

# PORTOBELLO

**Interim financial report as at 30  
June 2021**

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## **CORPORATE OFFICES AND GENERAL INFORMATION**

### **Board of Directors**

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

### **Board of Statutory Auditors**

Vincenzo Rappoli	Chairperson
Franco Federici	Standing auditor
Gianluca Pellegrino	Standing auditor
Luigi Troiani	Alternate auditor

### **Independent auditors**

Audirevi S.p.a.

### **Nomad**

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

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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 art. 148, paragraph 3, of the TUF, as referred to in art. 147-ter, paragraph 4, of the TUF and in compliance with art. 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.

## **Report on the interim financial statements as at 30 June 2021**

## **REPORT ON THE INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2021**

### **1. FOREWORD**

This report on operations of Portobello S.p.A. as at 30 June 2021 (the "Report") was prepared in accordance with the provisions of art. 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 half-yearly interim financial statements in order to provide income, equity, financial and operational information on the Company, accompanied where possible, by historical elements and forward-looking valuations.

### **2. PORTOBELLO S.p.A.**

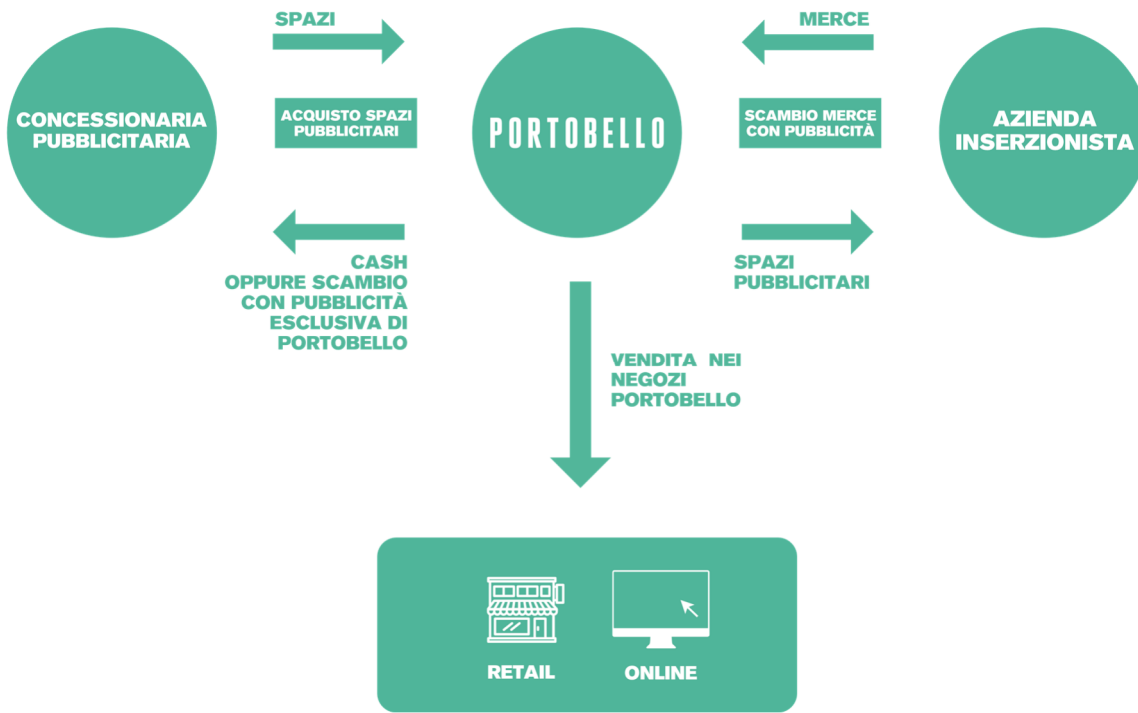
The Company was established at the end of 2016 following many months of analysis by the founding shareholders regarding the evolution of the competitive scenario of the retail market, the needs and purchasing habits of modern consumers, as well as the opportunities associated with the management of media spaces and barter operations. Portobello's business is structured in several highly integrated business lines 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 promising 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 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 advertising 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 displays, 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 in exchange for goods acquired through exchange or purchased directly from suppliers.

These products are intended for the Company's B2C channels: first of all the Portobello stores, then the online channel (Portobello e-commerce and marketplace) and, in the future, franchise stores. Everything that, due to size or type, cannot be sold on these channels, is sold to other resellers on the B2B channel.



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

- **retail:** the *retail* formula includes stores with a size of about 200/250 square meters with high turnover of products, Portobello's e-commerce sales portal, [www.portobello-club.com](http://www.portobello-club.com), and the resale on the main marketplaces;
- **media & advertising and publishing:** this area includes both 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 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 focus of the Publishing sector of the Media SBU is on the distribution of periodicals on a national scale, thus embracing 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 periodicals, in terms of content and user audience, are perfectly integrated into the Media SBU, acting as an accelerator for the sector, which handles the sale of advertising spaces.
- **B2B:** to ensure the best turnover of residual goods, part of the inventories is sold through 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.

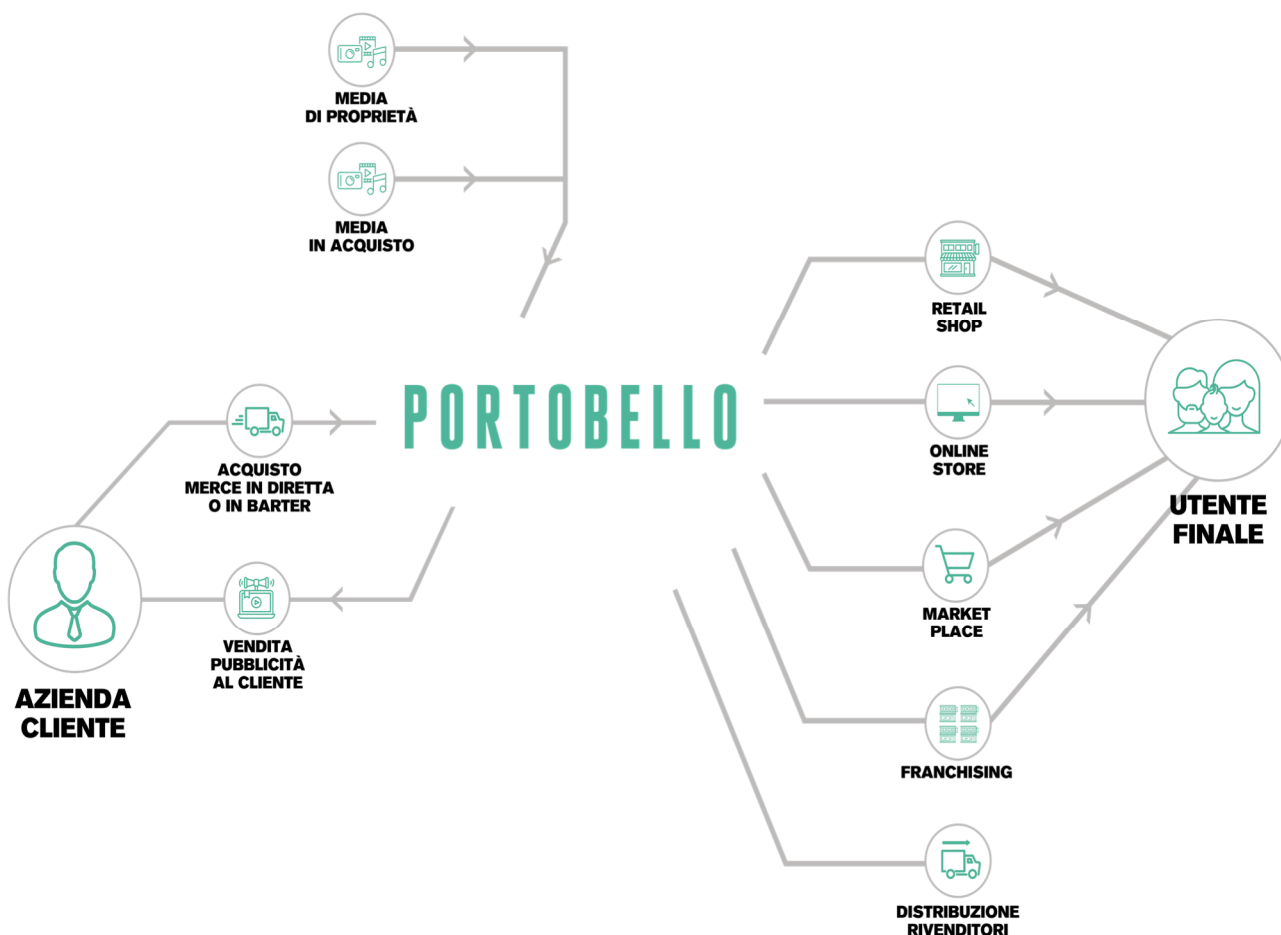
What makes Portobello's business model unique is the strong and close interrelationship between the four SBUs, which is "*unique*" and creates value thanks to its circular, efficient and integrated business model.

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 business units 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 that allows it to hold a position

in the market with clear competitive advantages over its competitors in the reference market. The Company's business model, in fact, allows it 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, Portobello's circular 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, growth of already good margins, which further improves thanks to economies of scale. 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.

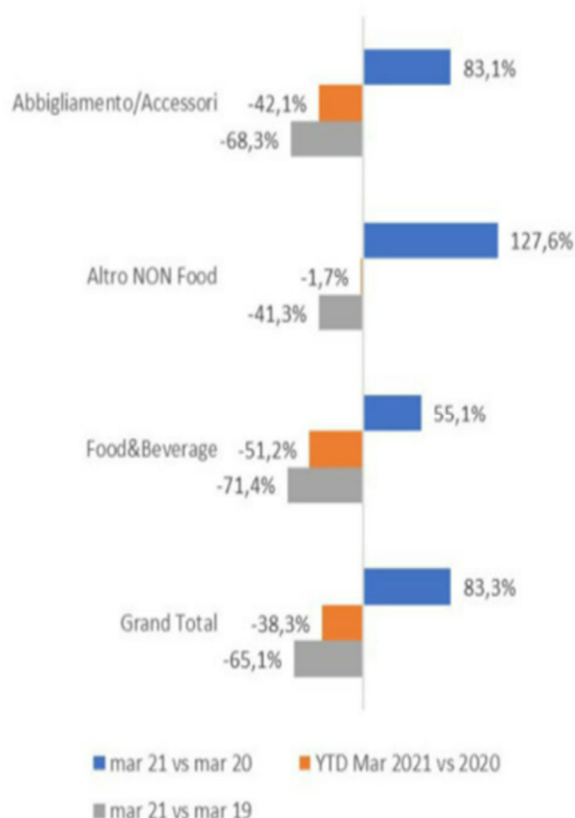


### 3. SIGNIFICANT EVENTS

The beginning of 2021 was again shaped by the continuation of the health emergency and restrictive measures implemented by the authorities. In Italy, the number of infections increased from February onwards, peaking in the last part of March, 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 existing measures. Since mid-April, the situation has improved, allowing for 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 concern about the spread of new variants and the increase in infections, particularly among young people, but the vaccination campaign has in any case led to a marked improvement in the situation in terms of both general infections and hospital admissions, intensive care occupancy and deaths.

#### RETAIL

2021 began with the continuation of many of the critical issues that had shaped the previous year: With Italy still coloured red and orange, retail sales are struggling to recover from the generalised crisis generated by the emergency and, especially in the first quarter of 2021, double-digit negative percentages for several sectors indicate



a real collapse. In the first three months of 2021, compared to the same period of 2020, the retail market shows an overall -38.3%. The 'last-place prize', and it is of no real surprise, given the closures in the sector, goes to the restaurant industry. According to the Confimprese-EY Permanent Monitoring Unit, which monitors market consumption, the sector recorded a decline of 51.2%. On the other hand, stores opening intermittently lead clothing and accessories to a decline of 42.1%. However, lower restrictions allowed non-food to limit the damage during the pandemic year, closing with a negative of only 1.7 points. It was only from the end of April that the easing of the pandemic and the progress of the vaccination campaign allowed for a gradual return to living conditions and relationships more similar to previous standards. The strong recovery in consumption recorded in the second quarter is decidedly insufficient to ensure a return to pre-pandemic levels of spending and consumption habits.



