ADMISSION DOCUMENT TO THE NEGOTIATIONS ON EURONEXT GROWTH MILAN, A MULTILATERAL TRADING FACILITY ORGANIZED AND MANAGED BY BORSA ITALIANA S.P.A., OF THE SHARES OF **RACING FORCE S.P.A.**

RACING FORCE GROUP

OMP | BELL | ZN | Racing Spirit | +

EURONEXT GROWTH ADVISOR AND GLOBAL COORDINATOR

EQUITA

FINANCIAL ADVISOR

EMINTAD

Euronext Growth Milan is a multilateral trading facility designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration.

Consob and Borsa Italiana have not themselves examined or approved the contents of this document.

This document has been prepared in accordance with the Rules for Issuers of Euronext Growth Milan ("**EGM Issuers' Regulation**") for the purpose of admission of the ordinary shares of Racing Force S.p.A. ("**Racing Force**" or "**Issuer**" or "**Company**") on this multilateral trading system organised and managed by Borsa Italiana S.p.A. ("**Euronext Growth Milan**").

This Admission Document does not constitute an offer to the public of financial instruments as defined by Legislative Decree 24 February 1998, n. 58 ("**TUF**") and the issuers regulation adopted by Consob with resolution no. 11971 of May 14, 1999 ("**Regulation 11971**"). Therefore, it is not necessary to draw up a prospectus according to the layouts provided by Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or Regulation (EU) 2019/980. The publication of the Admission Document must not be authorized by Consob pursuant to the Prospectus Regulation or any other rule or regulation governing the drafting and publication of prospectuses pursuant to articles 94 and 113 of the TUF.

The offer falls within the cases of inapplicability of the provisions on public offerings of securities provided for in Article 100 of the TUF, Article 34-ter, paragraph 01, of Regulation 11971 and Article 1(4) of Prospectus Regulation.

DISCLAIMER

This document does not constitute an offer to sell or a solicitation of offers to buy securities in the United States of America, Australia, Canada or Japan or any jurisdiction where such distribution is unlawful, (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended ("**Securities Act**"). Neither this document nor any copy of it may be taken or transmitted into the United States of America, its territories, or possessions, or distributed, directly or indirectly, in the United States of America, its territories or possessions, or any US person. Any failure to comply with this restriction may constitute a violation of United States of America securities laws. The shares proposed to be offered by the Company have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the Securities Act and may not be offered or sold within the United States, absent registration requirements of the Securities Act and applicable state laws. The Company does not intend to register any offering in the United States or conduct a public offering of securities in the United States.

By accepting this Document, you agree to be bound by the foregoing restrictions and you will treat as strictly private and confidential all such information and take all reasonable steps to preserve such confidentiality.

The tax treatment depends on the single situation of each client and may be subject to changes in the future; consequently, this document cannot, under any circumstances, be intended and/or interpreted as an opinion, legal advice or tax opinion in relation to tax aspects. Each potential investor is therefore advised to evaluate any investment on the basis of his or her own accounting, tax and legal advice and should also obtain from his or her own financial advisors an analysis of the suitability of the transaction, the risks, hedges and cash flows associated with the transaction, to the extent that such analysis is appropriate for assessing the benefits and risks of the transaction itself.

Each potential investor is deemed to be personally responsible for verifying that any investment in the transaction described herein does not violate the laws and regulations of the investor's country of residence and is deemed to be responsible for obtaining any prior approvals that may be required to perform the investment.

This document is not intended to be published or distributed in countries where specific authorization is required in accordance with applicable laws. The securities have not been and will not be registered - and therefore may not be offered, sold or otherwise transferred, directly or indirectly - in countries where specific authorization is required in accordance with applicable laws, unless the Company avails itself, at its discretion, of any exemption provided for in the applicable regulations.

By accepting this document, the recipient declares to understand and accept the terms and conditions outlined in this disclaimer.

This document is an admission document concerning the admission of the shares of the Issuer on Euronext Growth Milan, a multilateral trading facility managed and organized by Borsa Italiana S.p.A. and it has been prepared in accordance with the EGM Issuers' Regulation.

The Company declares that it will use the English language for all the documents made available to shareholders and for any other information required by the EGM Issuers' Regulation.

The Euronext Growth Milan issuer must have appointed an Euronext Growth Advisor, as defined in the EGM Issuers' Regulation. The Euronext Growth Advisor must issue a statement to Borsa Italiana S.p.A. at the time of admission in the form specified in Schedule Two of the EGM Issuers' Regulation.

Please note that for the purposes related to the admission to trading of the ordinary shares of Racing Force S.p.A. on Euronext Growth Milan, Equita SIM S.p.A. has acted in its capacity as Euronext Growth Advisor of Racing Force S.p.A. pursuant to the EGM Issuers' Regulation and the Euronext Growth Advisor Regulation.

Pursuant to the EGM Issuers' Regulation and the Euronext Growth Advisor Regulation, Equita SIM S.p.A. is solely responsible to Borsa Italiana S.p.A. Equita SIM S.p.A., therefore, assumes no responsibility to any person who, based on this Admission Document, decides, at any time, to invest in the ordinary shares of Racing Force S.p.A.

Only the persons indicated in Section I, Chapter I, and Section II, Chapter I, are responsible toward investors for the conformity of the facts and for the absence of omissions that may alter the meaning of this Admission Document.

Please note that for disclosing regulated financial information, the Issuer will use the circuit " EMarketSDIR-EMarketStorage" managed by Spafid Connect S.p.A., with registered office in Foro Buonaparte, 10, Milan.

By accepting the delivery of this document, the addressee declares to have understood and accepted the terms and conditions set out in this disclaimer.

This admission document is available on the Issuer's website (www.racingforce.com).

CONTENTS

DEFINITIONS

Some terms used in this Admission Document are defined as follows.

