cash equivalents:	
1) bank and postal deposits	2,382,957
3) cash and cash equivalents	88,218
Total cash and cash equivalents	*2,471,175*
Total current assets (C)	*54,663,134*
D) Accruals and deferrals	**23,490,227**
Total assets	86,561,825
Liabilities	
A) Shareholders' equity of the group	
I - Share capital	619,490
II - Share premium reserve	12,767,452

IV - Legal reserve	106,738
VI - Other reserves, indicated separately	
Extraordinary reserve	12,707,154
Total other reserves	12,707,154
VII - Reserve to hedge cash flow transactions	(32,637)
IX - Profit (loss) for the year	8,854,332
Total shareholders' equity of the group	35,022,529
Minority Shareholders' interests	
Capital of minority interests	49,000
Profit (loss) of third parties	(35,570)
Total shareholders' equity of minority interests	13,430
Total consolidated shareholders' equity	35,035,959
B) Provisions for risks and charges	
3) derivative liabilities	32,637
Total provisions for risks and charges	32,637
C) Employee severance indemnity	389,210
D) Payables	
3) due to shareholders for loans	
due after the next financial year	680,000
Total due to shareholders for loans	680,000
4) due to banks	
due within the next financial year	5,629,990
due after the next financial year	12.910.288
Total due to banks	18,540,278
5) payables to other lenders	
due within the next financial year	595,151
due after the next financial year	638.966
Total payables to other lenders	1,234,117
7) trade payables	
due within the next financial year	11,887,771
Total trade payables	11,887,771
12) tax payables	
due within the next financial year	7,019,181
Total tax payables	7,019,181
13) payables to welfare and social security institutions	
due within the next financial year	318,451
Total payables to welfare and social security institutions	318,451
14) other payables	
due within the next financial year	1,146,461
due after the next financial year	8,607
Total other payables	1,155,068
Total payables	40,834,866
E) Accruals and deferrals	10,269,153
Total liabilities	*86,561,825*

Consolidated Income Statement

	31/12/2021
A) Value of production	
1) revenues from sales and services	85,487,707
operating grants	518
others	2,691,633
Total other revenues and income	*2,692,151*
Total value of production	*88,179,858*
B) Production costs	
6) for raw and secondary materials, consumables, and goods	83,330,338
7) for services	6,764,358
8) for use of third party assets	3,424,627
9) for personnel	
a) wages and salaries	3,931,746
b) social security contributions	1,189,796
c) employee severance indemnity	238,809
d) pensions and similar obligations	
e) other costs	46,351
Total personnel costs	*5,406,702*
10) amortisation, depreciation, and write-downs	
a) amortisation of intangible fixed assets	1,768,089
b) depreciation of tangible fixed assets	311,324
Total amortisation, depreciation, and write-downs	2,079,413
11) changes in inventories of raw materials, consumables and goods	(28,060,169)
13) other provisions	550,000
14) sundry operating expenses	798,375
Total production costs	74,293,644
Difference between value and costs of production (A - B)	13,886,214
C) Financial income and charges	
others	45
Total income other than the above	45
Total other financial income	45
17) Interest and other financial charges	
others	462,400
Total interest and other financial charges	462,400
17-bis) exchange gains and losses	(1,118)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	(463,473)
D) Value adjustments of financial assets and liabilities	
19) write-downs	
a) equity investments	400,000
Total write-downs	400,000
Total value adjustments to financial assets and liabilities (18 - 19)	(400,000)
Profit before tax (A - B + - C + - D)	**13,022,741**
20) Income taxes for the year, current, deferred, and prepaid	
current taxes	4,203,979
Total income taxes for the year, current, deferred and prepaid	4,203,979
21) Profit (loss) for the year	8,818,762
Result pertaining to the group	8,854,332
Result attributable to third parties	**(35,570)**

Explanatory notes to the financial statements closed on 31-12-2021

Explanatory notes, opening part

Introduction

Dear Shareholders, these consolidated financial statements of Portobello S.p.A. and its subsidiaries have been drawn up in compliance with the provisions of the civil code, integrated, and interpreted by the accounting principles adopted by the Italian Accounting Organization (OIC).

The financial statements comply with the provisions of article 2423 et seq. of the Italian Civil Code and with the national accounting standards as published by the Italian Accounting Body; it therefore clearly, truthfully, and correctly represents the equity and financial position of the company and the economic result for the year.

The contents of the balance sheet and the income statement are those envisaged by article 2424 and article 2425 of the Italian Civil Code

The explanatory notes, prepared pursuant to art. 2427 of the Italian Civil Code, also contain all the information necessary to provide a correct interpretation of the financial statements.

The Portobello S.p.A. company is subject to the obligation to prepare the Consolidated Financial Statements pursuant to article 25 and following of Legislative Decree 127/91. This is the first consolidated financial statement produced by the Company and therefore there is no comparison with the data of the previous year and no cash flow statement has been drawn up.

Formation criteria

The consolidated financial statements have been drawn up in compliance with the provisions of article 29 of Legislative Decree 127/91, as shown in these explanatory notes, prepared pursuant to article 38 of the same decree. Where necessary, the accounting principles laid down by the National Council of Chartered Accountants and Accounting Experts have been applied and, where these are missing, the accounting principles recommended by the IASB and recalled by Consob.

The Consolidated Financial Statements are made up of the Consolidated Balance Sheet (prepared in accordance with the format envisaged by articles 2424 and 2424 bis of the Italian Civil Code), the Consolidated Income Statement (prepared in accordance with the format provided for by articles 2425 and 2425 bis of the Italian Civil Code), these Notes to the Consolidated Financial Statements, and the Report on Group Operations.

The Explanatory Note has the function of providing the illustration, analysis, and in some cases an integration of the data of the consolidated financial statements and of reporting the information required by article 2427 of the Italian Civil Code, by article 38 of Legislative Decree 127/1991 and those required by other regulations of the same decree.

The Consolidated Balance Sheet, the Consolidated Income Statement, and these Explanatory Notes show values expressed in units of euro pursuant to article 16, paragraph 8, letter a) of Legislative Decree no. 213 of 24 June 1998.