Despite a first half still shaped by widespread uncertainty linked to the dynamics of the effects of the pandemic, with closures and restrictions on freedom of movement, Portobello's Retail (B2C) sector reported an increase of 59.1%, or Euro 1.3 million, to Euro 3.49 million as at 30 June 2021. The increase in volumes is mainly related to the consolidation of customers and stores opened during 2020, however, like-for-like turnover also recorded growth rates of more than 11% and an improvement in all the channel's performances: first level margin (+60%), average receipt value (+7%) and average number of items per receipt (+5%)



### OPERATING SALES POINTS AS AT 30 JUNE 2021

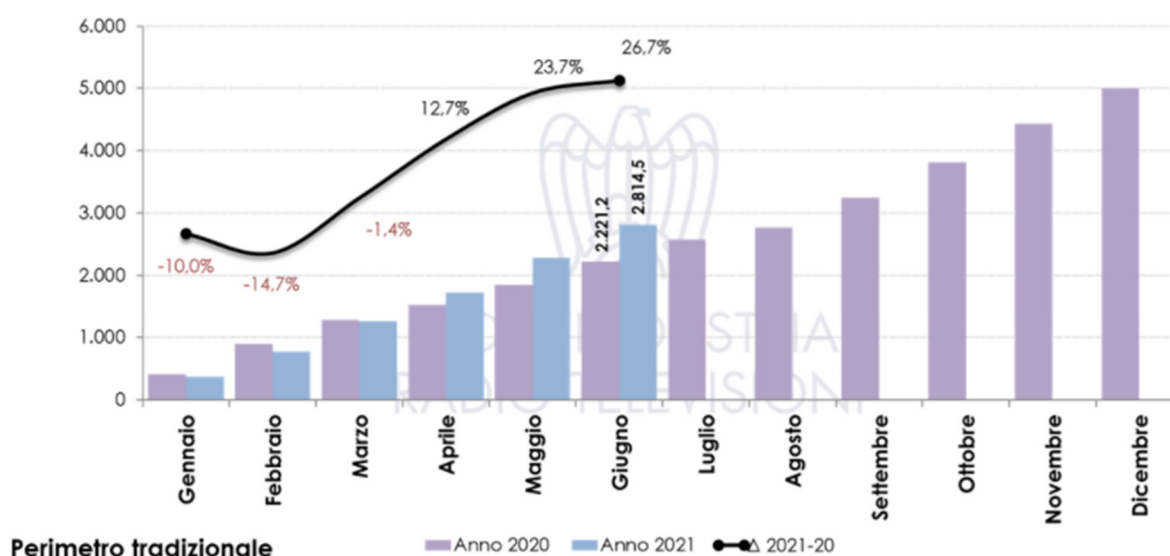
CITY	ADDRESS
MILAN	Corso Buenos Aires
MILAN	Corso Genova
ROME (Capena)	Via Tiberina km 1700
ROME	Via Tiburtina 541
ROME	Viale Ippocrate 78
ROME	Piazza Santa Maria Maggiore 9-10
ROME	Via Francesco Grimaldi 76/78
ROME (Ostia)	Via delle Gondole 20
ROME	Viale Libia 204
ROME	Via dei Castani 171-175
ROME	Via Tuscolana 1048/1058
ROME	Via dei Colli Portuensi 453/455
VITERBO	State Road Cassia Nord 270
FROSINONE	Viale Europa snc

### MEDIA and PUBLISHING

The advertising investment market in Italy, after a very difficult first quarter, closed with a significant growth that saw advertising revenues in the first half of the year increase by 26.7%, thanks also to the drive provided by the European Football Championships.

## Investimenti pubblicitari ITALIA: Totale mezzi

(milioni di euro; perimetro tradizionale)



Despite the decisive growth in recent months, the advertising market is still unable to recover pre-pandemic levels, with a gap to close of just over Euro 200 million, representing a negative variation of 7.5 p.p. compared to the same period in 2019.

GIUGNO 2021	Gen / Giu 2020	Gen / Giu 2021	Δ 2021/20
<b>Quotidiani <sup>1</sup></b>	193,742	212,471	+9,7%
<b>Periodici <sup>1</sup></b>	97,164	100,911	+3,9%
<b>Televisione <sup>2</sup></b>	1.476,114	1.966,666	+33,2%
<b>Radio <sup>3</sup></b>	137,854	168,165	+22,0%
<b>TV + Radio</b>	1.613,968	2.134,831	+32,3%
<b>Internet <sup>4</sup></b>	178,073	230,179	+29,3%
<b>Cinema</b>	4,058	–	*
<b>Outdoor <sup>5</sup></b>	19,373	20,597	+6,3%
<b>Transit</b>	28,434	20,387	-28,3%
<b>Go TV</b>	2,874	2,479	-13,7%
<b>Direct Mail</b>	83,484	92,661	11,0%
<b>TOTALE PUBBLICITA'</b>	<b>2.221,171</b>	<b>2.814,516</b>	<b>26,7%</b>

Fonte: Nielsen Italia

L'universo di riferimento è quello dei mezzi rilevati da Nielsen ad eccezione dei Quotidiani dove sono utilizzati i dati FCPASSOQUOTIDIANI solo per le tipologie: Locale, Rubricata e Di Servizio e delle Radio dove sono utilizzati i dati FCPASSORADIO solo per la tipologia Extra Tabellare (comprensiva c.a.).

1 Le elaborazioni sono effettuate con il contributo di FCP – ASSOQUOTIDIANI e FCP – ASSOPERIODICI. Per i dati dei Quotidiani Commerciale Locale, Rubricata e Di Servizio la fonte è FCP-ASSOQUOTIDIANI

2 Il dato comprende le emittenti Generaliste, Digitali e Satellitari

3 Le elaborazioni sono effettuate con il contributo di FCP – ASSORADIO

4 Le elaborazioni sono effettuate con il contributo di FCP – ASSOINTERNET

5 Le elaborazioni sono effettuate con il contributo di AUDIOOUTDOOR

In terms of individual media, TV grew by 33.2%, radio also did very well, closing the first half of the year with +22%, while print media and newspapers grew more slowly (+9.7%) and furthermore, periodicals experienced a growth of only +3.9%.

Portobello's Media Business Unit consolidated sales of Euro 14.9 million as at 30 June 2021, a reduction in channel turnover of around Euro 1.7 million. Although the Media Business Unit grew in the half-year in terms of orders received, it was affected by a slight decline in turnover due to the Covid-19 situation, which also shaped economic activities in the first half of 2021 and led many customers to shift their advertising consumption to the second half of 2021. Since advertising revenues are recorded as revenue when the advertising is consumed by customers, the decline recorded in the first half of the year will be fully absorbed in the second half, which will receive most of the benefits of the increase in orders recorded in the first half.

## B2B

Lastly, B2B sales increased by Euro 4.1 million, closing the period as at 30 June 2021 at Euro 8.6 million. It should be noted that this type of activity is opportunistic and useful for monetising products that are not in line with the

Portobello stores, or relating to purchases that have volumes that are too high compared to the stores currently open, and therefore does not constitute a priority channel in the Company's development strategies.

### **FRANCHISING PROJECT**

In February 2021, PB Retail Srl was established, a company 51% owned by Portobello, which is the vehicle through which to launch the franchising project and provide substance to the plan to develop the physical network of stores nationwide. Through the PB Retail Srl vehicle, at the beginning of May the Company signed binding agreements for the lease of properties with the aim of opening "Portobello" branded retail outlets in prime locations on high foot-fall streets and in large shopping centres in 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. Porte di Torino - Turin
- C.C. Merlata Bloom - Milan
- C.C. Grande Cuneo - Cuneo
- C.C. Fanocenter - Fano - (PU)
- C.C. Porte di Catania - Catania
- C.C. Etnapolis - Belpasso - (CT)
- C.C. Romaest - Rome
- C.C. Il Borgogioioso – Carpi - (MO)
- C.C. Malatesta - Rimini

In the first days of July further binding agreements were signed with leading commercial partners active in the retail sector for the following additional locations:

- C.C. Grotte Center - Ancona
- C.C. Centroborgo - Bologna
- C.C. Punta di Ferro - Forlì
- C.C. Porto Grande - Porto d'Ascoli (AP)
- C.C. Città Fiera - Udine
- C.C. Olbia - Olbia
- C.C. To Dream - Turin

The agreements signed cover a total area of over 17,000 square metres of leased property, through which Portobello intends to implement its strategic and retail development plan by creating a further 17 stores with characteristics (and profitability) comparable to approximately 69 stores created through Portobello's standard 250 square metre concept.

### **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, currently present mainly in Lazio and Lombardy. 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; (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 of Portobello S.p.A. 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 countervalue 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 bookbuilding 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 bookbuilding, while Simmons & Simmons acted as law firm for the transaction.



#### **4. 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 have been steadily declining since April, despite concerns about new variants developed by the Coronavirus, and national vaccination campaigns have now immunised a large proportion of citizens. 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 suggest that real GDP growth gained further momentum in the second quarter and should strengthen considerably in the second half of the year. On an annual basis, real GDP growth is expected to reach 5.0% in 2021 and 4.2% in 2022. The improved health situation that allowed most restrictions to ease significantly by June sets the stage for a solid and sustained expansion over the forecast period. Public and private investment, supported by decreasing business uncertainty about the demand outlook and the implementation of the Recovery and Resilience Plan, is set to remain the main driver of growth. Private consumption is expected to rebound strongly, helped by an improving labour market outlook and a gradual reduction in accumulated savings, although the return of tourism income is likely to be more gradual. In this context of renewed confidence, Portobello continues to develop its chain of stores, which today has now reached a total surface area of approximately 6,500 square metres, to which new openings will be added that again in 2021, partly in advance of the initial plan, will bring the surface area of the Company to a total of 13,130 square metres (equal to approximately 52 equivalent 250 square metre stores).

## 5. ECONOMIC AND FINANCIAL PERFORMANCE OF PORTOBELLO SPA

### Operating income data

The main operating income figures of Portobello S.p.a. for the first half of 2021, prepared in accordance with national accounting standards, are shown below:

Income statement of the Company (figures in Euro)	30/06/2021	30/06/2020	Absolute Change	Change %
Revenues from sales and services	27,026,345	23,366,228	3,660,117	15.7%
Other revenues and income	2,411,323	661,034	1,750,289	264.8%
<b>Value of production</b>	<b>29,437,668</b>	<b>24,027,262</b>	<b>5,410,406</b>	<b>22.5%</b>
Inventories of raw materials, consumables and goods	26,945,881	13,923,155	13,022,726	93.5%
Change in inventories of raw materials, consumables and goods	(10,724,083)	281,437	(11,005,520)	-3910.5%
<b>Cost of sales</b>	<b>16,221,798</b>	<b>14,204,592</b>	<b>2,017,206</b>	<b>14.2%</b>
<b>Gross Margin</b>	<b>13,215,870</b>	<b>9,822,670</b>	<b>3,393,200</b>	<b>34.5%</b>
%	<b>44.9%</b>	<b>40.9%</b>	<b>4.0%</b>	<b>9.8%</b>
<b>Personnel</b>	<b>1,906,101</b>	<b>1,057,753</b>	<b>848,348</b>	<b>80.2%</b>
Rental costs	1,355,296	696,755	658,541	94.5%
Leasing, rentals and others	199,742	127,104	72,638	57.1%
<b>Use of third-party assets</b>	<b>1,555,038</b>	<b>823,859</b>	<b>731,179</b>	<b>88.8%</b>
Other general services	186,773	72,755	114,018	156.7%
Board of Directors and Auditors	125,165	139,958	6,262	4.5%
Insurances	28,897	13,280	15,617	117.6%
Consulting	960,315	364,262	574,998	157.9%
Maintenance	50,349	14,231	36,118	253.8%
Marketing	254,644	1,270,837	(1,016,193)	-80.0%
Commercial Commissions	285,620	172,140	113,480	65.9%
Sales Services	206,977	241,554	(34,577)	-14.3%
Utilities	96,963	31,737	65,226	205.5%
<b>Services</b>	<b>2,195,703</b>	<b>2,320,754</b>	<b>(125,051)</b>	<b>-5.4%</b>
<b>Other operating expenses</b>	<b>243,765</b>	<b>176,483</b>	<b>67,282</b>	<b>38.1%</b>
<b>EBITDA</b>	<b>7,315,263</b>	<b>5,443,821</b>	<b>1,871,442</b>	<b>34.4%</b>
%	<b>24.9%</b>	<b>22.7%</b>	<b>2.2%</b>	<b>9.7%</b>
<b>Amortisation, depreciation, provisions and write-downs</b>	<b>660,575</b>	<b>710,730</b>	<b>(50,155)</b>	<b>-7.1%</b>
<b>EBIT</b>	<b>6,654,688</b>	<b>4,733,091</b>	<b>1,921,597</b>	<b>40.6%</b>
%	<b>22.6%</b>	<b>19.7%</b>	<b>2.9%</b>	<b>14.8%</b>
Other financial income	11	446	(435)	-97.5%
Interest and other financial charges	(183,897)	(113,766)	(70,131)	61.6%
Value adjustments of financial assets	(250,000)	-	(250,000)	N.A.
<b>Financial management</b>	<b>(433,886)</b>	<b>(113,320)</b>	<b>(320,566)</b>	<b>282.9%</b>
<b>EBT</b>	<b>6,220,802</b>	<b>4,619,771</b>	<b>1,601,031</b>	<b>34.7%</b>
<b>Income taxes for the year, current, deferred and prepaid</b>	<b>1,845,205</b>	<b>1,218,300</b>	<b>626,905</b>	<b>51.5%</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>4,375,597</b>	<b>3,401,471</b>	<b>974,126</b>	<b>28.6%</b>
%	<b>14.9%</b>	<b>14.2%</b>	<b>0.7%</b>	<b>5.0%</b>

(\*) EBITDA indicates the result before financial and extraordinary management, taxes, amortisation and depreciation of fixed assets, provisions, write-down of receivables and adjustment of financial assets. 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.