Words defined in the singular form comprise the plural form, and vice versa; in this Admission Document, the expression:

Admission	Admission to trading on Euronext Growth Milan of the Shares.
Admission Date	the effective date of admission of the Shares to Euronext Growth Milan, established by a specific notice published by Borsa Italiana.
Admission Document	This Admission Document.
Audit Company *or* **KPMG**	KPMG S.p.A., with registered office in Genoa, Italian fiscal code, VAT number and number of registration with the Companies Register of Genoa 00709600159.
Board of Directors	The Issuer's board of directors.
Board of Statutory Auditors	The Issuer's board of statutory auditors.
Borsa Italiana	Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari 6.
By-Laws	The by-laws of the Issuer, adopted by resolution of the Extraordinary Shareholders' Meeting of the Issuer held on October 15th, 2021, available on the Issuer's website www.racingforce.com.
Capital Increase	The Issuer's capital increase - for payment and in divisible form, with exclusion of shareholders' option right pursuant to art. 2441, paragraph 5 of the Civil Code, for a maximum amount of nominal EUR 25,000,000.00 (twenty-five million /00), including share premium, by means of the issuance of ordinary shares without specification of the par value, with regular enjoyment entitlement, exempted pursuant to art. 34-ter, paragraph 01 of Regulation 11971 and art. 1, paragraph 4 of the Prospectus Regulation, to service the Offer aimed at the admission of the Company's ordinary shares to Euronext Growth Milan. In execution of the aforementioned resolution of the shareholders' meeting, on November 11th, 2021, the Board of Directors resolved to set the subscription price of the Ordinary Shares intended for the Offer at EUR 4.50 each, of

	which EUR 0.10 as share capital and EUR 4.40 as share premium, with the consequent issuance of a maximum of 4,500,000 Shares.
Civil Code, c.c.	The Italian Civil Code.
Consob	*Commissione Nazionale per le Società e la Borsa,* with registered office in Rome, Via G.B. Martini n. 3.
Date of the Admission Document	The date on which the Issuer submits the Admission Document to Borsa Italiana, at least 3 (three) trading days before the scheduled Admission Date.
Equita or **Euronext Growth Advisor**	Equita SIM S.p.A., with registered office in Via Filippo Turati, 9, 20121 Milano, Italian fiscal code and VAT number 09977760967.
EGM Issuers' Regulations *or* **EGM Regulations**	the EGM Issuers' Regulation in force on the Date of the Admission Document.
Euronext Growth Advisor Regulation	Euronext Growth Advisor Regulation, approved by Borsa Italiana and entered into force on March 1°, 2012, as subsequently amended and integrated.
Euronext Growth Milan	Euronext Growth Milan, a multilateral trading facility organized and managed Borsa Italiana S.p.A.
Float of Free Float	The portion of the Issuer's share capital actually available for trading on Euronext Growth Milan, with the exclusion from the calculation of: (a) controlling holdings or of holdings bound by shareholders' agreements or of holdings subject to restrictions on the transferability of shares (lock-up agreements); (b) holdings equal to 5% or higher. Borsa Italiana, at its discretion, may decide to take into account such holdings in response to a reasoned request from the Euronext Growth Milan applicant after evaluating the nature of the investor and the purpose of the shareholding. The calculation of shareholdings must be carried out in accordance with the criteria established in the Disclosure Requirements; the number of shares in the category for which admission is being requested shall be considered.

	(c) Shareholdings equal to or greater than 5% held by institutional investors or in a special purpose asset fund, set up in accordance with Article 27 of Legislative Decree N. 34/2020 are included in the Free Float, unless these shareholdings are controlling shareholdings or shareholdings bound by shareholders' agreements or shareholdings subject to restrictions on the transferability of shares (lock-up agreements).
Global Coordinator	Means Equita.
Greenshoe Option *or* Greenshoe	The option granted by SAYE and Nehoc Systems Ltd. in favor of the Global Coordinator for purchase of a maximum of 630,000 Shares, equal to approximately 10% of the Offer, in the context of the Private Placement.
Group *or* Racing Force Group	The Issuer and the controlled subsidiaries pursuant to article 2359, paragraph 1, no. 1, of the Civil Code.
High Protection Systems	High Protection Systems S.A., with registered office in Avenue Landas, 17, 1480, Saines (Belgium), fiscal code and VAT number BE0452403446.
International Financial Reporting Standards *or* IFRS *or* IAS/IFRS	All the "International Financial Reporting Standards" issued by the IASB ("International Accounting Standards Board") and recognized by the European Commission pursuant to Regulation (EC) No. 1606/2002, which include all the "International Accounting Standards" (IAS), all the "International Financial Reporting Standards" (IFRS) and all the interpretations of the "International Financial Reporting Interpretations Committee" (IFRIC), previously known as the "Standing Interpretations Committee" (SIC).
ISIN Code	International Security Identification Number, *id est* the international code used to identify dematerialized securities.
Issuer *or* Racing Force *or* Company	Racing Force S.p.A., with registered office in via Bazzano 5, 16019, Ronco Scrivia (GE), Italian fiscal code and VAT number 02264760105, number of registration with the Companies Register of Genoa GE- 260454.
Italian Accounting Principles	The principles and criteria provided for in Articles 2423 et seq. of the Civil Code for the preparation of the financial statements of joint stock companies, supplemented by the

	national accounting standards issued by the Italian Accounting Body (OIC).
Legislative Decree 39/2010	The Legislative Decree 27 January 2010, no. 39 for the "Implementation of EC Directive 2006/43 on statutory audits of annual accounts and consolidated accounts".
Management	The Issuer's management.
MAR *or* ***Market Abuse Regulation***	The Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, and its supplementary and implementing regulations in force as of the Date of the Admission Document.
Over Allotment Option	The option to borrow a maximum of 630,000 Shares, corresponding to a portion equal to approximately 10% of the number of Shares, granted by SAYE and Nehoc Systems Ltd. in favor of the Global Coordinator for the purpose of a possible over-allotment in the context of the Private Placement.
Placement *or* **Private Placement** *or* **Offer**	The private placement aimed at the constitution of the minimum free float for the admission of the Shares to trading on Euronext Growth Milan, (a) concerning the Shares resulting from the Capital Increase, addressed to (i) Italian "qualified investors" as defined and identified in article 2, letter e) of Regulation (UE) no. 2017/1129 and to foreign institutional investors as defined and identified by Regulation S of the United States Securities Act of 1933 (excluding institutional investors in Australia, Canada, Japan and the United States of America and any other foreign country in which placement is not possible without authorization from the competent authorities) (**Qualified Investors**), and (ii) to other categories of investors other than Qualified Investors, under the exemption regime provided for in Article 34-ter, paragraph 01, of Regulation 11971/1999, with the consequent exclusion from the publication of a prospectus; and (b) the Shares offered for sale by the the Selling Shareholders as below defined.
Prospectus Regulations	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14th, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market.