Consolidation area and methods

The consolidated financial statements originate from the financial statements of Portobello S.p.A. (Parent Company) and of the Companies in which the Parent Company directly or indirectly holds a controlling share in the capital or exercises control. The financial statements of the Companies included in the consolidation area are taken on a line-by-line basis. The list of these Companies is attached.

Subsidiaries whose activities are heterogeneous with respect to that of the remaining Group companies are excluded and valued using the equity method, pursuant to article 28, first paragraph of Legislative Decree 127/91; in our case there are no exclusions due to heterogeneity.

Those companies over which, for legal or factual reasons, it is not possible to exercise control are excluded from the consolidation. If there were a list with their indication, it would be provided as an attachment to the supplementary note.

The Companies over which joint control is exercised pursuant to article 37 of Legislative Decree 127/91 are included in the consolidation in proportion to the shareholding held. There are no cases of companies consolidated with the proportional method.

There are no subsidiaries excluded from consolidation pursuant to Legislative Decree 127/91.

Companies in which the shareholding is below the 20% threshold and which are fixed assets are valued using the cost method.

The financial statements used for the preparation of the consolidated financial statements are the draft financial statements as at 31.12.2021 of the Parent Company and the Subsidiaries prepared and approved by the respective Boards of Directors and presented for the approval of the respective shareholders' meetings.

Consolidation area

The consolidated financial statements as at 31 December 2021 include, with the integral method, the financial statements at the same date of Portobello S.p.A. and of the companies in which the Group holds the majority of the voting rights.

List of companies included in the consolidation using the line-by-line method

Line-by-line consolidation concerned the equity investments of the companies listed below in which Portobello S.p.A. directly controls:

Name	Headquarters	Share Capital	Ownership
PB Retail S.r.l.	Piazzale della Stazione Snc - Pomezia (RM)	Euro 100,000	51%

Consolidation criteria

The consolidation of the financial statements is carried out by applying the line-by-line method. The accounting principles and criteria used for the consolidation are as follows:

- The book value of the investments held by the Parent Company in the subsidiaries consolidated using the line-by-line method is eliminated against the corresponding portion of the shareholders' equity of the investee companies.
- The assets, liabilities, costs, and revenues of the subsidiaries are assumed in their total amount, regardless of the percentage entity of the equity investments held.
- The positive difference between the book value of the eliminated equity investments and the book value of the corresponding fractions of net equity eliminated of the investee companies that emerges at the time of consolidation is treated as follows:
- the difference that arises on the date of first inclusion of the investee company in the consolidated financial statements: the excess of the cost of the investment over the book value of the corresponding fraction of net equity eliminated, as it is not attributable to specific assets or liabilities, is autonomously recognised as assets among intangible fixed assets in an item called 'Goodwill' unless it must be fully or partially charged to the income statement under item B14. The amount entered in the assets is amortised in the period provided for by the first paragraph, no. 6, of article 2426.
- The difference that arises after the date of first inclusion of the investee company in the consolidated financial statements as a result of the profits achieved or losses suffered by the investee in the years following the first consolidation: this difference is credited or debited to the

item of the Consolidated Shareholders' Equity 'Consolidation reserve' or in a specific 'Consolidation reserve for future risks and charges', in compliance with the criterion of article 33, paragraph 3, of Legislative Decree 127/91. The provision is used in subsequent years to reflect the assumptions made in its estimate at the time of purchase.

- The transactions between the companies included in the consolidation area and therefore the receivables, payables, costs, and revenues deriving from these transactions are eliminated in the consolidation process.
- Profits not yet realised with third parties, deriving from transactions between the companies included in the consolidation area, are eliminated, taking into account the related tax effect.
- Any items present in the statutory financial statements of the companies included in the consolidation area and accounted for exclusively in application of tax laws are eliminated taking into account the related tax effect.
- The financial statements of the companies included in the consolidation area, where necessary, are consistent with the accounting principles applied by the Parent Company.
- The portions of shareholders' equity and of the result for the year attributable to minority interests of the subsidiaries included in the consolidation area are shown in specific items of the consolidated balance sheet and income statement called 'Minority interests and reserves' and 'Profit (loss) of third parties'.
- The consolidated financial statements include, if any, the tax charge for deferred taxes deriving from the possible elimination of value adjustments made exclusively in application of tax laws and from the eliminations of consolidation. This charge is charged to the income statement under the item 'deferred taxes on income for the year' with an accounting balancing entry in a specific reserve in the balance sheet called the 'Tax Fund'.
- l) If deferred tax assets arise from the aforementioned pre-consolidation and consolidation operations, these are recognised by debiting the 'Deferred Tax Provision' recorded under liabilities up to its amount; any credit balance is shown on the assets side of the balance sheet among 'Credits for prepaid taxes' only if it is reasonably certain that, in the years in which the temporary difference that generated the prepaid taxes will be cancelled, there will be sufficient taxable income to absorb them.

Reporting principles

Comment

The valuation of the consolidated financial statement items was carried out in compliance with the principle of prudence, relevance and on a going concern basis. Pursuant to article 2423-bis, paragraph 1, point 1-bis of the Italian Civil Code, the recognition and presentation of items is carried out taking into account the substance of the transaction or contract. In the preparation of the consolidated financial statements, charges and income were recorded according to the accrual principle regardless of the time of their manifestation and only the profits realised at the end of the year were indicated. The risks and losses pertaining to the year were also taken into account, even if they became known after the end of the year.

Structure and content of the consolidated financial statements

The consolidated balance sheet and income statement, cash flow statement, and accounting information contained in these explanatory notes comply with the accounting records, from which they were directly derived.

In the presentation of the consolidated balance sheet and the income statement, no groupings of items preceded by Arabic numerals were made, as optionally provided for by article 2423 ter of the Italian Civil Code.

Pursuant to article 2424 of the Italian Civil Code, it is confirmed that there are no asset or liability items that fall under more than one item of the financial statements.

Exceptional cases pursuant to article 2423, fifth paragraph, of the Italian Civil Code

There were no exceptional cases that required the use of exceptions pursuant to article 2423, paragraphs 4 and 5 of the Italian Civil Code.

Changes in accounting standards

There were no exceptional cases that made it necessary to use the exceptions set forth in article 2423-bis, paragraph 2 of the Italian Civil Code.