(\*\*) 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.

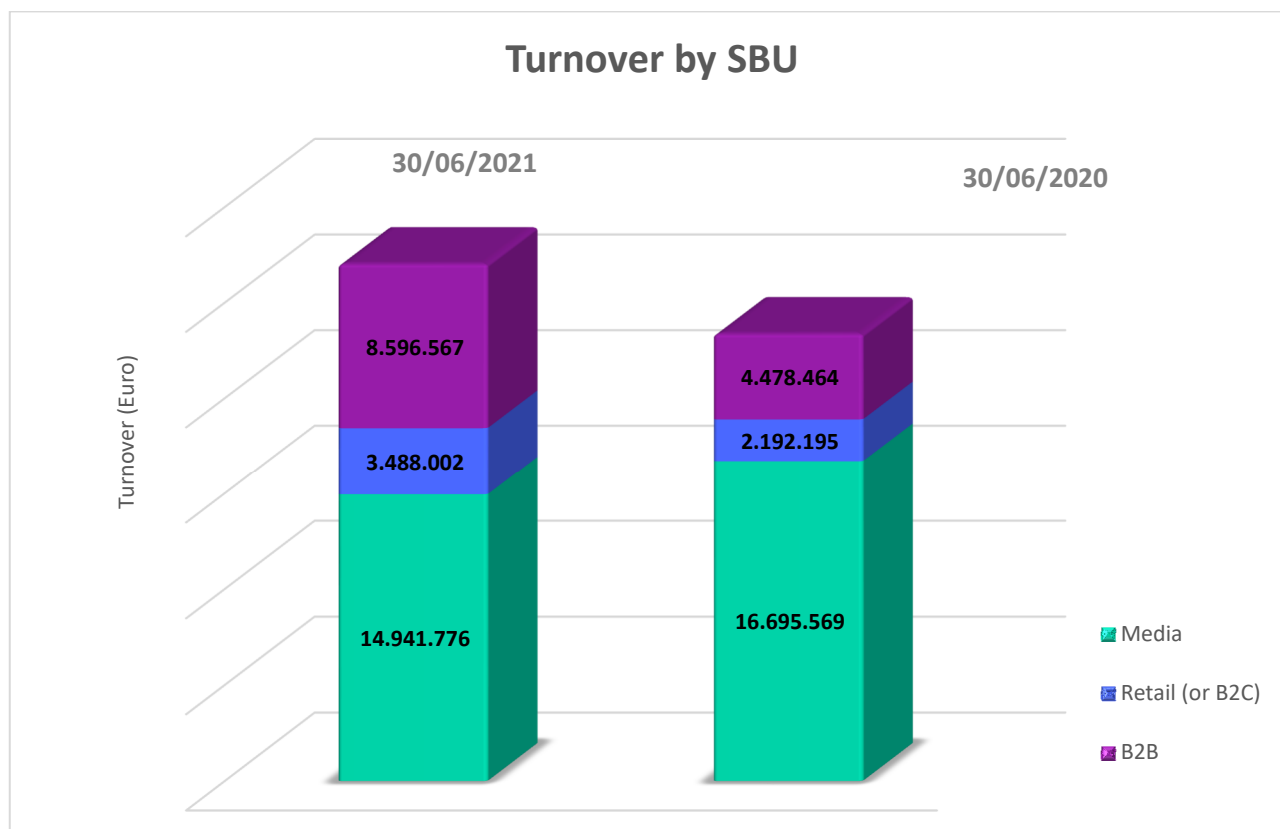
(\*\*\*) The percentages indicated represent the incidence of values in relation to the Company's typical revenues. Since these incidences are not identified as accounting measures under national accounting standards and their composition is not regulated by the reference accounting standards, the calculation criterion applied by the Company may not be the same adopted by other entities and therefore not be comparable with them.

### Value of production

The first half of 2021 recorded an increase of 22.5% compared to the same period of 2020, reaching a total of Euro 29.4 million compared to Euro 24 million for the first half of 2020.

The value of production for the first half of 2021 is shown below, compared with the first half of 2020, broken down by business area, with a corresponding graphical representation:

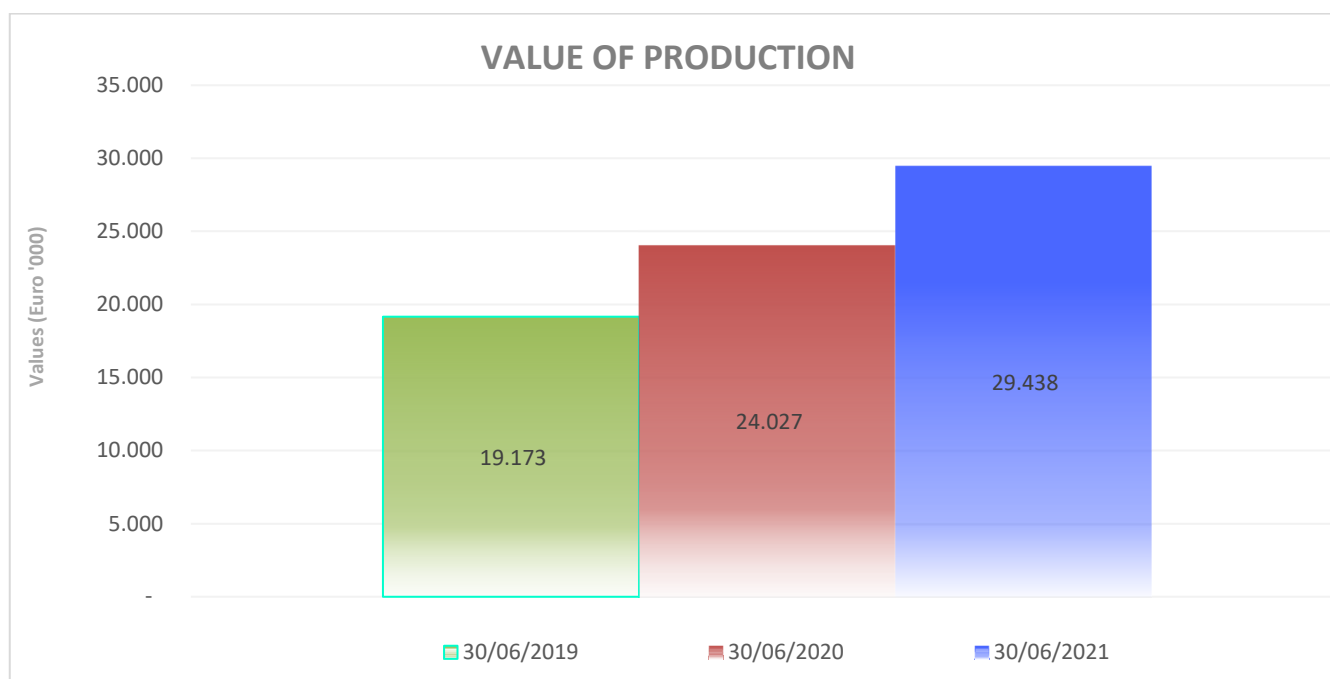
SBU	30/06/2021	30/06/2020	Absolute change	Change %
Average	14,941,776	16,695,569	(1,753,793)	-10.5%
Retail (or B2C)	3,488,002	2,192,195	1,295,807	59.1%
B2B	8,596,567	4,478,464	4,118,103	92.0%
Other revenues	2,411,323	661,034	1,750,289	264.8%
<b>Value of production</b>	<b>29,437,668</b>	<b>24,027,262</b>	<b>5,410,406</b>	<b>22.5%</b>



More detailed information about the performance of the different Business Units is provided in Section 3 of this Report on Operations.

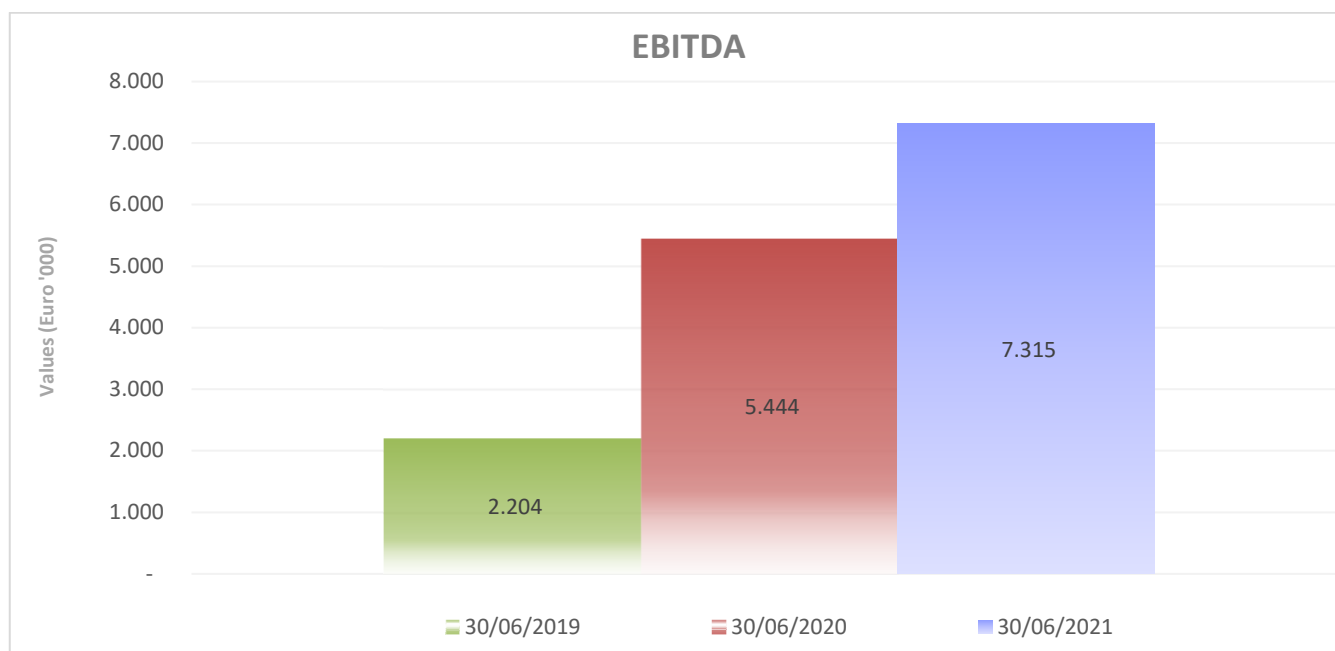


To better understand the evolution of the Company's business, the following chart compares the Value of Production in the first half of the last three years:



#### EBITDA

EBITDA, equal to Euro 7.3 million as at 30 June 2021, improved by Euro 1.9 million compared to 30 June 2020, amounting to a percentage change of 34.4%. EBITDA as a percentage of value of production rises to 24.9% with a growth in absolute value of 2.2%, amounting to a percentage increase of 9.7%.