Racing Force Group *or* Group *or* RFG	The Issuer and the companies directly or indirectly controlled by it pursuant to Article 2359, paragraph 1, no. 1 of the Italian Civil Code and included in the scope of consolidation;
Racing Force International	Racing Force International WLL, a Bahrain corporation, with registered office in Building 310, Road 6204, Hawrat Ingah, Block 1062, Southern Governorate, VAT number 200010478200002. The change of name of the company from Bell Helmets International WLL to Racing Force Internaional WLL shall be effective upon publication in the relevant Companies Register.
Racing Force USA	Racing Force U.S.A. Inc., a Florida (USA) corporation, with registered office in 241 NE 61st Street, Miami, Florida 33137.
Regulation 11971	The implementing regulation of Legislative Decree no. 58 of 24 February 1998, concerning the regulation of issuers, adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented.
Related Parties	the parties included in the definition of "related parties" in the regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented, containing provisions on transactions with related party.
SAYE	SAYE S.p.A., an Italian company incorporated by shares, with registered office in Genoa, via G. D’Annunzio, 2/104, fiscal code and VAT number 01641860992, number of registration with the Companies Register of Genoa GE-424584.
Securities	Shares issued by the Issuer.
Selling Shareholders	SAYE and Nehoc Systems Ltd.
Shares *or* Ordinary Shares	The Issuer’s shares, without specification of the par value.
Shares for Sale	Means the maximum aggregate number of 1,800,000 offered for sale under the Placement by the Selling Shareholders.
Specialist	Equita.
Testo Unico della Finanza *or* TUF	Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented.

Testo Unico delle Imposte *or* TUIR	Presidential Decree no. 917 of 22 December 1986, as subsequently amended and integrated.
Trading Start Date	The start date of trading of the Shares on Euronext Growth Milan, established by a specific notice published by Borsa Italiana.

GLOSSARY

Below is a list of the main technical terms used in the Admission Document. Such terms, unless otherwise specified, shall have the meanings provided below. Please note that, in relation to the below-mentioned terms, the singular form includes the plural form and vice versa.

Bell or Bell Helmets	means the trademark used by the Company for the commercialization of racing helmets manufactured by the Group;
Brands	means the OMP, Bell Helmets, Zeronoise and Racing Spirits brands marketed by the Group;
Car Parts	means, on a side, homologated items like seats, fire extinguisher systems, harnesses, racing nets, rollbars, racing accessories and, on the other side, not homologated items such steering wheels, intercoms and Driver's Eye, and other car accessories;
Driver Equipment	means technical wear, which comprises, on a side, homologated items like suits, underwear, gloves, shoes and helmets, and, on the other side, not homologated items such mechanic accessories and suits and other accessories;
Driver's Eye	means the pioneering camera used in the top races of Formula E and Formula 1 for live TV broadcasting is a patented technology developed by Zeronoise;
FIA	means Fédération Internationale de l'Automobile, the governing body of Motorsport which promotes safe, sustainable and accessible mobility for all road users across the world. One of the FIA's key objectives is to encourage and implement the adoption of technical regulations for each form of Motorsports across the world. FIA defines standards (homologations) for safety products that are mandatory in each discipline and subject to a period of expiration;
Formula 1 or F1	Formula One is the highest class of international auto racing for single-seater formula racing cars sanctioned by the Fédération Internationale de l'Automobile (FIA);
Formula E	means a single-seater motorsport championship for electric cars. The Formula E championship is currently contested by twelve teams with two drivers each. The sport features electric-powered race cars similar in style to the hybrid-drive cars of Formula 1;
Indycar Series	means the premier level of open-wheel racing in the United States;

Karting	means a variant of road racing with, four-wheeled vehicles known as or shifter karts. They are usually raced on, although some professional kart races are also held on full-size motorsport circuits;
Motorsport	means any competition or related sport activity restricted to vehicles that i) have at least 4 non-aligned wheels and ii) are constantly and entirely controlled by a driver onboard the vehicle;
Motorsport Safety Product or *Motorsport Safety Equipment*	means all items regarding protective equipment used in Motorsport;
Nascar	means an American auto racing sanctioning and operating company that is best known for stock car racing;
Products	means Car Parts and Driver Equipment;
Rally Cross World Championship or *WRX*	means a rallycross series organized by the FIA in conjunction with series promoter Rallycross Promote;
Rally-Raid	also known as cross-country rallying, is a form of long distance off-road racing that takes place over several days. The length of the event can be as short as 2–3 days for a cross-country baja to as long as 15 days with marathon rallies like the Dakar Rally; with other cross-country rally events lasting 4–5 days. With skill in navigation being key, the driving skill and endurance of riders, drivers, co-drivers, and machines are put to the test. The total distance covered can be anywhere between 600 km to over 5,000 km with terrain ranging from sandy dunes, forest roads, mountain roads, and dry river beds; among others;
Rest of the World	means Australia, Asia and Africa;
Soft Product	means gloves, suits, shoes, underwear, seats, seat belt;
World Endurance Championship or *WEC*	means an auto racing world championship organized by the Automobile Club de l'Ouest (ACO) and sanctioned by the Fédération Internationale de l'Automobile (FIA). The series features multiple classes of cars competing in endurance races, with sports prototypes competing in the Le Mans Hypercar and Le Mans Prototype categories, and production-based grand tourers competing in the LM GTE categories. World champion titles are awarded to the top-scoring manufacturers

	and drivers over the season, while other cups and trophies will be awarded for drivers and private teams;
World Rally Championship or *WRC*	means the highest level of global competition in the motorsport discipline of rallying, governed and organized by the FIA. There are separate championships for drivers, co-drivers and manufacturers, with a new teams championship added in 2021. The series currently consists of 12 two to three-day events driven on surfaces ranging from gravel and tarmac to snow and ice. Each rally is usually split into 15–25 special stages which are run against the clock on closed roads.

TRANSACTION TIMETABLE

Date of submission of the pre-admission request	October 29th, 2021
Date of submission of the Admission request	November 9th, 2021
Date of publication of the Admission Document	November 12th, 2021
Admission Date	November 12th, 2021
Trading Start Date	November 16th,2021

DOCUMENTS AVAILABLE TO THE PUBLIC

The following documents are made available to the public at the Issuer's headquarter (via Bazzano n. 5, 16019 Ronco Scrivia (GE) and on the Issuer's website www.racingforce.com:

- Admission Document;
- Issuer's By-Laws;
- the consolidated financial statements of the Group ended December 31st, 2020;
- the consolidated interim financial statement of the Group ended June 30th, 2021.