Comparability and adaptation issues

This is the first consolidated financial statements drawn up by the Company, therefore there was no need to adapt any items from the previous year.

Valuation criteria applied

Comment

The criteria applied in the valuation of the consolidated financial statement items and in the value adjustments comply with the provisions of the Italian Civil Code and the indications contained in the accounting standards issued by the Italian Accounting Body. The criteria used in the preparation of the consolidated financial statements closed on 31/12/2021 are those used in the financial statements of the parent company.
Pursuant to article 2427, paragraph 1, no. 1 of the Italian Civil Code, the most significant measurement criteria adopted in compliance with the provisions contained in art. 2426 of the Italian Civil Code are illustrated, with particular reference to those items in the financial statements for which the legislator allows different measurement and adjustment criteria or for the which no specific criteria are provided.
At the end of the financial year, the company has foreign currency payables deriving from a service invoice from a company resident in Great Britain.

Intangible fixed assets

Intangible fixed assets are recognised in the consolidated balance sheet at purchase and/or production cost and are amortised on a straight-line basis based on their future usefulness.
The value of fixed assets is stated net of accumulated amortisation and write-downs.
Amortisation was carried out in accordance with the following pre-established plan, which is deemed to ensure a correct allocation of the cost incurred over the useful life of the fixed assets in question:

Intangible fixed assets	Period
Corporate expenses	5 years on a straight-line basis
Organisational expenses (AIM listing)	3 years on a straight-line basis
Capitalised software	5 years on a straight-line basis
Intellectual property rights	2 years on a straight-line basis
Trademarks	10 years on a straight-line basis - lease duration
Concessions and licenses	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis
Leasehold expenses	Lease term

Any disposals of intangible assets during the year resulted in the elimination of their residual value.
The amortisation criterion of intangible fixed assets was applied systematically and, in each year, in relation to the residual economic use of each asset or expense.

Pursuant to and for the purposes of art. 10 of Law no. 72 of 19 March 1983, and as also referred to by the subsequent monetary revaluation laws, it should be noted that no monetary revaluation was ever carried out for intangible assets still included in equity.
It should be noted that it was not necessary to apply write-downs to these capitalised expenses pursuant to art. 2426 paragraph 1 no. 3 of the Italian Civil Code since, as envisaged by accounting standard OIC 9, no indicators of potential impairment of intangible fixed assets were found.

Start-up and expansion costs

Start-up and expansion costs were recognised in the consolidated balance sheet assets with the consent of the Board of Statutory Auditors as they have multi-year benefits; these costs were amortised over a period not exceeding five years.

Intangible assets

Intangible assets are recognised at purchase cost, including accessory costs, and are amortised within the legal or contractual limit envisaged for them.

Work in progress and payments on account

Intangible fixed assets under construction, recorded under item B.I.6, are initially recognised on the date on which the first costs for the construction or purchase of the asset are incurred and include the internal and external costs incurred for its construction. These costs remain recorded under work in progress until the project is completed and are not subject to amortisation until that moment.

Tangible fixed assets

The book value of the assets, grouped into homogeneous classes by type and year of acquisition, is divided across the years in which they will presumably be used. This procedure is implemented through the systematic allocation to the income statement of depreciation amounts corresponding to pre-established plans, defined at the time the asset is available and ready for use, with reference to the presumed residual possibility of use of said assets. These plans, subject to annual verification, are formed with reference to the gross value of the assets and assuming the realisable value at the end of the process is zero.
The depreciation of tangible fixed assets, the use of which is limited over time, was carried out in accordance with the following pre-established plan:

Tangible fixed assets items	Rates %
Land and buildings	3%
Air conditioning system	15%
Other general plant and machinery	30%
Specific warehouse systems	7.5%
Specific equipment	10%
Furniture and furnishings	12%
Electronic office machines	20%
Other tangible assets	100% - lease duration

Any disposals of assets (disposals, scrapping, etc.) occurred during the year led to the elimination of their residual value. Any difference between the carrying amount and the disposal value was recognised in the income statement.
For fixed assets acquired during the year, the aforementioned rates were reduced by half as the portion of depreciation thus obtained does not differ significantly from the portion calculated from the time the asset is available and ready for use.
The depreciation criteria for tangible fixed assets did not change compared to those applied in the previous year.
Pursuant to and for the purposes of art. 10 of Law no. 72 of 19 March 1983, as also referred to by subsequent monetary revaluation laws, it should be noted that no monetary revaluation was ever carried out for tangible assets still in equity.
It should be noted that it was not necessary to make any write-downs pursuant to art. 2426, paragraph 1, no. 3 of the Italian Civil Code since, as required by accounting standard OIC 9, no indicators of potential

impairment of tangible fixed assets were found.

Financial fixed assets

All equity investments recorded in the financial statements were valued using the cost method, where cost means the expense incurred for the purchase, regardless of the payment method, including any accessory charges (bank commissions and expenses, stamp duty, financial brokerage, etc.).

Inventories

Inventories of assets were recorded at the lower of the purchase cost and the realisable value based on market trends. Its value is stated net of the related bad debt provision.
The purchase cost includes any directly attributable accessory charges.

Finished products

The cost of inventories of finished products and goods of a fungible nature was calculated using the ultimate cost method.
The value thus determined was appropriately compared, as explicitly required by art. 2426 no. 9 of the Italian Civil Code, with the realisable value based on market trends. From the comparison between the purchase /production cost calculated with the point cost method and the realisable value inferred from the market did not reveal, for any of the goods in stock, the conditions for the valuation based on the lower market value.
Advances to suppliers for the purchase of goods included in inventories recorded in item C.1.5 are initially recognised at the date on which the obligation to pay these amounts arises or, in the absence of such an obligation, at the time they are paid.

Receivables recorded under current assets

Receivables recorded under current assets were recognised in the financial statements according to the amortised cost criterion, as defined by article 2426, paragraph 2 of the Italian Civil Code, taking into account the time factor and the estimated realisable value, in accordance with the provisions of article 2426, paragraph 1, no. 8 of the Italian Civil Code.
For receivables for which the application of the amortised cost and/or discounting method was verified as irrelevant, for the purposes of providing a true and fair view of the corporate equity and economic situation, the recognition according to the estimated realisable value was retained. This occurred, for example, in the presence of receivables with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the case in which the transaction costs, commissions and any other difference between the initial value and the value at maturity are of little relevance or, in the case of discounting, in the presence of an interest rate inferred from the contractual conditions not significantly different from the market interest rate.