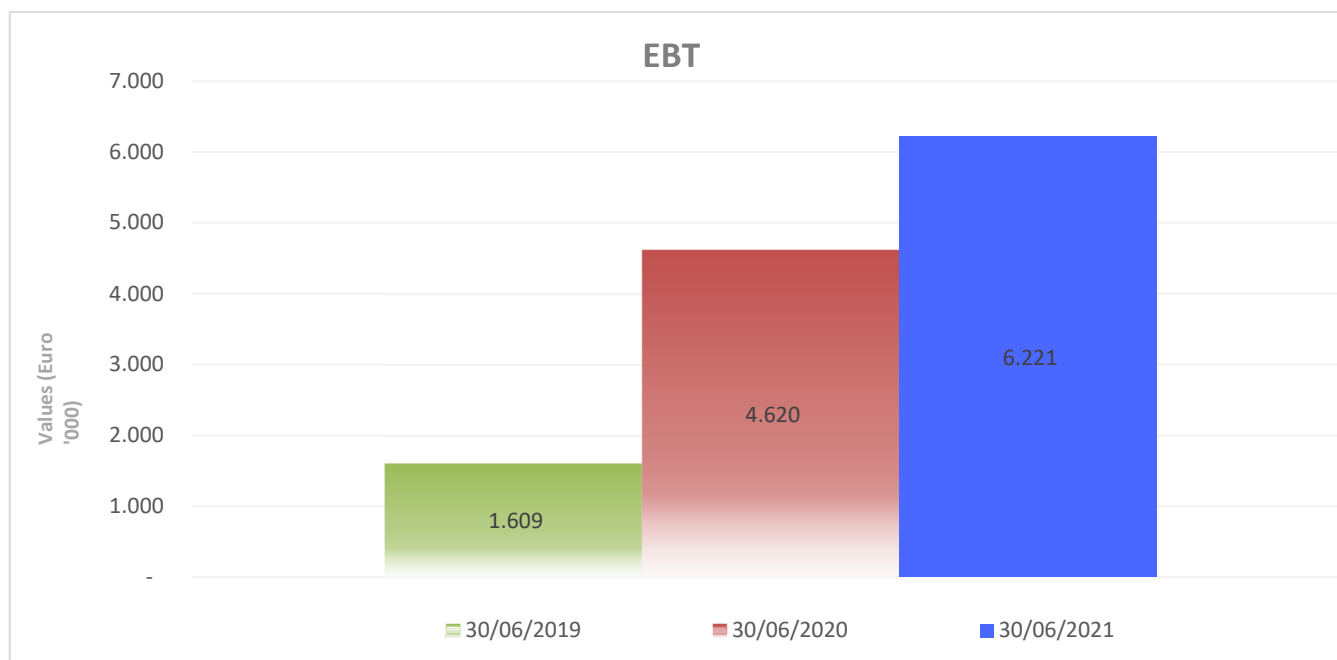
#### EBIT

EBIT recorded a positive change of 40.6%, amounting to Euro 6.7 million compared to Euro 4.7 million in the first half of 2020, highlighting the high profitability of the Business model. EBIT as a percentage of value of production

increased in absolute terms by 2.9 p.p., with a percentage increase of 14.8% compared to the same period of the previous year.

## EBT

EBT also recorded excellent growth rates, standing at Euro 6.2 million as at 30 June 2021 compared to Euro 4.6 million in the same period of 2020, up Euro 1.6 million in absolute terms or +34.7% in percentage terms.



## Net profit for the period

The Net profit as at 30 June 2021 amounted to Euro 4.3 million, also up sharply compared to the same period of 2020, which closed at Euro 3.4 million, with an increase of 28.6%.

The main income statement figures, expressed in thousands of euros, for the first half of the last three years are shown below:

	30/06/2021	30/06/2020	30/06/2019
Value of production	29,438	24,027	19,173
EBITDA	7,315	5,444	2,204
EBT	6,221	4,620	1,609

**Statement of Financial Position**

The financial position of Portobello S.p.a. as at 30 June 2021 and the comparison with the corresponding values as at 31 December 2020 are shown below:

<b>Company Balance Sheet (figures in Euro)</b>	<b>30/06/2021</b>	<b>31/12/2020</b>	<b>Absolute Change</b>	<b>Change %</b>
<i>Intangible fixed assets</i>	3,465,541	2,921,276	544,265	18.6%
<i>Tangible fixed assets</i>	864,218	747,154	117,064	15.7%
<i>Financial fixed assets</i>	1,830,456	1,415,056	415,400	29.4%
<b>NET FIXED ASSETS</b>	<b>6,160,215</b>	<b>5,083,486</b>	<b>1,076,729</b>	<b>21.2%</b>
<i>Inventories from direct purchases</i>	4,329,010	2,480,072	1,848,938	74.6%
<i>Inventories from barter purchases</i>	23,354,476	14,479,331	8,875,145	61.3%
<i>Write-down provision</i>	(550,000)	(550,000)	-	0.0%
<b>Inventories</b>	<b>27,133,486</b>	<b>16,409,403</b>	<b>10,724,083</b>	<b>65.4%</b>
<i>Customers</i>	5,582,597	2,634,326	2,948,271	111.9%
<i>Suppliers</i>	(6,809,138)	(3,494,928)	(3,314,210)	94.8%
<b>Trade receivables and payables</b>	<b>(1,226,541)</b>	<b>(860,602)</b>	<b>(365,939)</b>	<b>42.5%</b>
<i>Tax receivables and payables</i>	(3,829,089)	(2,242,979)	(1,586,110)	70.7%
<i>Other receivables</i>	1,074,690	1,337,155	(262,465)	(-19.6%)
<i>Other payables</i>	(761,062)	(470,668)	(290,394)	61.7%
<i>Accrued income and prepaid expenses</i>	456,850	853,430	(396,580)	(-46.5%)
<i>Accrued expenses and prepaid income</i>	(143,714)	(27,084)	(116,630)	430.6%
<b>Other current assets</b>	<b>(3,202,325)</b>	<b>(550,146)</b>	<b>(2,652,179)</b>	<b>482.1%</b>
<i>Advertising to be consumed</i>	28,235,217	21,910,704	6,324,513	28.9%
<i>Advertising to be provided</i>	(16,669,121)	(11,738,501)	(4,930,620)	42.0%
<b>Advertising</b>	<b>11,566,096</b>	<b>10,172,203</b>	<b>1,393,893</b>	<b>13.7%</b>
<b>NET WORKING CAPITAL</b>	<b>34,270,716</b>	<b>25,170,858</b>	<b>9,099,858</b>	<b>36.2%</b>
<i>Employee severance indemnity</i>	(267,497)	(197,362)	(70,135)	35.5%
<i>Other provisions</i>	(50,391)	(69,556)	19,165	(-27.6%)
<b>CONSOLIDATED LIABILITIES</b>	<b>(317,888)</b>	<b>(266,918)</b>	<b>(50,970)</b>	<b>19.1%</b>
<b>NET INVESTED CAPITAL</b>	<b>40,113,043</b>	<b>29,987,426</b>	<b>10,125,617</b>	<b>33.8%</b>
<i>Share capital</i>	(619,490)	(533,690)	(85,800)	16.1%
<i>Reserves</i>	(25,530,952)	(9,642,959)	(15,887,993)	164.8%
<i>(Profit) loss for the period</i>	(4,375,597)	(5,954,646)	1,579,049	(-26.5%)
<b>SHAREHOLDERS' EQUITY</b>	<b>(30,526,039)</b>	<b>(16,131,295)</b>	<b>(14,394,744)</b>	<b>89.2%</b>
<i>(Financial receivables)</i>	-	-	-	#DIV/0!
<i>Financial payables</i>	(1,460,568)	(1,680,967)	220,399	(-13.1%)
<i>Bank payables</i>	(19,999,200)	(14,812,755)	(5,186,445)	35.0%
<i>(Cash and cash equivalents)</i>	11,872,764	2,637,591	9,235,173	350.1%
<b>NFP</b>	<b>(9,587,004)</b>	<b>(13,856,131)</b>	<b>4,269,127</b>	<b>(-30.8%)</b>
<b>TOTAL SOURCES</b>	<b>(40,113,043)</b>	<b>(29,987,426)</b>	<b>(10,125,617)</b>	<b>33.8%</b>

(\*) It should be noted that when preparing the reclassified Balance Sheet, for the purposes of clearer reading and comparability with the financial statements, it was deemed appropriate to allocate the amount of receivables from BEXB totalling Euro 350,656 (Euro 499,803 as at 31/12/2020), which were reclassified as cash and cash equivalents in the year ended 31/12/2020, to "Other receivables".

Net fixed assets increased by Euro 1.1 million in the first half of 2021, due to higher gross investments of Euro 2 million and amortisation, depreciation and write-downs of Euro 0.9 million.

Inventories of finished products increased in absolute terms by approximately Euro 10.7 million, broken down as follows:

- 1.8 million of goods purchased in cash ("Cash Inventories")

- 8.9 million of goods acquired through bartering ("Barter Inventories")

As part of "Barter inventories", it should be noted that an amount of Euro 11.3 million refers to goods in transit relating to contracts signed in the last days of June 2021 and which will only produce their economic effects during the second half of the year. Therefore, net of this component relating to goods in transit, "Barter inventories" decreased in the first half of the year by approximately Euro 2.4 million compared to the value of Euro 14.5 million in the financial statements for the year ended 31/12/2020. The increase in "Cash inventories" of Euro 1.8 million is attributable to the advance purchase of "seasonal" climate control products and the provision for the new stores opening during the summer.

The performance of trade receivables and payables and other items produced a reduction in investments in working capital of Euro 4.8 million.

With reference to the last item of current assets - 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 Spa 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.

Shareholders' equity of Euro 30.5 million increased thanks to the profit achieved at the end of the 2020 financial year as well as the effect of the capital increase discussed in point 3 of the Report on Operations.

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)	30/06/2021	31/12/2020	Absolute change	Change %
Cash	48,050	33,222	14,828	44.6%
Other cash and cash equivalents	11,824,714	2,604,369	9,220,345	354.0%
<b>LIQUIDITY (a)+(b)+(c)</b>	<b>11,872,764</b>	<b>2,637,591</b>	<b>9,235,173</b>	<b>350.1%</b>
Current financial receivables	-	-	-	N.A.
Current bank payables	(1,459,372)	(993,696)	(465,676)	46.9%
Current portion of non-current debt	(3,574,576)	(2,753,597)	(820,979)	29.8%
Other current financial payables	(578,636)	(562,407)	(16,229)	2.9%
<b>CURRENT FINANCIAL DEBT (f)+(g)+(h)</b>	<b>(5,612,584)</b>	<b>(4,309,700)</b>	<b>(1,302,884)</b>	<b>30.2%</b>
<b>NET CURRENT FINANCIAL DEBT (i)-(e)-(d)</b>	<b>6,260,180</b>	<b>(1,672,109)</b>	<b>7,932,289</b>	<b>(-474.40%)</b>

(\*) It should be noted that when preparing the following table, it was deemed appropriate not to take into account the amount of receivables from BEXB totalling Euro 350,656 (Euro 499,803 as at 31/12/2020), which were reclassified as cash and cash equivalents in the year ended 31/12/2020

The net current financial position is positive at 6.6 million compared to a negative position of 1.17 million as at 31/12/2020. Net financial debt was a negative Euro 9.2 million compared to Euro 13.4 million as at 31/12/2020.

Details of NFP (Figures in Euro)	30/06/2021	31/12/2020	Absolute change	Change %
Cash	48,050	33,222	14,828	44.6%
Other cash and cash equivalents	11,824,714	2,604,369	9,220,345	354.0%
<b>LIQUIDITY (a)+(b)+(c)</b>	<b>11,872,764</b>	<b>2,637,591</b>	<b>9,235,173</b>	<b>350.1%</b>
Current financial receivables	-	-	-	N.A.
Current bank payables	(1,459,372)	(993,696)	(465,676)	46.9%
Current portion of non-current debt	(3,574,576)	(2,753,597)	(820,979)	29.8%
Other current financial payables	(578,636)	(562,407)	(16,229)	2.9%
<b>CURRENT FINANCIAL DEBT (f)+(g)+(h)</b>	<b>(5,612,584)</b>	<b>(4,309,700)</b>	<b>(1,302,884)</b>	<b>30.2%</b>
<b>NET CURRENT FINANCIAL DEBT (i)-(e)-(d)</b>	<b>6,260,180</b>	<b>(1,672,109)</b>	<b>7,932,289</b>	<b>(-474.40%)</b>
Non-current bank payables	(14,965,252)	(11,065,463)	(3,899,789)	35.2%
Other non-current payables	(881,932)	(1,118,560)	236,628	(-21.2%)
<b>NON-CURRENT FINANCIAL DEBT (k)+(l)+(m)</b>	<b>(15,847,184)</b>	<b>(12,184,023)</b>	<b>(3,663,161)</b>	<b>30.1%</b>
<b>NET FINANCIAL DEBT (j)+(n)</b>	<b>(9,587,004)</b>	<b>(13,856,132)</b>	<b>4,269,128</b>	<b>(-30.8%)</b>

## 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, allow a better understanding of the Company's business performance.

The indicators listed below should be used as additional information to the provisions of UCITS to assist users of the report on operations in a better understanding of the Company's performance.

### Return on Asset

ROA	30/06/2021	30/06/2020	Change
Net operating income	6,654,688	4,733,091	1,921,597
Total Assets	81,586,276	54,918,644	26,667,632
<b>Net operating income/Total assets</b>	<b>8.16%</b>	<b>8.62%</b>	<b>(-5.4%)</b>

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

### Return on Equity

ROE	30/06/2021	30/06/2020	Change
Net profit	4,375,597	3,401,470	974,127
Shareholders' Equity	30,526,039	13,503,676	17,022,363
<b>Net profit/Shareholders' Equity</b>	<b>14.33%</b>	<b>25.19%</b>	<b>(-43.1%)</b>

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

**Return on Investment**

<b>ROI</b>	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>Change</b>
Net operating income	6,654,688	4,733,091	1,921,597
Net Invested Operating Capital (*)	40,080,275	20,834,997	19,245,278
<b>Net Operating Income/Net Invested Operating Capital</b>	<b>16.60%</b>	<b>22.72%</b>	<b>(-6.1%)</b>

(\*) 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**

<b>ROS</b>	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>Change</b>
Net operating income	6,654,688	4,733,091	1,921,597
Revenues from Sales and Services	27,026,345	23,366,228	3,660,117
<b>Net operating income/Revenue from sales and services</b>	<b>24.62%</b>	<b>20.26%</b>	<b>(-6.1%)</b>

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

<b>Ebit</b>	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>Change</b>
EBIT	6,654,699	4,733,090	1,921,609
<b>Value</b>	<b>6,654,699</b>	<b>4,733,090</b>	<b>1,921,609</b>

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.