SECTION ONE

1. RESPONSIBLE PEOPLE

1.1 Persons responsible for the Admission Document

Racing Force S.p.A., as Issuer, with registered office in Ronco Scrivia (GE), via Bazzano, n. 5, Italian fiscal code and VAT number 02264760105, number of registration with the Companies Register of Genoa, GE-260454, assumes responsibility for the completeness and truthfulness of the data and information contained in the Admission Document.

1.2 Declaration of responsibility

Having adopted all the reasonable measures for this purpose, the Issuer expressly declares that the information contained in the Admission Document is, to the best of its knowledge, compliant with the facts and does not present omissions that might alter its meaning.

1.3 Opinions or reports written by experts

For the purposes of the Admission Document, no statements or reports have been issued by any expert.

1.4 Information from third parties

The information contained in the Admission Document comes from third parties where expressly indicated.

With regard to the latter information, the Issuer confirms that such information have been faithfully reproduced and that, as far as the Issuer knows or is able to ascertain on the basis of information published by such third parties, no facts have been omitted that could make such information inaccurate or misleading. The sources of said information are specified in the specific sections of the Admission Document where such information is reported.

2. AUDITORS

2.1 Statutory auditors of the Issuer

On May 14th 2020, the Issuer's shareholders' meeting appointed the auditing firm KPMG S.p.A. - with registered office in Piazza della Vittoria, 15, 16121 Genova GE, enrolled with Companies Register of Genoa, tax code and VAT no. 00709600159 - to audit the Company's financial statements for the financial year 2020-2022.

The Board of Statutory Auditors of the Issuer issued the statement pursuant to art. 6-bis of the EGM Issuers' Regulation.

The Group's consolidated financial statement for the year ended December 31st, 2020, prepared in accordance with National Accounting Standards, was approved by the Board of Directors on May 7th, 2021 and audited by the Audit Company, who issued their voluntary audit report on May 14th, 2021.

The Group's interim consolidated financial statement for the six months ended June 30th,2021, prepared in accordance with National Accounting Standards, was approved by the Board of Directors on September 10th, 2021 and subjected to a limited audit by the Audit Company, who issued their audit report on October 28th, 2021.

2.2 Information on relations with the Audit Company

At the Admission Document Date, the Issuer has not revoked the audit mandate conferred to the Audit Company, nor did the Audit Company resigned their mandate.

3. SELECTED FINANCIAL INFORMATION

The following is a discussion and analysis of our results of operations and financial condition as of and for the year ended December 31st, 2020, and as of and for the six months ended June 30th, 2021 and 2020, as derived from our Financial Statements.

In more detail, in this Admission Document, we discuss our results of operations for the six-month periods ended June 30th, 2020 based on our unaudited condensed consolidated interim financial statement; June 30th, 2021 based on our limited review condensed consolidated interim financial statement and for the year ended December 31st, 2020 based on our audited consolidated financial statement. Furthermore we comment our balance sheet as at December 31st, 2020 with the opening balances as at January 1st, 2020 based on our audited consolidated financial statements.

Description of Key Income Statement Items Sales Revenue

Revenue

Revenues are valued based on the consideration specified in the contract with the customer. The Group recognizes revenues when it transfers control of goods or services.

For the sale of goods, the transfer of control, and therefore the recognition of revenues, generally corresponds to the date on which the goods are made available to the customer, or when the goods are released to the carrier responsible for their transport to the customer.

Revenues from services are recognized once the service is provided. If a service is provided on an ongoing basis over time, the related revenue is recorded pro rata on an accrual basis.

Cost of sales

Cost of sales mainly consists of raw material and semi-finished goods purchases and transport and duties on purchases.

Selling and distribution expenses

Selling and distribution expenses mainly consist of technical partnerships and sponsorships, costs for freight and commission and other cost on sales.

General and administrative expenses

General and administrative expenses mainly consist of cost of personnel like wages and salaries, social security contributions and employee severance indemnities, professional fees.

Depreciation

Depreciation relate to amortization of intangible fixed assets, of right of use assets and depreciation of tangible fixed assets.

Taxes

Taxes for the period includes current and deferred taxes recognized in profit / (loss) for the year, except for those relating to business combinations or items recognized directly in equity or among other components of the comprehensive income statement.

Results of Operations

The following table provides an overview of our results of operations for the year ended December 31st, 2020 and for the six months ended June 30th, 2021, and June 30th, 2020:

	Year ended December 31,	Six months ended June 30,	
(€ thousand)	2020	2021	2020
Revenue	33,733	24,944	16,996
Cost of sales	(13,598)	(10,147)	(6,778)
Gross profit	**20,135**	**14,796**	**10,218**
Other income	1,485	746	459
Selling and distribution expenses	(4,968)	(3,339)	(2,529)
General and administrative expenses	(10,823)	(6,039)	(5,534)
Other expenses	(467)	(177)	(149)
Gross operating profit (EBITDA)	**5,363**	**5,987**	**2,465**
Bad Debt and write offs	(212)	(55)	(13)
Depreciation	(2,305)	(1,037)	(1,081)
Net operating profit (EBIT)	**2,846**	**4,895**	**1,372**
Finance income	236	201	137
Finance costs	(936)	(279)	(314)
Net income (loss) before taxes	**2,146**	**4,818**	**1,195**
Taxes	(709)	(1,217)	(430)
Total net income (loss) after taxes	**1,437**	**3,600**	**765**
Other Comprehensive Income (Loss)	(131)	114	(75)
Total Comprehensive Income	**1,306**	**3,714**	**690**

Year Ended December 31st, 2020

Year ended December 31,

(€ thousand)	2020
Revenue	33,733
Cost of sales	(13,598)
Gross profit	**20,135**
Other income	1,485
Selling and distribution expenses	(4,968)
General and administrative expenses	(10,823)
Other expenses	(467)
Gross operating profit (EBITDA)	**5,363**
Bad Debt and write offs	(212)
Depreciation	(2,305)
Net operating profit (EBIT)	**2,846**
Finance income	236
Finance costs	(936)
Net income (loss) before taxes	**2,146**
Taxes	(709)
Total net income (loss) after taxes	**1,437**
Other Comprehensive Income (Loss)	(131)
Total Comprehensive Income	**1,306**

Sales Revenues

Group's revenues are mainly due to the sales of finished products to dealers, distributors, teams, car manufacturers and individual customers. The products made by the Group consist of safety components for drivers (fireproof and anti-abrasive suits, helmets, intercoms, gloves, shoes and more) and for racing cars (seats, seat belts, steering wheels, roll bars, fire extinguishers and other car components), which are marketed under the OMP, Bell, Zeronoise and B2 brands. In addition, Sports Mini Line is the line dedicated to the sale of mini-helmets, replica helmets scal 1:2.