Cash and cash equivalents

Cash and cash equivalents are measured at nominal value.

Accrued income and prepaid expenses

Accruals and deferrals were calculated on the basis of the accrual principle, through the distribution of revenues and/or costs common to several years.
In the recognition as well as in the review of deferred income with a multi-year duration, the existence or permanence of the time condition was verified.

Shareholders' Equity

The items are stated in the financial statements at their book value in accordance with the indications contained in accounting standard OIC 28.

Employee severance indemnity

The employee severance indemnity was calculated in accordance with the provisions of article 2120 of the Italian Civil Code, taking into account the legislative provisions and the specificities of the contracts and professional categories, and includes the annual amounts accrued and the revaluations carried out on the basis of ISTAT coefficients.
The amount of the provision is recognised net of the advances paid and the amounts used for terminations of employment during the year and represents the certain amount due to employees at the reporting date.

Payables

Payables were recognised in the financial statements according to the amortised cost criterion, as defined by art. 2426, paragraph 2 of the Italian Civil Code, taking into account the time factor, in accordance with the provisions of art. 2426, paragraph 1, no. 8 of the Italian Civil Code. For payables for which the application of the amortised cost and/or discounting method has been verified as irrelevant, for the purposes of providing a true and fair view of the corporate equity and economic situation, recognition at face value was retained. This occurred, for example, in the presence of payables with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the case in which the transaction costs, commissions and any other difference between the initial value and the value at maturity are of little relevance or, in the case of discounting, in the presence of an interest rate inferred from the contractual conditions not significantly different from the market interest rate.

Accrued expenses and prepaid income

Accruals and deferrals were calculated on the basis of the accrual principle, through the distribution of costs and/or revenues common to several years.
In the recognition as well as in the review of deferred income with a multi-year duration, the existence or permanence of the time condition was verified.

Other information

Transactions with repayment obligation

The company, pursuant to art. 2427 no. 6-ter, states that during the year it did not carry out any transaction subject to repayment obligation.

Explanatory notes, assets

The movements of the individual consolidated financial statement items are analysed in detail below, in accordance with current regulations.

Fixed assets

Intangible fixed assets

They are entered at the historical acquisition cost and shown net of the depreciation carried out during the financial years and directly attributed to the individual items. Depreciation is systematic based on the long-term usefulness of the related costs. Start-up and expansion costs with multi-year utility have been entered under assets with the consent of the Board of Statutory Auditors and are amortised over a period of five years. If goodwill is acquired for consideration, it is recognised as an asset within the limits of the cost incurred and is amortized over a period of five years.

Pursuant to article 11 of Law 342/2000 and article 3 of Law 448/2001 and subsequent amendments and additions, it is specified that there are no intangible assets on which the revaluation referred to in the same laws has been carried out, nor have any reductions in value of any kind been made.

Movements in intangible fixed assets

Introduction

After the recognition in the consolidated income statement of the amortisation for the year, amounting Euro 1,768,089 intangible fixed assets amount to Euro 5,346,804.

The table shows the changes in the fixed assets in question.

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Concessions, licenses, trademarks and similar rights	Goodwill	Intangible fixed assets in progress and payments on account	Other intangible fixed assets	Total intangible fixed assets
Value at the beginning of the year							
Cost							
Book value							
Changes during the year							
Increases due to acquisitions	7,345	2,802,785	52,448	1	545,439	3,706,875	7,114,893
Amortisation/ depreciation for the year	3,043	1,182,250	10,192	-	-	572,604	1,768,089
Total changes	4,302	1,620,535	42,256	1	545,439	3,134,271	5,346,804
Value at the end of the year							
Cost	7,345	2,802,785	52,448	1	545,439	3,706,875	7,114,893
Depreciation (accumulated depreciation)	(3,043)	(1,182,250)	(10,192)	-	-	(572,604)	(1,768,089)
Book value	4,302	1,620,535	42,256	1	545,439	3,134,271	5,346,804

Finally, it should be noted that in the context of 'Other intangible fixed assets' the amount of Euro 100,009 refers to the residual value of a transaction carried out with the related party Expandi S.r.l.

Tangible fixed assets

Movements in tangible fixed assets

Introduction

Tangible fixed assets net of accumulated depreciation amounted to Euro 1,995,790. Amortisation for the year 2021 amounted to Euro 311,324. The table below shows the changes in the fixed assets in question

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Value at the beginning of the year					
Cost					
Depreciation (accumulated depreciation)					
Book value					
Changes during the year					
Increases due to acquisitions	50,000	1,191,343	305,886	1,086,743	2,633,972
Consolidating fund	(2,250)	(65,738)	(38,297)	(220,573)	(326,858)
Amortisation/depreciation for the year	1,500	149,286	26,375	134,163	311,324
Total changes	46,250	976,319	241,214	732,007	1,995,790
Value at the end of the year					
Cost	50,000	1,191,343	305,886	1,086,743	2,633,972
Depreciation (accumulated depreciation)	(3,750)	(215,024)	(64,672)	(354,736)	(638,182)
Book value	46,250	976,319	241,214	732,007	1,995,790

As regards the item 'Other assets', it should be noted that the amount of Euro 92,300 refers to the residual value of a transaction carried out in 2018 with the related party Nova S.p.A.

Financial fixed assets

Movements in equity investments, other securities and long-term financial derivatives assets

The following table shows the changes in the fixed assets in question.

	Equity investments in subsidiaries	Equity investments in associates	Equity investments in other companies	Total equity investments	Other securities
Value at the beginning of the year					
Book value					
Changes during the year					
Increases due to acquisitions	51,000	500,000	922,670	1,473,670	43,200
Eliminations	(51,000)	-	-	(51,000)	-
Write-downs made during the year	-	400,000		400,000	-
Total changes	-	100,000	922,670	1,022,670	43,200
Value at the end of the year					
Cost	-	500,000	922,670	1,422,670	-
Write-downs	-	(400,000)	-	(400,000)	-
Book value	-	100,000	922,670	1,022,670	43,200

On 18 February 2021, PB Retail S.r.l. was established, 51% owned by Portobello S.p.A. The investment in Web Magazine Makers S.r.l. was also written down for the amount of Euro 400,000.