**Primary structure margin**

	<b>30/06/2021</b>	<b>31/12/2020</b>	<b>Change</b>
Equity	30,526,039	16,131,295	14,394,744
Fixed Assets	6,160,215	5,083,486	1,076,729
<b>Primary structure margin = Equity - Fixed assets</b>	<b>24,365,824</b>	<b>11,047,809</b>	<b>13,318,015</b>
<b>Primary structure ratio = Equity/Fixed assets</b>	<b>4.96</b>	<b>3.17</b>	<b>1.78</b>

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

**Secondary structural margin**

	<b>30/06/2021</b>	<b>31/12/2020</b>	<b>Change</b>
Equity	30,526,039	16,131,295	14,394,744
Consolidated liabilities	16,173,679	12,459,548	3,714,131
Fixed Assets	6,160,215	5,083,486	1,076,729
<b>Secondary structural margin = (Equity + Consolidated Liabilities) - Fixed assets</b>	<b>40,539,503</b>	<b>23,507,357</b>	<b>17,032,146</b>
<b>Secondary structure ratio = (Equity + Consolidated Liabilities)/Fixed Assets</b>	<b>7.58</b>	<b>5.62</b>	<b>1.96</b>

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

## **6. SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD**

In July, the Company opened a new maxistore in the centre of Milan, at Via Torino 15. The maxistore is located at the corner with via Speronari inside the famous "palazzo che respira (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. The store is almost 1,000 square metres in size, spread over 3 levels with escalator and elevator and employs 15 specially hired and trained staff. Also in July 2021, a new maxistore was opened within the Grotte Center Centro Commerciale (Shopping Centre), in Camerano in the province of Ancona. Located in one of the most beautiful areas of Italy, the Riviera del Conero, the Grotte Center 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. The store is almost 600 square metres in size and employs 11 specially hired and trained staff. There are four macro-categories of goods offered in the store: household, electronics and gifts, textiles and clothing, home and personal care. As part of the retail chain's development plan, in September the Company also signed a binding agreement for the lease of a property within the "La Romanina" shopping centre with the aim of opening a new 1,350 square metre Portobello branded maxistore in October. Please refer to point 3 of the Report on Operations for details of the additional binding agreements signed in July 2021.

## **7. MANAGEMENT AND COORDINATION ACTIVITIES**

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

## **8. MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED**

Pursuant to and for the purposes of the first paragraph of art. 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, during the financial year ended on 31/12/2020, the Company took out a medium-long term loan with a variable rate linked to the Euribor performance 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.

## **9. RESEARCH AND DEVELOPMENT ACTIVITIES**

We certify that no research and development activities were undertaken during the first half of 2021.

## **10. TREASURY SHARES**

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

## **11. 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 in its manifestation with reference to our company. However, it should be noted that in relation to the loan from Deutsche Bank, an Interest Rate Swap (IRS) derivative contract was



signed to hedge against any fluctuations of the variable rate applied to the loan in question.

## **12. MAIN NON-FINANCIAL INDICATORS**

Pursuant to the second paragraph of art. 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.

## **13. 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.

## **14. INFORMATION ON PERSONNEL MANAGEMENT**

There are no significant information regarding personnel management.

## **15. SHARES/UNITS OF THE PARENT COMPANY**

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

## **16. SECONDARY OFFICES**

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

Address	Location
CORSO VENEZIA 45	MILAN

## **17. 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, 20/09/2021

### **For the Board of Directors**

The Chairperson

Pietro Peligra



## **Interim financial statements as at 30 June 2021**

### General information on the company

#### Personal data

Name:	PORTOBELLO SPA
Headquarters:	PIAZZALE DELLA STAZIONE SNC - POMEZIA
Share capital:	619,490.40
Fully paid-up share capital:	YES
Chamber of Commerce Code:	RM
VAT number:	13972731007
Tax code:	13972731007
REA number:	1486865
Legal form:	JOINT-STOCK COMPANY
Main business sector (ATECO):	731102
Company in liquidation:	NO
Company with sole shareholder:	NO
Company subject to management and coordination by third parties:	NO
Name of the company or entity that exercises management and coordination:	
Membership of a group:	NO
Name of the parent company:	
Country of parent company:	
Registration number in the register of cooperatives:	

# Interim financial statements as at 30/06/2021

## Ordinary Balance Sheet

	30/06/2021	31/12/2020
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	3,316	4,588
3) industrial patent rights and intellectual property rights	1,270,102	1,138,381
4) concessions, licenses, trademarks and similar rights	28,092	32,635
6) work in progress and payments on account	398,000	480,000
7) others	1,766,031	1,265,672
<i>Total intangible fixed assets</i>	<i>3,465,541</i>	<i>2,921,276</i>
II - Tangible fixed assets	-	-
1) Land and buildings	47,006	47,750
2) plants and machinery	168,327	135,253
3) industrial and commercial equipment	121,841	125,420
4) other assets	527,044	438,731
<i>Total tangible fixed assets</i>	<i>864,218</i>	<i>747,154</i>
III - Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	1,216,056	1,415,056
2) receivables:	-	-
a) from subsidiaries	600,000	-
3) Other securities	14,400	-
<i>Total financial fixed assets</i>	<i>1,830,456</i>	<i>1,415,056</i>
<i>Total fixed assets (B)</i>	<i>6,160,215</i>	<i>5,083,486</i>
<b>C) Current assets</b>		
I - Inventories	-	-
4) finished products and goods	27,133,486	16,409,403
<i>Total inventories</i>	<i>27,133,486</i>	<i>16,409,403</i>
II - Receivables	-	-
1) from customers	5,582,597	2,634,326
due within the next financial year	5,582,597	2,634,326
5-bis) tax credits	1,058,162	1,595,541
due within the next financial year	1,058,162	1,595,541

	30/06/2021	31/12/2020
5-ter) deferred tax assets	12,295	12,295
5-quater) from others	1,074,690	1,337,155
due within the next financial year	181,996	958,861
due after the next financial year	892,694	378,294
<b>Total receivables</b>	<b>7,727,744</b>	<b>5,579,317</b>
IV - Cash and cash equivalents	-	-
1) bank and postal deposits	11,824,714	2,604,369
3) cash and cash equivalents	48,050	33,222
<b>Total cash and cash equivalents</b>	<b>11,872,764</b>	<b>2,637,591</b>
<b>Total current assets (C)</b>	<b>47,333,994</b>	<b>24,626,311</b>
<b>D) Accruals and deferrals</b>	<b>28,692,067</b>	<b>22,764,134</b>
<b>Total assets</b>	<b>81,586,276</b>	<b>52,473,931</b>
<b>Liabilities</b>		
<b>A) Shareholders' Equity</b>	<b>30,526,039</b>	<b>16,131,295</b>
I - Share capital	619,490	533,690
II - Share premium reserve	12,767,452	2,816,250
IV - Legal reserve	106,738	103,054
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	12,707,154	6,793,212
Various other reserves	(1)	(1)
<b>Total other reserves</b>	<b>12,707,153</b>	<b>6,793,211</b>
VII - Reserve to hedge derivative cash flow transactions	(50,391)	(69,556)
IX - Profit (loss) for the year	4,375,597	5,954,646
Total shareholders' equity	30,526,039	16,131,295
<b>B) Provisions for risks and charges</b>	<b>50,391</b>	<b>69,556</b>
<b>C) Employee severance indemnity</b>	<b>267,497</b>	<b>197,362</b>
<b>D) Payables</b>		
4) due to banks	19,999,200	14,812,755
due within the next financial year	5,033,948	3,747,292
due after the next financial year	14,965,252	11,065,463
5) payables to other lenders	1,460,568	1,680,967
due within the next financial year	578,636	562,407
due after the next financial year	881,932	1,118,560
6) advances	-	-
due within the next financial year	-	-
7) trade payables	6,809,138	3,494,928
due within the next financial year	6,809,138	3,494,928

	30/06/2021	31/12/2020
12) tax payables	4,801,676	3,723,722
due within the next financial year	4,801,676	3,723,722
13) payables to welfare and social security institutions	97,870	127,093
due within the next financial year	97,870	127,093
14) other payables	761,062	470,668
due within the next financial year	752,455	462,061
due after the next financial year	8,607	8,607
<i>Total payables</i>	<i>33,929,514</i>	<i>24,310,133</i>
<b>E) Accruals and deferrals</b>	<b>16,812,835</b>	<b>11,765,585</b>
<i>Total liabilities</i>	<i>81,586,276</i>	<i>52,473,931</i>

## Ordinary Income Statement

	30/06/2021	30/06/2020
<b>A) Value of production</b>		
1) revenues from sales and services	27,026,345	23,366,228
5) other revenues and income	-	-
operating grants	257	258
Others	2,411,066	660,776
<i>Total other revenues and income</i>	<i>2,411,323</i>	<i>661,034</i>
<i>Total value of production</i>	<i>29,437,668</i>	<i>24,027,262</i>
<b>B) Production costs</b>		
6) for raw and secondary materials, consumables and goods	26,945,881	13,923,155
7) for services	2,195,703	2,320,754
8) for use of third-party assets	1,555,038	823,859
9) for personnel	-	-
a) wages and salaries	1,426,616	786,015
b) social security contributions	393,158	217,960
c) employee severance indemnity	86,048	53,578
e) other costs	279	200
<i>Total personnel costs</i>	<i>1,906,101</i>	<i>1,057,753</i>
10) amortisation, depreciation and write-downs	-	-
a) depreciation of intangible fixed assets	570,444	622,424
b) depreciation of tangible fixed assets	90,131	38,306
d) Write-down of receivables included in current assets and cash and cash equivalents	-	50,000
<i>Total amortisation, depreciation and write-downs</i>	<i>660,575</i>	<i>710,730</i>
11) changes in inventories of raw materials, consumables and goods	(10,724,083)	281,437
13) Other provisions	-	-
14) sundry operating expenses	243,765	176,484
<i>Total production costs</i>	<i>22,782,980</i>	<i>19,294,172</i>
<b>Difference between value and costs of production (A - B)</b>	<b>6,654,688</b>	<b>4,733,090</b>
<b>C) Financial income and charges</b>		
16) other financial income	-	-
d) income other than the above	-	-
Others	11	446
<i>Total income other than the above</i>	<i>11</i>	<i>446</i>
<i>Total other financial income</i>	<i>11</i>	<i>446</i>
17) interest and other financial charges	-	-
others	183,897	113,766
<i>Total interest and other financial charges</i>	<i>183,897</i>	<i>113,766</i>

	30/06/2021	30/06/2020
17-bis) exchange gains and losses	-	-
<i>Total financial income and charges (15 + 16-17 + -17-bis)</i>	<i>(183,886)</i>	<i>(113,320)</i>
<b>D) Value adjustments of financial assets and liabilities</b>		
19) Write-downs		
a) Equity investments	(250,000)	-
<i>Total value adjustments to financial assets and liabilities</i>	<i>(250,000)</i>	<i>-</i>
<b>Profit before tax (A-B+-C +-D)</b>	<b>6,220,802</b>	<b>4,619,770</b>
<b>20) Income taxes for the year, current, deferred and prepaid</b>	<b>1,845,205</b>	<b>1,218,300</b>
current taxes	1,845,205	1,225,011
deferred and prepaid taxes	-	(6,711)
<i>Total income taxes for the year, current, deferred and prepaid</i>	<i>1,845,205</i>	<i>1,218,300</i>
<b>21) Profit (loss) for the year</b>	<b>4,375,597</b>	<b>3,401,470</b>