The breakdown of revenue by geographical area is as follows:

	Year ended December 31,
(€ thousand)	2020
Area	
EMEA	21,837
AMER	8,327
APAC	3,569
Revenue	33,733

Group's revenues are generated in approximately 80 countries. Of these, only three countries (Italy, the United Kingdom and the United States) individually exceed the 10% threshold of the Group's total revenues.

Cost of sales

The breakdown of the cost of goods sold by nature of expenditure is shown below:

	Year ended December 31,
(€ thousand)	**2020**
Raw materials and semi-finished goods	12,227
Change in inventory	(208)
Transport and duties on purchases	1,033
Other costs related to purchases	547
Cost of sales	**13,598**

Contribution Margin

We focus on Contribution Margin as a key metric to determine the profitability of our operations. We define Contribution Margin as Revenue less the Cost of sales composed of costs directly related to production and distribution. The table below sets forth our Contribution Margin on an absolute basis and as a percentage of sales revenue for each period.

	Year ended December 31,
(€ thousand)	**2020**
Revenue	33,733
Contribution Margin	20,135
Percentage of sales revenue	60%

Our Contribution Margin depends on the price at which we sell our products and the cost of materials and costs of services directly related to the production and distribution of such product.

Other income

Other income includes sales of materials to suppliers (€ 316 thousand) and other income generated during the fiscal year, including € 191 thousand of government grants received by the subsidiary Bell Racing Helmets International Wll, linked to the Covid-19 pandemic, and € 520 thousand from the waiver of credits by the minority shareholder Mr. Stephane Alexandre Cohen in favor of the companies of the Group, as agreed between the parties within the acquisition by the Group of the minority shares in Bell Racing Helmets International Wll.

Selling and distribution expenses

Expenses in 2020 are detailed as reported below:

(€ thousand)	Year ended December 31, 2020
Technical partnerships and sponsorships	3,240
Freight out	1,122
Commissions and other cost on sales	606
Selling and distribution expenses	**4,968**

Technical partnerships mainly refer to contracts signed with leading car manufacturers and teams. Sponsorships include advertising and promotional expenses.

General and administrative expense

Expenses in 2020 are detailed as reported below:

(€ thousand)	Year ended December 31, 2020
Personnel	7,148
Professional fees	1,340
Compensation to BoD	788
Utilities	384
Repair & maintenance	296
Other G&A	867
General and administrative expenses	**10,823**

Personnel costs include wages and salaries for employees of Group companies for € 5,469 thousand in addition to social security and other personnel expenses for € 1,679 thousand.

Professional fees mainly include the amounts paid to the company Studiomilano (US company, related party) which provided personnel and payroll and administrative services to the consolidated company Racing Force USA.

The other general costs mainly refer to bank charges and commissions for the use of credit cards, travel expenses incurred by Group employees during the year, consumables and other general and administrative costs. In addition, the item includes € 31,500 of fees for the board of statutory auditors of the parent company Racing Force.

Other expenses

Other expenses mainly refer to costs for research incurred during the year and development costs not meeting the requirements for capitalization for € 255 thousand, to costs recognized in 2020 referring to previous years for € 160 thousand, in addition to taxes other than income taxes for € 22 thousand and other charges for € 30 thousand.

Bad Debt and write-off

The balance is due to € 119 thousand bad debt provision and € 93 thousand accrual for stock obsolescence.

Depreciation

The detail of depreciation by category of asset is provided below:

	Year ended December 31,
(€ thousand)	**2020**
Intangible Assets	808
Right of use assets	786
Property, Plant & Equipment	711
Depreciation	**2,305**

Finance income and costs

Financial income and costs are recorded on an accrual basis during the fiscal year.

The composition of finance income and costs is detailed in the tables below:

	Year ended December 31,
(€ thousand)	**2020**
Interest with SAYE S.p.A.	37
Other interest income	199
Finance income	**236**

	Year ended December 31,
(€ thousand)	**2020**
Banks	(493)
Interest leasing IFRS 16	(109)
Foreign exchange loss	(281)
Interest IAS 19	(4)
Racing Spirit Lc equity method evaluation	(21)
Other finance costs	(28)
Finance costs	**(936)**

Other financial income includes € 126 thousand arising from the transaction with the ING bank concluded during the year, since the consolidated company 2SM Europe Sprl paid off the existing loan for an amount lower than the residual debt value.

The net foreign exchange rate loss is due to € 77,785 realized loss and € 203,288 unrealized loss booked during the fiscal year.

Taxes

The composition of the balance as at December 31st, 2020, is as follows:

(€ thousand)	**Year ended December 31, 2020**
Current income taxes	(634)
Deferred taxes	(75)
Taxes	**(709)**

Current taxes refer to income taxes for the year, calculated analytically by each company in the Group.

Deferred taxes concern positive or negative income components respectively subject to taxation or deduction in years other than the current fiscal year.

Six Months Ended June 30, 2021 Compared with Six Months Ended June 30, 2020

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Revenue	24,944	16,996	47%
Cost of sales	(10,147)	(6,778)	50%
Gross profit	**14,796**	**10,218**	**45%**
Other income	746	459	63%
Selling and distribution expenses	(3,339)	(2,529)	32%
General and administrative expenses	(6,039)	(5,534)	9%
Other expenses	(177)	(149)	19%
Gross operating profit (EBITDA)	**5,987**	**2,465**	**143%**
Bad Debt and write offs	(55)	(13)	323%
Depreciation	(1,037)	(1,081)	(4%)
Net operating profit (EBIT)	**4,895**	**1,372**	**257%**
Finance income	201	137	47%
Finance costs	(279)	(314)	(11%)

Net income (loss) before taxes	**4,818**	**1,195**	**303%**
Taxes	(1,217)	(430)	183%
Total net income (loss) after taxes	**3,600**	**765**	**371%**
Other Comprehensive Income (Loss)	114	(75)	(252%)
Total Comprehensive Income	**3,714**	**690**	**438%**

Revenues

Group's revenues are mainly due to the sales of finished products to dealers, distributors, teams, car manufacturers and individual customers. The products made by the Group consist of safety components for drivers (fireproof and anti-abrasive suits, helmets, intercoms, gloves, shoes and more) and for racing cars (seats, seat belts, steering wheels, roll bars, fire extinguishers and other car components), which are marketed under the OMP, Bell, Zeronoise and B2 brands. In addition, Sports Mini Line is the line dedicated to the sale of mini-helmets.