Details on long-term investments in associated companies

The details of the associated companies are shown below.

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Capital in euro	Profit (Loss) last year in euro	Shareholders' equity in euro	Share held in euro	Share owned in %	Book value or corresponding credit
WEB MAGAZINE MAKERS S.R.L.	MILAN	10883660960	10,000	(554,614)	(487,619)	2,450	24.50%	100,000
Total								100,000

Details on long-term investments in other companies

The details of the other investee companies are shown below.

Name	City, if in Italy, or foreign country	Capital in euro	Share owned in euro	Share owned in %	Book value
SAE GROUP S.P.A.	LIVORNO	2,750,000	507,614	18.46%	507,614
AXANTI SRL	MILAN	100,000	10,000	10.00%	10,000
CLUBDEAL SPA	MILAN	249,991	400,056	3.42%	400,056
Total					917,670

The table shows the details of the investments in other companies. In addition to what is expressed in the table, there is an additional item equal to Euro 5,000 referable to amounts paid into the future capital increase account of Axanti S.r.l. This amount is allocated to the item Equity investments in other companies.

Tied-up receivables relating to transactions with repayment obligation

We certify that there are no long-term receivables relating to transactions with the obligation of retrocession at term.

Current assets

Inventories

The following table shows information on changes in inventories.
The value of inventories is mainly made up of the goods subject to exchange contracts of the last quarter or the one with the greatest activity for the Media sector.

	Value at the beginning of the year	Change during the year	Value at the end of the year
Finished products and goods	-	43,919,572	43,919,572
Total inventories	-	43,919,572	43,919,572

The value shown in the table includes the value of inventories net of the related bad debt provision. In particular, a provision of Euro 550,000 was made during the year which brought the overall value of the fund to Euro 1,100,000. The inventories of finished products and goods relating to Portobello S.p.A.

amount to Euro 43,865,992 net of the related provision; the residual amount of Euro 53,850 pertains to the subsidiary PB Retail S.r.l.

Receivables recorded under current assets

Changes and maturity of receivables recorded under current assets

The following table shows information on changes in current receivables and, if significant, information on their maturity.

	Value at the beginning of the year	Change during the year	Value at the end of the year	Portion due within the year	Portion falling due after the year
Receivables from customers recorded under current assets	-	4,309,756	4,309,756	4,309,756	-
Tax receivables recorded under current assets	-	2,598,529	2,598,529	2,598,529	-
Deferred tax assets recognised in current assets	-	12,295	12,295		
Receivables from others recorded under current assets	-	1,351,807	1,351,807	560,766	791,041
Total receivables recorded under current assets	-	8,272,387	8,272,387	7,469,051	791,041

Breakdown of current receivables by geographical area

The following table provides a breakdown of receivables by geographical area

Geographic area	ITALY	EU	Total
Receivables from customers recorded under current assets	4,179,756	130,000	4,309,756
Tax receivables recorded under current assets	2,598,529	-	2,598,529
Deferred tax assets recognised in current assets	12,295	-	12,295
Receivables from others recorded under current assets	1,351,807	-	1,351,807
Total receivables recorded under current assets	8,142,387	130,000	8,272,387

Tied-up receivables recorded in current assets relating to transactions with repayment obligation

We certify that there are no receivables relating to transactions with the obligation of retrocession at term.

Cash and cash equivalents

The following table shows information on changes in cash and cash equivalents.

	Value at the beginning of the year	Change during the year	Value at the end of the year
Bank and postal deposits	-	2,382,957	2,382,957
Cash and cash equivalents	-	88,218	88,218
Total cash and cash equivalents	-	2,471,175	2,471,175

Accrued income and prepaid expenses

The following table shows information on changes in accrued income and prepaid expenses.

	Value at the beginning of the year	Change during the year	Value at the end of the year
Prepaid expenses	-	23,490,227	23,490,227
Total accrued income and prepaid expenses	-	23,490,227	23,490,227

It should be noted that in the change in the amounts of deferrals, the most significant item refers to prepaid advertising for the amount of Euro 20,953,272.

Capitalised financial charges

All interest and other financial charges were fully paid during the year. For the purposes of art. 2427, par. 1, no. 8 of the Italian Civil Code, we therefore state that there are no capitalisations of financial charges.

Explanatory notes, liabilities and shareholders' equity

The movements of the individual financial statement items are analysed in detail below, in accordance with current regulations.

Shareholders' Equity

Changes in shareholders' equity

With reference to the year in question, the following tables show the changes in the individual items of shareholders' equity, as well as the details of the other reserves, if present in the consolidated financial statements.

	Value at the beginning of the year	Other changes		Profit for the year	Value at the end of the year
		Increases	Decreases		
Share capital	-	619,490	-		619,490
Share premium reserve	-	12,767,452	-		12,767,452
Legal reserve	-	106,738	-		106,738
Other reserves					
Extraordinary reserve	-	12,707,154	-		12,707,154
Various other reserves	-	-	-		-
Total other reserves	-	12,707,154	-		12,707,154
Reserve to hedge cash flow transactions	-	(32,637)	-		(32,637)
Profit (loss) for the year	-	8,854,332	-	8,854,332	8,854,332
Total shareholders' equity of the group	-	35,022,529	-	-	35,022,529
Capital of minority interests	-	49,000	-	-	49,000
Profit (loss) of third parties	-	(35,570)	-	-	(35,570)

Statement of reconciliation between the shareholders' equity and the operating result of Portobello S.p.A. with the shareholders' equity and the result of the Consolidated Financial Statements

	Shareholders' Equity		*Profit for the year*
As per the Parent Company's financial statements	**35,245,008**		**9,076,811**
Reversal of book value of equity investments	-51,000		-
Goodwill	1		0
Consolidation difference	0		-
More Consolidation Scriptures	-158,050		-258,049
Total consolidation scriptures	**-209,049**		**-258,049**
Leased assets - IAS 17	-		-
Total pre-consolidation adjustments	**-**		**-**
	-145,564		-2,726,678
Consolidated shareholders' equity and net income	**35,035,959**		**8,818,762**
of which			
Net Equity and Profit attributable to non-controlling interests	**13,430**	**-**	**35,570**
Shareholders' equity and net profit attributable to the Group	**35,022,529**		**8,854,332**

Changes to the cash flow hedge reserve

Below is the table with the changes in the reserve for hedging transactions:

	Reserve to hedge cash flow transactions
Value at the beginning of the year	
Changes during the year	
Decrease due to change in fair value	(32,637)
Release to the income statement	
Release and adjustment of assets/liabilities	
Value at the end of the year	(32,637)

Employee severance indemnity

The following table shows the information relating to the changes in the employee severance indemnity.