<b>CASH FLOW STATEMENT INDIRECT METHOD</b>	<b>30/06/2021</b>	<b>31/12/2020</b>
<b>A) Cash flows from operating activities (indirect method)</b>		
Profit (loss) for the year	4,375,597	5,954,646
Income taxes	1,845,205	2,329,548
Interest expense/(income)	183,886	293,689
<i>1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal</i>	<i>6,404,688</i>	<i>8,577,883</i>
Adjustments for non-monetary items that did not have a counterparty in net working capital		
Allocations to provisions	81,141	126,071
Depreciation/amortisation of fixed assets	660,575	1,938,730
Other adjustments up/(down) for non-monetary items	250,000	
<i>Total adjustments for non-monetary items not offset in net working capital</i>	<i>991,716</i>	<i>2,064,801</i>
<i>2) Cash flow before changes in net working capital</i>	<i>7,396,404</i>	<i>10,642,684</i>
Changes in net working capital		
Decrease/(Increase) in inventories	(10,724,083)	(7,076,691)
Decrease/(Increase) in trade receivables	(2,948,271)	4,029,681
Increase/(decrease) in trade payables	3,314,210	(7,645,794)
Decrease/(Increase) in accrued income and prepaid expenses	(5,927,933)	(16,448,590)
Increase/(decrease) in accrued expenses and prepaid income	5,047,250	2,529,686
Other decreases/(Other increases) in net working capital	1,575,416	9,810,962
<i>Total changes in net working capital</i>	<i>(9,663,411)</i>	<i>(14,800,746)</i>
<i>3) Cash flow after changes in net working capital</i>	<i>(2,267,007)</i>	<i>(4,158,062)</i>
Other adjustments		
Interest collected/(paid)	(183,886)	(293,689)
(Income taxes paid)	(767,251)	(805,706)
(Use of funds)	(11,006)	(14,086)
Other collections/(payments)	(514,400)	(31,672)
<i>Total other adjustments</i>	<i>(1,476,543)</i>	<i>(1,145,153)</i>
<b>Cash flow from operating activities (A)</b>	<b>(3,743,550)</b>	<b>(5,303,215)</b>
<b>B) Cash flows from investment activities</b>		
Tangible fixed assets		
(Investments)	(207,195)	(406,696)
Intangible fixed assets		
(Investments)	(1,114,709)	(2,391,420)
Financial fixed assets		
(Investments)	(665,400)	(649,995)
<b>Cash flow from investment activities (B)</b>	<b>(1,987,304)</b>	<b>(3,448,111)</b>
<b>C) Cash flows from financing activities</b>		
Third-party means		
Increase/(decrease) in short-term payables to banks	465,676	960,587
Opening of loans	6,000,000	10,255,000
(Repayment of loans)	(1,499,631)	(1,004,974)
Shareholders' Equity		
Share capital increase against payment	9,999,982	144,000
<b>Cash flow from financing activities (C)</b>	<b>14,966,027</b>	<b>10,354,613</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>9,235,173</b>	<b>1,603,287</b>
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	2,604,369	953,676
Cash and cash equivalents	33,222	80,628
<b>Total cash and cash equivalents at the beginning of the year</b>	<b>2,637,591</b>	<b>1,034,304</b>
Cash and cash equivalents at the end of the year		
Bank and postal deposits	11,824,714	2,604,369
Cash and cash equivalents	48,050	33,222
<b>Total cash and cash equivalents at the end of the year</b>	<b>11,872,764</b>	<b>2,637,591</b>

**Explanatory notes to the interim financial statements as at 30 June 2021**

**PORTOBELLO**

## **Introduction to the Explanatory notes**

Dear Shareholders, these explanatory notes are an integral part of the interim financial statements as at 30/06/2021. The interim financial statements comply with the provisions of art. 2423 et seq. of the Italian Civil Code and with the national accounting standards as published by the Italian Accounting Body; they therefore clearly, truthfully and correctly represent the equity and financial position of the company and the economic result for the half-year. The contents of the balance sheet and the income statement are those envisaged by art. 2424 and art. 2425 of the Italian Civil Code, while the cash flow statement was prepared pursuant to art. 2425-ter.

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 company PORTOBELLO SPA has not prepared consolidated financial statements because the financial statement figures of the only subsidiary - PB Retail Srl - as at 30 June 2021 are not significant. In particular, the subsidiary, incorporated in February 2021, started operations in July 2021 and as at 30/06/2021 had no employees, no turnover and closed with an estimated loss of approximately Euro 3,400.

## **Formation criteria**

### **Report on the Interim financial statements**

The information contained in this document is presented in the order in which the related items are indicated in the balance sheet and income statement.

With reference to what is indicated in the introductory part of these explanatory notes, it is hereby stated that, pursuant to art. 2423, paragraph 3 of the Italian Civil Code, if the information required by specific legal provisions is not sufficient to give a true and fair view of the company situation, additional information necessary for the purpose is provided.

The interim financial statements, as well as these explanatory notes, have been drawn up in units of Euro.

### **Reporting principles for the preparation of interim financial statements**

The valuation of the interim financial statement items was carried out in compliance with the principle of prudence, relevance and on a going concern basis. Pursuant to art. 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 interim 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 half-year were indicated. The risks and losses pertaining to the half-year were also taken into account, even if they became known after the end of the period.

### **Structure and content of the interim financial statements**

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

Pursuant to art. 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 interim financial statements.

### **Exceptional cases pursuant to art. 2423, fifth paragraph, of the Italian Civil Code**

There were no exceptional cases that required the use of exceptions pursuant to art. 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 art. 2423-bis, paragraph 2 of the Italian Civil Code.

### **Comparability and adaptation issues**

Items in the balance sheet and income statement have been compared according to the following criteria: the balance sheet as at 30/06/2021 is compared with the balance sheet as at 31/12/2020, the income statement as at 30/06/2021 is compared with the income statement as at 30/06/2020.

**Valuation criteria applied**

The criteria applied in the valuation of the interim 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 same were also unchanged compared to the previous year.

Pursuant to art. 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 interim 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 half-year, the company did not hold any receivables or payables in foreign currency.

**Intangible fixed assets**

Intangible fixed assets are recognised in the 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:

<b>Intangible fixed assets</b>	<b>Period</b>
Corporate expenses	5 years on a straight-line basis
AIM listing expenses	3 years on a straight-line basis
Proprietary Software	5 years on a straight-line basis
Licensed software	5 years on a straight-line basis
Patent rights	3 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 duration

Any disposals of intangible assets during the half-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 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 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**

Tangible fixed assets, recognised on the date on which the risks and benefits related to the acquired asset are transferred, are recorded in the interim financial statements at purchase cost, increased by any accessory charges incurred up to the time when the assets are ready for use and in any case within the limit of their recoverable value.

These assets are stated in the interim balance sheet assets net of accumulated depreciation and write-downs.

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:

<b>Tangible fixed assets items</b>	<b>Rates %</b>
Land and buildings	3%
Air conditioning system	15%
Other plant and machinery	7.5% - 15% - 30%
Specific equipment	10%
Furniture and furnishings	12%
Electronic office machines	20%
Mobile telephony	20%
Other assets	100% - 20%

Any disposals of assets (disposals, scrapping, etc.) occurred during the half-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 half-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 interim 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.).

<b>Company name</b>	<b>Registered office</b>	<b>Current share capital</b>	<b>% Shareholding</b>	<b>Book value</b>
CLUBDEAL SPA	Milan	249,991	3.42%	400,056
WEB MAGAZINE MAKER SRL	Milan	10,000	24.50%	250,000
AXANTI SRL	Milan	100,000	10.00%	10,000
PB RETAIL SRL	Pomezia	100,000	51.00%	51,000
SAE SPA GROUP	Livorno	2,500,000	20.30%	500,000

In addition to the amounts shown in the table above, financial investments include Euro 5,000 for future share capital increase of Axanti. The investment in Web Magazine Makers is net of the relative provision for impairment of Euro 250,000. With reference to the equity investment in the SAE Group, it should be noted that the subscribed capital is equal to Euro 2,500,000 and that paid-in capital is equal to Euro 2,462,500. With reference to the portion relating to Portobello, a portion equal to Euro 507,614 was subscribed and a portion of Euro 500,000 has been paid.

#### **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 weighted average cost method as an alternative to the specific cost given the technical or administrative impossibility of keeping each remaining physical unit separate.

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. The comparison between the purchase/production cost calculated with the weighted average 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 interim 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 and the estimated realisable value, in accordance with the provisions of art. 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 art. 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 half-year and represents the certain amount due to employees at the reporting date.

### **Payables**

In order to provide a true and fair view of the company's financial position and results of operations, payables have been recognised in the interim financial statements at their nominal value, given the verified irrelevance of the application of the amortised cost and/or discounting method. 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. Where this condition has changed, the appropriate changes are highlighted below.

### **Other information**

### **Transactions with repayment obligation**

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

## **Explanatory notes, assets**

### **Introduction**

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

### **Fixed assets**

### **Intangible fixed assets**

#### ***Movements in intangible fixed assets***

After the recognition in the income statement of the amortisation for the half-year, amounting to Euro 570,444, intangible fixed assets amount to Euro 3,465,541.

For a complete evaluation and analysis of the changes in these fixed assets, reference should be made to the attached pages.

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Concessions, licenses, trademarks and similar rights	Intangible fixed assets in progress and payments on account	Other intangible fixed assets	Total intangible fixed assets
<b>Value at the beginning of the year</b>						
Cost	4,588	1,138,381	32,635	480,000	1,265,672	2,921,276
Book value	4,588	1,138,381	32,635	480,000	1,265,672	2,921,276
<b>Changes during the year</b>						

Increases due to acquisitions	-	478,003	-	-	636,707	1,114,710
Changes in category	-	-	-	(82,000)	82,000	-
Amortisation/depreciation for the year	1,272	346,282	4,543	-	218,348	570,445
<b>Total changes</b>	<b>(1,272)</b>	<b>131,721</b>	<b>(4,543)</b>	<b>(82,000)</b>	<b>500,359</b>	<b>544,265</b>
<b>Value at the end of the year</b>						
Cost	3,316	1,270,102	28,092	398,000	1,766,031	3,465,541
Book value	3,316	1,270,102	28,092	398,000	1,766,031	3,465,541

Included in the same changes, note the reclassification of intangible fixed assets in progress and advances (item B.I.6) for the amount of Euro 82,000, relating to assets previously recorded in this item and which have now become available and ready for use, appropriately placed in these interim financial statements in the items related to Other intangible fixed assets.

### Breakdown of multi-year costs

#### Start-up and expansion costs

The following table shows the details of the start-up and expansion costs, highlighting the changes with respect to the previous year. As regards the reasons for their recognition and the respective amortisation criteria, please refer to the above.

Description	Detail	2021	2020	Absolute change	Change %
<i>start-up and expansion costs</i>					
	Corporate expenses	3,233	4,422	(1,189)	-27%
	AIM listing expenses	83	166	(83)	-50%
	<b>Total</b>	<b>3,316</b>	<b>4,588</b>	<b>(1,272)</b>	

The item includes Euro 3,233 for expenses for incorporation, transformation into a public limited company and a capital increase and for the remaining part, amounting to Euro 83, expenses related to the listing process on AIM completed on 13/07/2018.

### Tangible fixed assets

#### Movements in tangible fixed assets

Tangible fixed assets net of accumulated depreciation amounted to Euro 864,218; depreciation amounted to Euro 90,131.

In the "Industrial and commercial equipment" category, the amount of Euro 99,400 refers to the residual value of the transaction carried out in 2018 with the Related Party Nova Spa.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
<b>Value at the beginning of the year</b>					
Cost	50,000	200,991	163,717	659,305	1,074,013
Depreciation (accumulated depreciation)	(2,250)	(65,738)	(38,297)	(220,574)	(326,859)
Book value	47,750	135,253	125,420	438,731	747,154
<b>Changes during the year</b>					
Increases due to acquisitions	-	62,107	5,632	139,456	207,195
Decreases for disposals	-	-	-	-	-
Amortisation/depreciation for the year	744	29,033	9,211	51,143	90,131
<b>Total changes</b>	<b>-744</b>	<b>33,074</b>	<b>-3,579</b>	<b>88,313</b>	<b>117,064</b>



Value at the end of the year					
Cost	50,000	263,098	169,349	798,761	1,281,208
Depreciation (accumulated depreciation)	(2,994)	(94,771)	(47,508)	(271,717)	(416,990)
Book value	47,006	168,327	121,841	527,044	864,218

## Financial leasing transactions

### Introduction

Financial leasing transactions are recorded in the financial statements according to the equity method, recognising the fees paid in the income statement according to the accrual principle. The additional information required by law relating to the representation of financial lease contracts according to the financial method is provided below. As at 30 June 2021, the company has five finance lease agreements in place, two relating to the furniture of the Tuscolana and Castani stores, one relating to specific warehouse systems, one relating to printers for the headquarters and stores and the last one relating to the headquarters server. In compliance with the indications of document OIC 12, the contracts are represented in the financial statements according to the equity method, therefore the value of the assets is not recorded under fixed assets and the rentals are recognised in the income statement on an accrual basis.