The increase in revenues in the first half of 2021 compared to the same period of 2020 is mainly due to the synergies resulting from the process of integration of the businesses acquired at the end of 2019, which in 2020 had not yet been able to fully express their potential, due to the recent acquisition and to the Covid-19 emergency which involved the entire world economy.

The breakdown of revenue by main category of products is reported below:

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Category			
Driver's equipment	17,099	10,529	62%
Car parts	7,168	6,230	15%
Other	676	237	185%
Revenue	**24,944**	**16,996**	**47%**

The breakdown of revenue by distribution channel is shown below:

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Type			
Dealers	17,539	11,713	50%
Team and car manufacturers	4,722	3,206	47%

Other	2,683	2,077	29%
Revenue	**24,944**	**16,996**	**47%**

The breakdown of revenue by geographical area, divided between the Americas (AMER), Asia and Oceania (APAC) and Europe, the Middle East and Africa (EMEA), is as follows:

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Area			
EMEA	16,007	11,492	39%
AMER	6,119	3,927	56%
APAC	2,818	1,577	79%
Revenue	**24,944**	**16,996**	**47%**

Racing Force Group's revenues are generated in approximately 80 countries. Of these, only three countries (Italy, the United Kingdom and the United States) individually exceed the 10% threshold of the Group's total revenues in the first six months of 2021.

Cost of sales

The breakdown of the cost of goods sold by nature of expenditure is shown below:

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Raw materials and semi-finished goods	9,492	6,303	51%
Change in inventory	(354)	(266)	33%
Transport and duties on purchases	813	542	50%
Other costs related to purchases	196	199	(2%)
Cost of sales	**10,147**	**6,778**	**50%**

Variation compared to 2020 first half is due to the increase of turnover during the first six months of 2021.

Other costs include production waste, packaging and other minor purchases.

Contribution Margin

We focus on Contribution Margin as a key metric to determine the profitability of our operations. We define Contribution Margin as Revenue less the Cost of sales composed of costs directly related to production and distribution. The table below sets forth our Contribution Margin on an absolute basis and as a percentage of sales revenue for each period.

Six months ended June 30,

(€ thousand)	2021	2020
Revenue	24,944	16,996
Contribution Margin	14,796	10,218
Percentage of sales revenue	59%	60%

Our Contribution Margin depends on the price at which we sell our products and the cost of materials and costs of services directly related to the production and distribution of such product.

The gross margin in absolute value increased by Euro 4,578 thousand compared to the same period of the previous year; the gross margin percentage, calculated as the ratio between the gross margin and total revenues, remained almost constant, with a variation of less than one percentage point.

Other income

Other income includes € 254 thousand relating to sales of materials to suppliers (€ 155 thousand in 2020 first half); € 240 thousand of grants provided by Simest, under the Integrated Promotion Fund, within the terms and according to the procedures set out in the Law Decree of March 17, 2020, nr. 19 converted with Law nr. 27 of April 24, 2020, as subsequently amended; € 42 thousand of government grants received by the subsidiary Bell Racing Helmets International Wll, linked to the Covid-19 pandemic (€ 147 thousand in 2020 first half).

Selling and distribution expenses

Selling and distribution expenses in first half are detailed as reported below:

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Technical partnerships and sponsorships	2,231	1,745	28%
Freight out	771	539	43%
Commissions and other cost on sales	337	245	38%
Selling and distribution expenses	**3,339**	**2,529**	**32%**

Technical partnerships mainly refer to the portion of costs related to the half-year deriving from contracts entered into with leading car manufacturers and teams, for which there was an increase compared to the first half of the previous year, due to a higher number of agreements signed in the first half of 2021 compared to the same period of the previous year.

The increase in freight out, commissions and other cost on sales is due to the higher revenue recognized in 2021 first half compared to the same period of last year.

General and administrative expense

General and administrative expenses in first half are detailed as reported below:

Six months ended June 30,

(€ thousand)	2021	2020	Change in %
Personnel	4,145	3,572	16%
Professional fees	543	776	(30%)
Compensation to BoD	362	366	(1%)
Utilities	192	190	1%
Repair & maintenance	191	118	62%
Other G&A	605	511	18%
General and administrative expenses	**6,039**	**5,534**	**9%**

Personnel costs include wages and salaries for employees of Group companies for € 3,245 thousand, as well as social security and other expenses relating to personnel for € 900 thousand. The increase compared to the first half of 2020 is mainly due to the greater number of employees within the Group.

The change in Professional fees is mainly due to the termination of the contract with the US company Studiomilano (related party), which provided personnel and administrative services to the consolidated company Racing Force USA until the end of 2020. Starting from January 1st, 2021, Racing Force USA has hired employees to cover positions that were previously outsourced.

The other general and administrative costs mainly refer to bank expenses and commissions for the use of credit cards, travel expenses incurred by Group employees during the first half of the year, consumables and other management costs. Furthermore, the item includes € 19,522 of fees for the board of statutory auditors of the parent company Racing Force (€ 14,040 in the first half of 2020).

Other expenses

Other expenses mainly refer to costs for research incurred during the period and development costs not meeting the requirements for capitalization for € 112 thousand (€ 75 thousand in 2020 first half), to costs recognized in 2021 referring to previous years for € 39 thousand (€ 69 thousand in 2020 first half), in addition to taxes other than income taxes and other charges for € 25 thousand (€ 5 thousand in 2020 first half).

Bad Debt and write-off

The balance is due to € 43 thousand bad debt provision and € 12 thousand accrual for stock obsolescence.

Balance in 2020 first half is entirely related to bad debt provision.

Depreciation

The breakdown of depreciation by consistent categories of assets is provided in the comment to the items relating to intangible and tangible assets. The detail of depreciation by category of asset is provided below:

Six months ended June 30,

(€ thousand)	2021	2020	Change in %
Intangible Assets	398	339	17%
Right of use assets	243	378	(36%)
Property, Plant & Equipment	396	364	9%
Depreciation	**1,037**	**1,081**	**(4%)**

The variation is primarily due to the reduction in depreciation deriving from right of use assets. Following the acquisition of Pier S.r.l., the building is no longer accounted for as a right of use deriving from a contract, but as an element of Property, Plant and Equipment with a longer useful life than the contractually established right of use.

Finance income and costs

Financial income and costs are recorded on an accrual basis during the fiscal year.