	Employee severance indemnity
Value at the beginning of the year	-
Changes during the year	
Consolidating fund	197,362
Provision in the year	238,809
Use in the year	46,961
Total changes	389,210
Value at the end of the year	389,210

Payables

Changes and maturity of payables

The following table shows information on changes in payables and any information relating to their maturity.

	Value at the beginning of the year	Change during the year	Value at the end of the year	Portion due within the year	Portion falling due after the year
Payables to shareholders	-	680,000	680,000	-	680,000
Due to banks	-	18,540,278	18,540,278	5,629,990	12,910,288
Payables to other lenders	-	1,234,117	1,234,117	595,151	638,966
Payables to suppliers	-	11,887,771	11,887,771	11,887,771	-
Tax payables	-	7,019,181	7,019,181	7,019,181	-
Payables to pension and social security institutions	-	318,451	318,451	318,451	-
Other payables	-	1,155,068	1,155,068	1,146,461	8,607
Total payables	-	40,834,866	40,834,866	26,597,005	14,237,861

Breakdown of payables by geographical area

The following table shows the breakdown of payables by geographical area

Geographic area	ITALY	EU	NON-EU	Total
Payables to shareholders			680,000	680,000
Due to banks	18,540,278			18,540,278
Payables to other lenders	1,234,117			1,234,117
Payables to suppliers	9,528,621	2,263,696	95,454	11,887,771
Tax payables	7,019,181			7,019,181
Payables to pension and social security institutions	318,451			318,451
Other payables	1,155,068			1,155,068
Total payables	37,795,716	2,263,696	775,454	40,834,866

Payables secured by collateral on company assets

Pursuant to and for the purposes of art. 2427, par. 1 no. 6 of the Italian Civil Code, it is hereby stated that there are no corporate payables secured by collateral.

Payments relating to transactions with repayment obligation

We certify that there are no payables relating to transactions with the obligation of retrocession at term.

Loans from shareholders of the company

The company received a loan from third party shareholders for an amount equal to Euro 680,000

Accrued expenses and deferred income

The following table shows information on changes in accrued expenses and prepaid income.

	Value at the beginning of the year	Change during the year	Value at the end of the year
Accrued expenses	-	91,594	91,594
Deferred income	-	10,177,559	10,177,559
Total accrued expenses and prepaid income	-	10,269,153	10,269,153

It should be noted that in the change in the amounts of deferrals, the most significant item refers to deferred advertising expenses for the amount of Euro 10,013,118.

Explanatory notes, consolidated income statement

The consolidated income statement shows the economic result for the year.
It provides a representation of operating transactions, through a summary of the positive and negative components of income that contributed to determining the economic result. The positive and negative components of income, recorded in the financial statements in accordance with the provisions of art. 2425-bis of the Italian Civil Code, are differentiated depending on the type of various operations: ordinary, ancillary and financial.
The core business identifies the income components generated by transactions that occur on an ongoing basis and in the relevant sector for the performance of operations, which identify and qualify the particular and distinctive part of the economic activity carried out by the company, to which the same is finalised.
Financial assets consist of transactions that generate financial income and expenses. On a residual basis, ancillary activity consists of transactions that generate income components that are part of ordinary activities but do not fall within core and financial activities.

Value of production

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and premiums, as well as the taxes directly related to them.
With regard to the sale of assets, the related revenues are recorded when the substantial and non-formal transfer of the title of ownership has occurred, assuming the transfer of risks and benefits as the reference parameter for the substantial transfer.
Revenues from the provision of services are recognised when the service is rendered, or when the service has been performed; in the particular case of the provision of continuous services, the related revenues are recognised for the portion accrued.

Breakdown of revenues from sales and services by business category

The following table shows the breakdown of revenues from sales and services by activity category.

Category of activity	Current exercise value
Average	54,552,666
Retail (B2C)	11,488,784
B2B	19,446,258
Total	85,487,708

Breakdown of revenues from sales and services by geographical area

The breakdown of sales by geographical area is not relevant and therefore the detail is omitted.

Production costs

Costs and charges are allocated on an accrual basis and according to nature, net of returns, allowances, discounts and premiums, in compliance with the principle of correlation with revenues, and recorded in the respective items in accordance with the provisions of accounting standard OIC 12. With regard to purchases of assets, the related costs are recorded when the substantial and non-formal transfer of the title of ownership has occurred, assuming the transfer of risks and benefits as the reference parameter for the substantial transfer. In the case of the purchase of services, the related costs are recorded when the service has been received, or when the service is completed, while, in the presence of continuous services, the related costs are recorded for the portion accrued.

Financial income and charges

Breakdown of income from equity investments

There is no income from equity investments pursuant to art. 2425, no. 15 of the Italian Civil Code.

Breakdown of interest and other financial charges by type of payable

The following tables show the amount recorded in the income statement for the current year.

	Interest and other financial charges
Due to banks	315,798
Others	146,602
Total	462,400

Value adjustments to financial assets and liabilities

During the year, the investment in the associated company Web Magazine Makers S.r.l. was written down for an amount equal to Euro 400,000.

Income taxes for the year, current, deferred and prepaid

The company allocated taxes for the year on the basis of the application of current tax regulations. Current taxes refer to taxes for the year; taxes relating to previous years include direct taxes from previous years, including interest and penalties and also refer to the positive (or negative) difference between the amount due following the settlement of a dispute or an assessment with respect to the value of the provision set aside in previous years. Lastly, deferred taxes and prepaid taxes concern positive or negative income components subject to taxation or deduction in years other than those related to the current financial year.