As required by art. 2427, no. 22 of the Italian Civil Code, we provide a supplementary statement useful for the comparison of the equity and economic effects resulting from the application of the so-called financial method:

Asset category	Contract number	Contract effective date	Contract duration (months)	Current value of unexpired instalments	Actual financial charge	Interest rate year 2021
Furniture	1481093	17/12/19	60	43,444	304	4.67%
Furniture	1481092	17/12/19	60	19,308	129	4.44%
Warehouse systems	1156177	02/07/20	60	78,546	684	6.82%
Printers	4817503	29/12/2020	60	70,198	300	4.27%
Office machines	150200	01/12/2020	36	15,305	0	0.00%

The table below shows the data of leases in progress, valued as if they had been considered fixed assets:

Asset category	Contract number	Depreciation rate	Cost of the asset	Accumulated depreciation as at 01/01/2021	Amortization 2021	Book value
Furniture	1481093	12.00%	72,000	12,960	4,320	54,720
Furniture	1481092	12.00%	32,000	5,760	1,920	24,320
Warehouse systems	1156177	7.50%	140,000	5,250	5,250	129,500
Printers	4817503	20.00%	72,369	0	7,237	65,132
Office machines	150200	20.00%	19,000	317	1,900	16,783

### Comparison of the financial method - equity method

In accordance with the indications provided by document OIC 12, the following table provides information on the effects that would have been produced on the Shareholders' Equity and on the Income Statement by recognising finance lease transactions with the financial method with respect to the so-called capital criterion of the charge to the Income Statement of the fees paid.

#### Income Statement 2021

Accrued fees	29,626
Amortisation/Depreciation	(20,627)
Interest	(1,417)
<b>Increased pre-tax profit</b>	<b>7,582</b>
Increased tax	2,185
<b>Increased profit for the year</b>	<b>5,397</b>

#### Balance Sheet 2021

Increased fixed assets	335,369
Increased accumulated depreciation	(44,914)
<b>Increased Activities</b>	<b>290,455</b>
Increased payables	226,801
Increased profit for the year	5,397
<b>Increased Liabilities</b>	<b>232,198</b>

**Financial fixed assets****Equity investments**

All equity investments recorded in the interim 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.).

**Movements in financial fixed assets**

The following table shows the changes in the fixed assets in question. For details of the individual equity investments, please refer to the table on page 45.

Description	Historical cost	Prev. write-downs	Initial amount	Purchases	Disposals	Write-downs	Final Amount
Equity investments	1,415,056	-	1,415,056	51,000	-	(250,000)	1,216,056
Receivables from subsidiaries		-	-	600,000	-	-	600,000
Other securities	-	-	-	14,400	-	-	14,400
<b>Total</b>	<b>1,415,056</b>	<b>-</b>	<b>1,415,056</b>	<b>665,400</b>	<b>-</b>	<b>(250,000)</b>	<b>1,830,456</b>

The “Increases due to acquisitions” item consists of the investment in the company PB Retail Srl. The receivables refer to a non-interest bearing loan granted to the subsidiary PB Retail Srl.

**Financial fixed assets carried at a value higher than fair value**

Financial fixed assets in the interim financial statements have not been recorded at a value higher than their fair value.

**Current assets****Inventories**

The following table shows information on changes in inventories.

	Value at the beginning of the year	Changes during the year	Value at the end of the year
finished products and goods	16,959,403	10,724,083	27,683,486
Inventory write-down provision	(550,000)	-	(550,000)
<b>Total</b>	<b>16,409,403</b>	<b>10,724,083</b>	<b>27,133,486</b>

**Receivables recorded under current assets**

For the purposes of providing a true and fair view of the company's financial position and results of operations, receivables recorded under current assets are recognised in the interim financial statements at their estimated realisable value, given the irrelevance of the application of the amortised cost and/or discounting method. 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.

**Changes in receivables recorded under current assets**

The following table shows information on changes in receivables recorded under current assets.

	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	2,634,326	2,948,271	5,582,597	5,582,597	
Tax receivables	1,595,541	(537,379)	1,058,162	1,058,162	
Deferred tax assets	12,295	-	12,295	12,295	
Receivables from others	1,337,155	(262,465)	1,074,690	181,996	892,694
<b>Total</b>	<b>5,579,317</b>	<b>2,148,427</b>	<b>7,727,744</b>	<b>6,835,050</b>	<b>892,694</b>

**Breakdown of current receivables by residual maturity and geographical area**

The tables below show the breakdown of receivables included in current assets by residual maturity and the related geographical breakdown:

**Breakdown of current receivables by residual maturity**

Description	Italy
<b>from customers</b>	<b>5,582,597</b>
Amount due within the next year	5,582,597
Amount due after the next year and within 5 years	-
Amount due after 5 years	-
<b>tax receivables</b>	<b>1,058,162</b>
Amount due within the next year	1,058,162
Amount due after the next year and within 5 years	-
Amount due after 5 years	-
<b>deferred tax assets</b>	<b>12,295</b>
Amount due within the next year	-
Amount due after the next year and within 5 years	12,295
Amount due after 5 years	-
<b>from others</b>	<b>1,074,690</b>
Amount due within the next year	181,996
Amount due after the next year and within 5 years	892,694
Amount due after 5 years	-

**Breakdown by geographical area**

	Italy	EU	Non-EU	Total
Receivables from customers	5,582,597	-	-	5,582,597
Tax receivables	1,058,162	-	-	1,058,162

Deferred tax assets	12,295	-	-	12,295
Receivables from others	1,074,690	-	-	1,074,690
<b>Total</b>	<b>7,727,744</b>	<b>-</b>	<b>-</b>	<b>7,727,744</b>

### Cash and cash equivalents

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

### Analysis of changes in cash and cash equivalents

	Value at the beginning of the year	Changes during the year	Value at the end of the year
bank and postal deposits	2,604,369	9,220,345	11,824,714
cash and cash equivalents	33,222	14,828	48,050
<b>Total</b>	<b>2,637,591</b>	<b>9,235,173</b>	<b>11,872,764</b>

### 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
Accrued income	-	-	-
Prepaid expenses	22,764,134	5,927,933	28,692,067
<b>Total accrued income and prepaid expenses</b>	<b>22,764,134</b>	<b>5,927,933</b>	<b>28,692,067</b>

The following table illustrates the breakdown of these items, as they are recorded in the interim financial statements.

Detail	Amount for the half-year
<b>Accrued income and prepaid expenses</b>	
Sundry accrued income	-
Prepaid expenses Advertising	28,235,217
Miscellaneous prepaid expenses	456,850
<b>Total</b>	<b>28,692,067</b>

### Capitalised financial charges

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

### Introduction

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

### Shareholders' Equity

#### Changes in Shareholders' equity

With reference to the half-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.

	Value at the beginning of the year	Other changes - Increases	Other changes - Decreases	Profit for the year	Value at the end of the year
Share capital	533,690	85,800	-	-	619,490
Share premium reserve	2,816,250	9,951,202	-	-	12,767,452
Legal reserve	103,054	3,684	-	-	106,738
Extraordinary reserve	6,793,212	5,913,942	-	-	12,707,154
Various other reserves	(1)	-	-	-	(1)
Total other reserves	6,793,211	5,913,942	-	-	12,707,153
Reserve to hedge derivative cash flow transactions	(69,556)	19,165	-	-	(50,391)
Profit (loss) for the year	5,954,646	4,375,597	(5,954,646)	4,375,597	4,375,597
<b>Total</b>	<b>16,131,295</b>	<b>20,349,391</b>	<b>(5,954,646)</b>	<b>4,375,597</b>	<b>30,526,039</b>

(\*) It should be noted that in the financial statements for the year ended 31/12/2020, the Reserve for hedging derivative financial flows was allocated to other reserves (No. VI of the Shareholders' equity), while in the interim report at 30/06/2021, it was correctly allocated to the specific item dedicated to it under number VII of the Shareholders' Equity

#### Details of other reserves

Description	Amount
Extraordinary reserve	12,707,154
Euro rounding reserve	(1)
<b>Total</b>	<b>12,707,153</b>

#### Availability and use of Shareholders' equity

The following tables provide a breakdown of the shareholders' equity items, specifying their origin, possibility of use and distribution, as well as their use in the previous three years.

Description	Amount	Origin/Nature	Possibility of use	Amount available	Summary of uses made in the three
Share capital	619,490	Share capital	B	619,490	-

Description	Amount	Origin/Nature	Possibility of use	Amount available	Summary of uses made in the three
Share premium reserve	12,767,452	Share capital	A;B;C	12,767,452	-
Legal reserve	106,738	Share capital	A;B	106,738	-
Extraordinary reserve	12,707,154	Share capital	A;B;C,E	12,707,154	43,430
Various other reserves	(1)	Share capital		-	-
Total other reserves	12,707,153	Share capital	A;B;C,E	12,707,154	43,430
Reserve to hedge derivative cash flow transactions	(50,391)	Share capital		-	-
<b>Total</b>	<b>26,150,422</b>			<b>26,200,833</b>	<b>43,430</b>
Non-distributable portion				675,836	
Residual distributable portion				25,474,606	
<b>Key: A: for share capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory restrictions; E: other</b>					

### Employee severance indemnity

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

#### Analysis of changes in employee severance indemnity

	Value at the beginning of the year	Changes during the year - Provision	Changes during the year - Use	Changes during the year - Total	Value at the end of the year
EMPLOYEE SEVERANCE INDEMNITY	197,362	81,141	(11,006)	70,135	267,497
<b>Total</b>	<b>197,362</b>	<b>81,141</b>	<b>(11,006)</b>	<b>70,135</b>	<b>267,497</b>

### Payables

#### Changes in payables

The following table shows information on changes in payables.

#### Analysis of changes and maturity of payables

	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
Due to banks	14,812,755	5,186,445	19,999,200	5,033,948	14,965,252
Payables to other lenders	1,680,967	(220,399)	1,460,568	578,636	881,932
Advances	-	-	-	-	-
Payables to suppliers	3,494,928	3,314,210	6,809,138	6,809,138	-
Tax payables	3,723,722	1,077,954	4,801,676	4,801,676	-

	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 pension and social security institutions	127,093	(29,223)	97,870	97,870	-
Other payables	470,668	290,394	761,062	752,455	8,607
<b>Total</b>	<b>24,310,133</b>	<b>9,619,381</b>	<b>33,929,514</b>	<b>18,073,723</b>	<b>15,855,791</b>

**Details of “due to banks”**

The following table shows the breakdown of the item “Due to banks”.

Item	Payables for short-term loans	Payables for medium-term loans	Other items to be settled	Total
4) Due to banks	1,450,738	18,539,828	8,634	19,999,200

**Details of “other payables”**

The following table shows the breakdown of the item “Other payables”.

Description	Detail	Amount for the half-year
<i>Other payables</i>		
	Payables to supplementary pension funds	1,242
	Guarantee deposits received	8,607
	Payables due to directors and collaborators	69,487
	Payables to credit card issuers	903
	Payables due to employees	207,735
	Payables to employees for deferred remuneration	304,286
	Other payables	168,802
	<b>Total</b>	<b>761,062</b>

**Breakdown of payables by residual maturity and geographical area**

The following table shows the breakdown of payables by residual maturity, while the breakdown by geographic area is not significant and has been omitted.

Description	Italy
<b>due to banks</b>	<b>19,999,200</b>
Amount due within the next year	5,033,948
Amount due after the next year and within 5 years	14,965,252
Amount due after 5 years	-
<b>payables to other lenders</b>	<b>1,460,568</b>
Amount due within the next year	578,636
Amount due after the next year and within 5 years	881,932
Amount due after 5 years	-

Description	Italy
<b>Advances</b>	-
Amount due within the next year	-
Amount due after the next year and within 5 years	-
Amount due after 5 years	-
<b>payables to suppliers</b>	<b>6,809,138</b>
Amount due within the next year	6,809,138
Amount due after the next year and within 5 years	-
Amount due after 5 years	-
<b>tax payables</b>	<b>4,801,676</b>
Amount due within the next year	4,801,676
Amount due after the next year and within 5 years	-
Amount due after 5 years	-
<b>payables to pension and social security institutions</b>	<b>97,870</b>
Amount due within the next year	97,870
Amount due after the next year and within 5 years	-
Amount due after 5 years	-
<b>other payables</b>	<b>761,062</b>
Amount due within the next year	752,455
Amount due after the next year and within 5 years	8,607
Amount due after 5 years	-

#### 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.

#### Loans from shareholders of the company

The company has not received any loans from shareholders.

#### Accrued expenses and prepaid 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	2,783	34,981	37,764
Deferred income	11,762,802	5,012,269	16,775,071
<b>Total accrued expenses and prepaid income</b>	<b>11,765,585</b>	<b>5,047,250</b>	<b>16,812,835</b>

The following table illustrates the breakdown of these items, as they are recorded in the interim financial statements.



Description	Detail	Amount for the current year
	Accrued interest expenses	37,764
	Miscellaneous deferred income	105,951
	Deferred income for advertising	16,669,121
	<b>Total</b>	<b>16,812,835</b>

## Explanatory notes, income statement

### Introduction

The income statement shows the economic result for the half-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 interim 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 interim 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 revenue from sales and services

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

SBU	30/06/2021	30/06/2020
Average	14,941,776	16,695,569
Retail (or B2C)	3,488,002	2,192,195
B2B	8,596,567	4,478,464
Other revenues	2,411,323	661,034
<b>Value of production</b>	<b>29,437,668</b>	<b>24,027,262</b>

### Breakdown of revenues from sales and services by geographical area

The following table shows the breakdown of revenues from sales and services by geographical area.