The composition of finance income and costs is detailed in the tables below:

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Interest with SAYE S.p.A.	13	18	(28%)
Foreing exchange income	127	47	170%
Racing Spirit LLC equity method evaluation	24	-	100%
Other interest income	37	72	(49%)
Finance income	**201**	**137**	**47%**

The net foreign exchange rate income is due to € 160 thousand unrealized income and 33 thousand Euro realized loss.

	Six months ended June 30,		
(€ thousand)	2021	2020	Change in %
Banks Debt	238	249	(4%)
Interest leasing IFRS16	37	29	28%
Racing Spirit LLC equity method evaluation	-	9	(100%)
Interest IAS19	1	2	(50%)
Other finance cost	3	26	(88%)
Finance costs	**279**	**314**	**(11%)**

Taxes

The composition of taxes is detailed as follows:

(€ thousand)	Six months ended June 30, 2021	2020	Change in %
Current income taxes	1,052	382	175%
Prior year taxes	132	-	100%
Deferred taxes	33	47	(30%)
Taxes	**1,217**	**430**	**183%**

Current taxes refer to income taxes for the half-year, calculated analytically by each company in the Group.

Taxes relating to previous years include € 12,321 of taxes relating to the company 2SM Europe Sprl, liquidated at the end of 2020 and € 120,000 of provision for tax risks concerning the prudential accrual made by the Group in relation to the appeals pending before the C.T.R. of Liguria relating to the tax audit carried out for VAT purposes on the 2010-2012 tax years. Following the ruling of the Regional Tax Commission of January 19, 2021 which rejected the appeal of Racing Force in relation to the VAT dispute for the years 2010-2011-2012, the Group has deemed it appropriate to set aside prudentially an additional € 120,000 in the first half of 2021, as well as € 12,321 of taxes relating to the company 2SM Europe Sprl, liquidated at the end of 2020.

Deferred taxes concern positive or negative income components respectively subject to taxation or deduction in periods other than the current one.

Description of Key Balance sheet Items

Property, plant and equipment

Tangible fixed assets are initially recognized at cost and include the purchase price, any costs directly attributable to bringing the assets to the place and conditions necessary to be able to operate in the manner intended by management and any initial estimate of the costs of dismantling and removal of the asset and the estimate of the costs of restoring the site where it is located. Internally generated assets are initially recognized at production cost. Subsequent expenses and the cost of replacing parts of an asset are capitalized only if the future economic benefits incorporated in that asset increase. All other expenses are charged to the income statement when incurred. When replacement costs are capitalized, the book value of the parts that are replaced is charged to the income statement.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life; the depreciation methods, useful lives and residual values are verified at the closing date of the financial year and adjusted where necessary.

Some particular types of assets, such as historical helmets, are accounted for according to their fair value at the date of the measurement, net of any subsequent accumulated depreciation and any subsequent loss due to accumulated impairment.

Intangible assets and goodwill

Goodwill arising from the acquisition of subsidiaries is valued at cost net of accumulated impairment losses. For the evaluation of goodwill, the full goodwill method is used as required by IFRS 3. Full goodwill is calculated on the entire business and not only on the share acquired by evaluating at fair value also the investment held by minority shareholders at the acquisition date.

Development expenses are capitalized only if the cost attributable to the asset during its development can be reliably assessed, the product or process is feasible in technical and commercial terms, future economic benefits are probable, and the Group intends and has sufficient resources to complete its development and to use or sell the asset. Other development expenses are recognized in profit / (loss) for the year at the time they are incurred. Capitalized development expenses are recognized at cost net of accumulated depreciation and any accumulated impairment losses.

Other intangible assets, including commercial relationships with customers, patents and trademarks, acquired by the Group, which have a defined useful life, are recognized at cost net of amortization and any accumulated impairment losses.

Intangible assets are initially recognized at cost and subsequently valued at cost net of accumulated amortization.

Depreciation is calculated on a straight-line basis; an intangible asset with an indefinite useful life (for example, a perpetual license) is not amortized, but is checked annually, or whenever there is an indication that it has not suffered a reduction in value.

Right of use assets and Lease liabilities

At the beginning of the contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for a consideration, it transfers the right to control the use of an identified asset for a period of time.

On the effective date of the lease, the Group recognizes the asset for the right of use and the liability of the lease. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for the payments due for the lease made on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs that the lessee will have to incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site where it is located, net of leasing incentives received.

The asset for the right of use is subsequently amortized on a straight-line basis from the effective date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or, considering the cost of the asset for the right of use, it is expected that the Group will exercise the purchase option. In this case, the asset for the right of use will be amortized over the useful life of the underlying asset, determined on the same basis as that of property, plant and machinery. In addition, the asset for the right of use is regularly decreased by any losses due to impairment and adjusted to reflect any changes resulting from subsequent valuations of the lease liability.

The Group evaluates the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to determine this rate easily, the Group uses the marginal loan rate. Generally, the Group uses the marginal borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest criterion and is remeasured in the event of a change in the future payments due for the lease resulting from a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or otherwise of a purchase option, extension or termination or in the event of a revision of the payments due for the leasing fixed in substance.

Due from related parties and due to related parties

All the balances with related parties at year end are disclosed throughout the Notes to the Financial Statements. Those balances consist of transactions with the parent company, associated companies and joint ventures, subsidiaries' shareholders and top managers and companies controlled by shareholders or top managers of the consolidated companies.

Cash and cash equivalents

Cash and cash equivalents mainly consist of bank deposits, cash and other cash that are not restricted and are fully available.

Trade receivables and trade payables

Trade receivables and trade payables are recognized at the time they originate. At the time of initial recognition, trade receivables and trade payables that do not have a significant financing component are valued at their transaction price.

Provisions for bad debts for trade receivables (including those relating to leasing) are always measured at an amount equal to the expected losses over the entire life of the credit.

Trade receivables and trade payables are classified as current, since they are collectable and payables by the end of the following fiscal year and do not include any significant past due balance for which the collection is at risk, except for those positions considered within the bad debt allowance.

Inventories

Inventories include raw materials, semi-finished and finished products.

Inventories are initially entered at purchase or production cost and subsequently valued at the lower of cost and the corresponding realizable value inferable from the market.

The cost calculation method adopted for fungible assets is the weighted average cost.

A provision is made for raw materials, finished products, spare parts and other obsolete or slow-moving inventories based on their expected future use and their realizable value, if this is lower than the book value. The realizable value is the estimated sale price in the normal course of business, net of the estimated completion costs and the estimated sales and distribution costs.