Taxes for a total of Euro 4,203,979 were allocated in the financial statements as follows:

1. 3,453,040 for IRES tax for the year of the parent company
2. 722,038 for IRAP taxes for the year of the parent company
3. 28,901 for IRAP taxes for the year of the subsidiary

There were no temporary changes that led to the need to post deferred and prepaid taxes.

Explanatory notes, cash flow statement

The company has not prepared the cash flow statement because this consolidated financial statement is the first drawn up by the Group.

Explanatory notes, other information

The other information required by the Italian Civil Code is provided below.

Employment data

The following table shows the average number of employees, broken down by category and calculated considering the daily average.

	Average number
Middle managers	8
White collar workers	135
Blue collar workers	16
Total Employees	159

Fees, advances and loans granted to directors and statutory auditors and commitments undertaken on their behalf

The following table shows the information required by art. 2427 no. 16 of the Italian Civil Code, specifying that there are no advances and receivables and no commitments have been undertaken on behalf of the administrative body as a result of guarantees of any type given.

	Directors	Auditors
Fees	185,000	37,500

Fees to the statutory auditor or independent auditors

The following table shows the fees due to the independent auditors, broken down by type of service.

	Value
Statutory audit of the annual accounts	17,500

	Value
Other verification services performed	7,500
Other services other than auditing	5,500
Total fees due to the statutory auditor or independent auditors	30,500

Categories of shares issued by the company

The following table shows the number of shares of the company, as well as any changes occurred during the year.

Description	Initial amount, number	Initial amount, nominal value	Shares subscribed during the year, number	Shares subscribed during the year, nominal value	Final balance, number	Final balance, nominal value
ACTIONS	2,807,900	533,690	429,002	85,800	3,236,902	619,490
Total	2,807,900	533,690	429,002	85,800	3,236,902	619,490

Securities issued by the company

The company has not issued any security or similar document falling under the provisions of art. 2427 no. 18 of the Italian Civil Code.

Details on other financial instruments issued by the company

The company has not issued any other financial instruments pursuant to art. 2346, paragraph 6 of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not shown in the balance sheet

The following table shows the information required by art. 2427 no. 9 of the Italian Civil Code:

For Portobello S.p.A.

- Surety given to guarantee the lease contract for the store located in Via dei Castani in Rome, in favour of S.A.M.A.V. s.r.l. for an amount of Euro 72,000 and expiring on 31 March 2025.
- Surety given to guarantee the lease of the store located in Viale Libia in Rome, in favour of Ennio Romoli Venturi, Sonia Romoli Venturi and Andrea Romoli Venturi, for an amount of Euro 60,000 and expiring on 30 June 2020, renewable until 30 June 2025.
- Surety given to guarantee the lease contract for the store located in Via Tuscolana in Rome, in favour of Serenella Colasanti for an amount of Euro 18,000 and expiring on 31 July 2020 renewable until 31 July 2031.
- Surety given to guarantee the lease contract for the store located in Via Tuscolana in Rome, in favour of Marco Colasanti for an amount of Euro 36,000 and expiring on 31 July 2020 renewable until 31 July 2031.
- Surety given to guarantee the lease contract of the property located in Piazzale della Stazione in Santa Palomba - Pomezia, in favour of Angelini Immobiliare S.p.A. for an amount of Euro 53,000 and expiring on 31 July 2021, renewable from year to year unless terminated by the bank or the lessor.
- Surety given to guarantee the lease contract for the store located in Corso Genova in Milan, in favour of Gecfin S.r.l. for an amount of Euro 146,250 and expiring on 31 July 2026.
- Surety given to guarantee the lease contract for the store located in Corso Buenos Aires in Milan, in favour of Estate S.r.l. for an amount of Euro 400,000 and expiring on 31 August 2021, renewable until 31 August 2032.
- Surety given to guarantee the lease contract of the property located in Corso Venezia in Milan, in favour of Immobiliare Automobile Club di Milano S.p.A. for an amount of Euro 85,000 and expiring on 14 December 2021, renewable from year to year, unless revoked by the Bank.
- Surety given to guarantee the lease contract for the store located in Viale dei Colli Portuensi in Rome, in favour of Cristiana Marrucco for an amount of Euro 27,000 and expiring on 3 December 2021, renewable from year to year, unless revoked by the Bank.
- Surety given to guarantee the lease contract for the store located in Corso Genova in Milan, in favour of Gecfin S.r.l. for an amount of Euro 146,250 and expiring on 31 July 2026.
- Surety given to guarantee the lease of the shop located in Via Speronari 8, at the corner of Via Torino in Milan, in favour of Via Speronari 8 S.r.l. for an amount of Euro 800,000.00 expiring on 30 June 2022, renewable until 30 June 2033.

For the subsidiary PB Retail S.r.l.

- Surety given to guarantee the rental contract of the business unit of the shop located at the Grotte Center Shopping Center in Via Farfisa snc/Via Campo dell'Aviazione no.17 in Camerano, in favour of Olinda Centers S.r.l. for an amount of Euro 62,302.30 and expiring on 19 September 2022, tacitly renewable from year to year unless revoked by the bank.
- Surety given to guarantee the lease contract of the business unit of the shop located at the Roma Est Shopping Centre in Via Collatina, 12,800 km in Rome, in favour of Gemma S.r.l., for an amount of Euro 203,333.33 and expiring on 31 December 2028. Surety given to guarantee the timely and correct execution of the obligations arising towards the Consortium of Operators of the RomaEst Shopping Centre, as required by the business branch rental contract with the Gemma S.r.l. company of the shop located at the Roma Est Shopping Centre in Via Collatina 12,800 km in Rome,

for an amount of Euro 22,875.00 and expiring on 31 December 2028.