ACTIVITY CATEGORY	Italy	EU	Non-EU	Total
Average	14,941,776	-	-	14,941,776
Retail (or B2C)	3,488,002	-	-	3,488,002
B2B	8,596,567	-	-	8,596,567
Other revenues	2,411,323	-	-	2,411,323
<b>Value of production</b>	<b>29,437,668</b>	-	-	<b>29,437,668</b>

### 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.

The following table shows the breakdown of production costs.

ITEM	30/06/2021	30/06/2020
Costs for raw materials, consumables and goods	26,945,881	13,923,155
Costs for services	2,195,703	2,320,754
Costs for use of third-party assets	1,555,038	823,859
Personnel costs	1,906,101	1,057,753
- wages and salaries	1,426,616	786,015
- social security contributions	393,158	217,960
- provision for employee severance indemnity	86,048	53,578
- other personnel costs	279	200
Changes in inventories of raw materials, consumables and goods	(10,724,083)	281,437
Other operating expenses	243,765	176,484
<b>Production costs</b>	<b>22,122,405</b>	<b>18,583,442</b>

### Financial income and charges

Financial income and charges are recognised on an accrual basis in relation to the portion accrued during the half-year.

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

Financial income	Amount for the current year
Interest income on bank current accounts	11
<b>Total</b>	<b>11</b>

Financial charges	Amount for the current year
-------------------	-----------------------------

Interest expense on bank current accounts	4,957
Interest expense on bank loans	121,677
Interest expense on third-party loans	42,847
Sundry financial charges	14,416
<b>Total</b>	<b>183,897</b>

#### 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 table shows the interest and other financial charges pursuant to art. 2425, no. 17 of the Italian Civil Code, with a specific subdivision between those relating to bond loans, loans from banks and other cases.

	Due to Banks	Due to other lenders	Bond loans	Others	Total
Interest and other financial charges	138,970	42,487	-	2,440	183,897

#### Exchange gains/losses

During the year, no transactions were carried out in currencies other than the euro that resulted in exchange gains or losses.

#### Amount and nature of the individual elements of revenue/cost of exceptional size or impact

##### Revenue of exceptional size or impact

During the current half-year, no revenues or other positive components deriving from events of exceptional size or impact were recognised.

##### Costs of exceptional size or impact

No costs deriving from events of exceptional size or impact were recognised during the current half-year.

#### Income taxes for the year, current, deferred and prepaid

The company allocated taxes for the half-year on the basis of the application of current tax regulations. Current taxes refer to taxes for the year as resulting from tax returns; 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.

The following tables show the reconciliation between the profit for the year and the taxable amount for IRES and IRAP purposes.

IRES		
Description	Amount	Total
Profit (loss) for the year after taxes		4,375,597
INCREASES		

Non-deductible or unpaid taxes	1,845,205	
Imu	67	
Transport costs	32,248	
Contingent liabilities	170,762	
Non-deductible amortisation/depreciation	10,402	
Provision for investment write-downs	250,000	
Entertainment expenses (gifts) deductible within the revenue limit	4,735	
Other increases	33,040	
<b>Total increases</b>		<b>2,346,459</b>
<b>DECREASES</b>		
Deductible entertainment expenses (gifts)	4,735	
Other decreases	219,791	
<b>Total decreases</b>		<b>224,526</b>
<b>TAX INCOME</b>		
IRES income gross of donations		6,497,530
ACE deduction for invested capital		209,956
Net IRES income		6,287,574
<b>IRES accrued 24%</b>		<b>1,509,018</b>

<b>IRAP</b>		
<b>Description</b>	<b>Amount</b>	<b>Total</b>
Total positive components		29,437,668
Total negative components		20,876,879
Total section II		
<b>INCREASES</b>		
Non-deductible IRAP for continuous collaboration contracts	98,300	
Imu	137	
Total increases		98,437
<b>DECREASES</b>		
Other decreases for IRPEF/IRES and IRAP purposes	213,101	
Decreases from previous years		
Total decreases	213,101	213,101
<b>VALUE OF PRODUCTION</b>		
Total gross production value		8,446,125
Deduction of personnel costs		1,471,293
Total net production value		6,974,832
<b>Current IRAP taxes</b>		<b>336,187</b>

### Deferred and prepaid taxes

This item includes the impact of deferred taxes on these interim financial statements. The same is due to the temporary differences between the values attributed to an asset or liability according to statutory criteria and the corresponding values recognised for tax purposes. In the first half of the year there were no temporary differences that resulted in deferred taxation with reference to IRES and IRAP.

The table below shows the deferred tax assets recognised in the financial statements as at 31/12/2020 and which have not changed.

#### Details of taxable temporary differences

Description	Amount at the end of the previous year	Change during the year	Amount at the end of the year	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Director's fee	51,230	-	51,230	24.00	12,295	-	-

#### Explanatory notes, cash flow statement

##### Comment

The company has prepared the cash flow statement that represents the summary document that reconciles the changes occurred during the half-year in the company assets with the changes in the financial situation; it highlights the values relating to the financial resources that the company needed during the year as well as the related uses.

With regard to the method used, it is specified that, in accordance with the provisions of OIC 10, the company adopted the indirect method on the basis of which the cash flow is reconstructed by adjusting the result for the year of non-monetary components.

##### 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.

	Middle managers	White collar workers	Blue collar workers	Total employees
Average number	7	100	10	117

##### Comment

The change in the number of employees in the first half of 2021 compared to the figure at 31/12/2020 can be illustrated as follows:

- 32 sales staff and 4 warehouse staff were hired to support the development of the sales network and to replace expired and non-renewed contracts.
- there was a reduction of 12 units in the sales network due to the expiry of fixed-term contracts (9) and resignations (3)
- there was a reduction of 3 units in the warehouse due to the expiry of fixed-term contracts (2) and resignations (1)
- 2 new employees were hired in the sales and administrative structure at the registered office
- 3 new middle managers were hired in the sales and administrative structure at the registered office

	Middle managers	White collar workers	Blue collar workers	Total employees
Data as at 31/12/2020	4	74	8	86
Net increases/decreases in 2021	3	26	2	31
Data as at 30/06/2021	7	100	10	117

The figures in the table refer to the average number of employees and the changes reported are specifically related both to new entries and exits detailed in the commentary, and highlight the fact that the hirings made in 2020 from the first of January 2021 have had a significant impact in terms of average value.

**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	92,500	18,750

The fees relate to the portion pertaining to the first half of 2021

**Fees to the statutory auditor or independent auditors**

During the interim period, the auditors' fees were as follows:

	Statutory audit of the interim accounts	Other responsibilities	Total fees due to the statutory auditor or independent auditors
Value	7,500	-	7,500

**Categories of shares issued by the company**

The following table shows the number and nominal value of the company's shares, as well as any movements during the interim period.

Share category	Number	Nominal Value
Ordinary shares		
Initial amount	2,807,900	533,690
Subscription for the year	429,002	85,800
Reduction in the year	-	-
<b>Final balance</b>	<b>3,236,902</b>	<b>619,490</b>

With reference to the amount of the Subscription item for the year, please refer to point 3 of this Report on Operations, to which we refer for detailed information.

All subscribed shares have been fully paid up. The following table sets out the Company's significant shareholders as at 30 June 2021

Shareholder	No. of shares held	% of share capital
<b>Simone Prete</b>	730,000	22.55%
<b>Stefano Caporicci</b>	600,000	18.54%
<b>Pietro Peligra</b>	481,500	14.88%
- through Hi Capital Advisors Ltd.	271,500	8.39%
- on their own	210,000	6.49%
<b>Patrizia Amicucci</b>	229,767	7.10%
<b>Roberto Panfili</b>	205,200	6.34%
- through Matilde S.a.s. di Mabe Srl Semplificata & C.	37,000	1.14%
- on their own	168,200	5.20%
<b>Expandi S.r.l.</b>	133,333	4.12%
<b>Market</b>	857,102	26.48%
<b>Total</b>	<b>3,236,902</b>	<b>100.00%</b>

**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:

- 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 Tusconala 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.
- 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 2021.
- 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.
- 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.

	Amount
Guarantees	897,250
of which real	-

**Assets allocated to a specific business**

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

**Loans for a specific business**

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

**Information on transactions with related parties**

Transactions with related parties were carried out during the half-year; these transactions were concluded at market conditions, and the following table provides related information:

COMPANY NAME	Trade receivables	Trade payables	Financial receivables	Financial payables	Other receivables	Other payables	Purchases	Sales
Expandi Srl	483,568	292,800					240,000	15,000

<b>PB Retail Srl</b>	244,355	600,000		200,291
<b>Hi Capital Advisors</b>		36,000		36,000
<b>Kat Srl</b>		4,918		
<b>Nova Spa</b>	1,355			
<b>Portobello Consulting Srl</b>	261,141	53,985	83,250	3,800
<b>RS production Srl</b>	31,421	73,140	437,000	13,755
<b>SAE SPA Group</b>				327,500
<b>Wins Srl</b>		36,248		
<b>Wolt Spa</b>			77,986	
<b>Web Magazine Maker</b>	2,019,105	66,400		1,534,228

<b>COMPANY NAME</b>	<b>Revenues as at 30 June 2021</b>	<b>% Revenues as at 30/06/2021</b>
<b>Expandi</b>	15,000	0.05%
<b>PB Retail Srl</b>	200,291	0.68%
<b>Portobello Consulting</b>	3,800	0.01%
<b>RS production Srl</b>	13,755	0.05%
<b>SAE SPA Group</b>	327,500	1.11%
<b>Web Magazine Maker</b>	1,534,228	5.21%

#### Information on agreements not resulting from the balance sheet

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

#### Information on significant events after year end

With reference to point 22-quater of art. 2427 of the Italian Civil Code, as regards the reporting of the main significant events occurring after the end of the half-year that had a significant impact on the equity, financial and economic performance, please refer to the report on operations.

#### Companies that prepare the consolidated financial statements of the largest/smallest group of companies to which they belong as a subsidiary

There are no cases pursuant to art. 2427, numbers 22-quinquies and sexies of the Italian Civil Code.

#### Information on derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

It is hereby stated that in 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:

- 3M EURIBOR > SWAP RATE, the Company receives the differential payment;
- 3M EURIBOR < 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 30/06/2021 was Euro 50,391. The relative value is recorded under Provisions for risks and charges and as a negative reserve in the appropriate item.



**Summary statement of the financial statements of the company that exercises management and coordination**

Pursuant to art. 2497-bis, par. 4 of the Italian Civil Code, we state that the company is not subject to management and coordination by others.

**Final considerations**

We confirm that these interim financial statements, consisting of the balance sheet, income statement, cash flow 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 half-year and correspond to the accounting records. We therefore approve the draft interim financial statements as at 30/06/2021

The interim financial statements are true and correspond to the accounting records

Rome, 20/09/2021

**For the Board of Directors**

The Chairperson

Pietro Peligra

A handwritten signature in dark ink, appearing to read 'Pietro Peligra', is written over a faint, light-colored circular stamp or watermark.

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## Limited audit report

To the Board of Directors of PORTOBELLO S.p.A.

## **Introduction**

We have carried out a limited audit of the interim financial statements of PORTOBELLO S.p.A. (the Company) consisting of the balance sheet, income statement, cash flow statement and related explanatory notes for the 6-month period ended 30 June 2021.

The Directors of PORTOBELLO S.p.A. are responsible for the preparation of interim financial statements that provide a true and fair view in accordance with the accounting standard OIC 30.

Our responsibility is to express a conclusion on the interim financial statements based on the limited audit carried out.

## **Scope of the limited audit**

Our work was carried out in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The limited audit of the interim financial statements consists of conducting interviews, primarily with the

corporate personnel responsible for financial and accounting matters, financial statement analysis and other limited audit procedures. The scope of a limited audit is substantially less than that of a full audit carried out in accordance with International Standards on Auditing and, consequently, does not allow us to have full confidence that we are in possession of all material facts that would be identified by conducting a full audit. Accordingly, we have not expressed an opinion on the interim financial statements for the six months ended 30 June 2021.

## **Conclusions**

Based on the limited audit carried out, nothing has come to our attention that causes us to believe that the interim financial statements of PORTOBELLO S.p.A., for the six-month period ended 30 June 2021, do not provide a true and fair view of the financial position, results of operations and cash flows of PORTOBELLO S.p.A., in accordance with accounting standard OIC 30.

Rome, 20 September 2021

Audirevi S.p.A.

  
Alfonso Laratta (Partner)