- Surety given to guarantee the lease contract for the business unit of the shop located at the Porte di Torino Shopping Centre in Corso Romanina no. 460 in Turin, in favour of Granato S.p.A. for an amount of Euro 90,000.00 and expiring on 21 September 2028.
- Surety given to guarantee the lease contract of the business unit of the shop located at the Porte di Catania Shopping Centre in Via Gelso Bianco in Catania, in favour of Granato S.p.A. for an amount of Euro 72,500.00 and expiring on 09 September 2028.
- Surety given to guarantee the lease contract of the business unit of the shop located at the Fano Centre shopping centre in Via Einaudi no. 30 in Fano, in favour of Ceetrus Italy S.p.A., for an amount of Euro 85,000.00 and expiring on 31 October 2028.
- Surety given to guarantee the lease contract for the business unit of the shop located at the Punta di Ferro Shopping Centre in Piazzale della Cooperazione no. 2 and 3 in Forlì, in favour of IGD SIIQ S.p.A. for an amount of Euro 75,000.00 and expiring on 01 June 2032.
- Surety given to guarantee the lease contract for the business unit of the shop located at the La Romanina shopping centre in Via Enrico Ferri no. 8 in Rome, in favour of Klecar Italia S.p.A. for an amount of Euro 81,670.00 and expiring on 15 September 2028.

Information on assets and loans allocated to a specific business

Assets allocated to a specific business

It is hereby stated that, at the closing date of the financial statements, there were no assets allocated to a specific business as per no. 20 of article 2427 of the Italian Civil Code.

Loans for a specific business

It is hereby stated that, at the closing date of the financial statements, there were no loans for a specific business as per no. 21 of article 2427 of the Italian Civil Code.

Information on transactions with related parties

During the course of the financial year, there were transactions with related parties in relation to which, although they were concluded at market conditions, the following table provides related information:

Company name	*Trade receivables*	*Trade payables*	*Purchases*	*Sales*
Expandi S.r.l.	189,768	43,200	560,000	70,000
Hi Capital Advisors Ltd	-	54,000	66,000	-
Nova S.p.A.	1355	4,919	-	-
Portobello Consulting S.r.l.	-	211,562	492,035	3,800
RS Production S.r.l.	367,675	-	1,174,000	404,150
Wins S.r.l.	-	2,260	1,852	29,613
Wolt S.p.A.	-	-	150,602	-
Web Magazine Makers S.r.l.	281,703	7,000	1,778,400	1,601,128
Matilde Sas	-	-	100,000	100,000
Xcoin S.r.l.	-	-	50,000	50,000
Oli-tech S.r.l.	-	-	50,000	50,000
Foodia S.r.l.	-	-	50,000	50,000
Welux S.r.l.	-	-	50,000	50,000
Aimedia S.r.l.	-	-	50,000	50,000
SAE Group S.p.A.	-	-	400,000	400,000

Company Name	*Revenues as at 31/12/2021*	*% Revenues as at 31/12/2021*
Expandi S.r.l.	70,000	0.08%
Portobello Consulting S.r.l.	3,800	0.00%
RS production S.r.l.	404,150	0.46%
Wins S.r.l.	29,613	0.03%
Web Magazine Makers S.r.l.	1,601,128	1.82%
Matilde Sas	100,000	0.11%
Xcoin S.r.l.	50,000	0.06%
Oli-tech S.r.l.	50,000	0.06%
Foodia S.r.l.	50,000	0.06%
Welux S.r.l.	50,000	0.06%
Aimedia S.r.l.	50,000	0.06%
SAE Group S.p.A.	404,150	0.46%

Information on agreements not resulting from the balance sheet

During the financial year, no agreement was put in place that did not appear in the consolidated balance sheet.

Information on significant events after year end

With reference to point 22-quater of article 2427 of the Italian Civil Code, as regards the reporting of the main significant events occurring after the end of the year that had a significant impact on the equity, financial and economic performance, please refer to the specific section in the Report on Operations.

Information on derivative financial instruments pursuant to article 2427-bis of the Italian Civil Code

As of 31/12/2021, two different derivative contracts are active, one activated in 2020 with Deutsche Bank and the second activated in 2021 with Monte dei Paschi di Siena. Further details on the aforementioned contracts are given below.

In the course of 2020, the Company activated an Interest Rate Swap (IRS) contract to hedge any fluctuations in the variable rate applied to the medium/long-term loan with a variable rate linked to the performance of the Euribor subscribed with Deutsche Bank.

The contract makes it possible to transform the interest payments on the variable-rate loan to which it is linked into fixed-rate cash flows. On a quarterly basis, the positive/negative difference is settled, calculated on the reference notional (amount of the loan), between the fixed rate and 3MEURIBOR:

EURIBOR3M> SWAP RATE, the Company receives the differential payment;
EURIBOR3M <SWAP RATE, the Company makes the differential payment;
There are no significant terms and/or conditions that may affect the amount, due dates and certainty of future cash flows.
The market value of the derivative as at 31 December 2021 was Euro 28,696

It is hereby stated that in 2021 the Company activated an Interest Rate Swap (IRS) contract to hedge any fluctuations in the variable rate applied to the medium/long-term loan with a variable rate linked to the performance of the Euribor subscribed with Monte dei Paschi di Siena.
The contract makes it possible to transform the interest payments on the variable-rate loan to which it is linked into fixed-rate cash flows. On a quarterly basis, the positive/negative difference is settled, calculated on the reference notional (amount of the loan), between the fixed rate and 3MEURIBOR:

EURIBOR3M> SWAP RATE, the Company receives the differential payment;
EURIBOR3M <SWAP RATE, the Company makes the differential payment;
There are no significant terms and/or conditions that may affect the amount, due dates and certainty of future cash flows.
The market value of the derivative as at 31 December 2021 was Euro 3,941

The value for the two derivatives is recorded under Provisions for risks and charges and as a negative reserve under 'Other reserves'.

Explanatory notes, final part

Dear Shareholders, We confirm that these consolidated financial statements, consisting of the consolidated balance sheet, consolidated income statement, and explanatory notes, provide a true and fair view of the equity and financial position of the company, as well as the economic result for the year and correspond to the accounting records. We therefore invite you to approve the draft consolidated financial statements as at 31 December 2021, as prepared by the administrative body.

The financial statements are true and correspond to the accounting records

The Board of Directors

Pietro Peligra, Chairperson
Simone Prete, Deputy Chairperson and Chief
Executive Officer Di Giuseppe Mirco, Director
Roberto Bacchi, Director
Emanuele Ferrari, Director

PORTOBELLO