Equity

Equity mainly consists of share capital, additional paid-in-capital, legal reserve, translation reserve, retained earning (losses), other reserves, non-controlling interests and the results of the perior.

Long term and short term loans

Financial liabilities are measured at amortized cost using the effective interest criterion. Interest expense and exchange gains / (losses) are recognized in profit / (loss) for the year, as well as any profits or losses resulting from the derecognition.

Other payables

Other payables consist mainly of payables to personnel, social securities payables, deferred income and other accrued payables.

Balance sheet

The following table provides an overview of our balance sheet situation for the year ended December 31st, 2020 with the comparative opening balances as at January 1st, 2020:

	Opening January 1,	Year ended December 31,
(€ thousand)	2020	
Property, plant and equipment	2,712	2,844
Right of use assets	4,815	4,066
Intangible assets	6,262	5,994
Goodwill	5,663	5,663
Investments booked at Equity method	55	44
Due from related parties - non current	1,490	1,490
Tax receivables - non current	214	212
Deferred tax assets	317	246
Other non current assets	125	89
Non current Assets	**21,652**	**20,648**
Cash and equivalents	978	4,255
Trade receivables	6,250	6,240
Inventories	11,578	11,277
Due from related parties - current	918	106
Tax receivables - current	479	687
Other current assets	894	942
Current Assets	**21,098**	**23,507**
Total Assets	**42,750**	**44,155**
Share capital	1,426	1,926

Additional paid in capital	1,632	1,632
Legal reserve	399	399
Translation reserve	28	(363)
Retained earning (losses)	3,046	3,046
Other reserve	(68)	193
Net Result	-	1,355
Non-controlling interests	3,484	298
Total Equity	**9,947**	**8,486**
Long term loans - non current	5,722	11,905
Lease liabilities - non current	4,167	3,405
Employee benefits	693	754
Provisions	200	200
Non current liabilities	**10,782**	**16,264**
Short Term Loan	6,149	6,252
Trade payables	9,056	7,668
Long term loans - current portion	3,512	3,130
Lease liabilities - current	707	782
Due to related parties	964	157
Tax payables	258	109
Other payables	1,376	1,307
Current liabilities	**22,021**	**19,405**
Total Liabilities and equity	**42,750**	**44,155**

Property, plant and equipment

	Opening January 1,	Year ended December 31,	
(€ thousand)	**2020**		**Variations**
Plant, machinery and equipment	1,368	1,268	(100)
Furniture, fixtures and office equipment	301	279	(22)
Assets held at fair value	851	1,068	217
Other tangible assets	193	229	36
Property, plant and equipment	**2,712**	**2,844**	**131**

Variations for the period are detailed as follows:

(€ thousand)		**Property, plant and equipment**
Book value at the beginning of the year		
	Cost	8,937

Accumulated depreciation	(6,225)
Net Book Value	**2,712**
Movements of the year	
Cost	
Additions	664
(Disposals)	(23)
Remeasurement at fair value IAS 16	272
Exchange rate impact	(312)
Accumulate depreciation	
Depraciation	(711)
Exchange rate impact	215
Other movements	27
Book value at the year end	
Cost	9,538
Accumulated depreciation	(6,694)
Net book value	**2,844**

During the year, in accordance with the planning, the Group proceeded to make the necessary investments to renew plants, machinery, equipment and other depreciable assets, in order to guarantee the highest standards of production.

Some assets, of immaterial unit value, were expensed in the year in which they were purchased; the decision not to capitalize the value of these assets finds an economic reason in the fact that these are goods of small value, whose duration is very limited and difficult to determine.

Maintenance costs of an incremental nature are accounted for as an increase in the assets to which they refer; the incremental expenses do not assume independent relevance with respect to the asset they refer to and, therefore, the calculation of the depreciation takes place in a unitary and indistinct way both as regards the cost on which the depreciation is calculated, and as regards the relative percentage of depreciation.

The assets held at fair value refer to original helmets and replicas of historic Bell branded racing helmets, whose value at the end of the year is determined on the basis of an appraisal provided by an independent expert. Fair value was determined based on a market approach that reflects recent transaction prices for similar assets.

The additions of the period amounting to € 664 thousand are mainly related to plant, machinery and equipment for € 473 thousand.

Right of use assets

Variations for the period, on the basis of consistent categories, are detailed as follows:

(€ thousand)	**Buildings**	**Other assets**	**Total**
Book value at the beginning of the year			
Cost	5,315	255	5,571
Accumulated depreciation	(687)	(68)	(756)

Net Book Value	**4,628**	**187**	**4,815**
Movements of the year			
Cost			
Additions	209	39	248
(Disposals)	(60)	-	(60)
Other movements	(150)	(1)	(151)
Accumulate depreciation			-
Depraciation	(699)	(86)	(786)
			-
Book value at the year end			-
Cost	5,314	294	5,608
Accumulated depreciation	(1,387)	(155)	(1,542)
Net book value	**3,927**	**139**	**4,066**

In compliance with IFRS 16, buildings include the value of the rights of use relating to premises subject to leasing contracts in which the entities of the Group carry out their activities; other tangible assets mainly relate to printers and leased vehicles.

The additions for the year mainly refer to the new rental contracts for the branch in Pisa (which replaced the existing one) and the Indianapolis pro-shop, in addition to the new lease contracts for company cars.

The other movements mainly reflect the changes in the exchange rates of the lease contracts of the consolidated foreign companies.

Intangible assets

Variations for the period, on the basis of consistent categories, are detailed as follows:

(€ thousand)	**Development cost and Work in progress and advances**	**Licenses, patents and trademarks and other tangible assets**	**Total**
Book value at the beginning of the year			
Cost	4,644	5,299	9,943
Accumulated depreciation	(2,680)	(1,002)	(3,681)
Net Book Value	**1,964**	**4,297**	**6,262**
Movements of the year			
Cost			
Additions	728	62	789
Exchange rate impact	(82)	(200)	(281)
Accumulate depreciation			
Depraciation	(495)	(313)	(808)
Exchange rate impact	20	12	32
Book value at the year end			
Cost	5,290	5,161	10,451
Accumulated depreciation	(3,155)	(1,303)	(4,457)
Net book value	**2,135**	**3,859**	**5,994**

Development costs mainly refer to expenses for technical, laboratory and homologation tests for the Group's products, incurred by Racing Force for OMP brand products and, starting from November 2020, also for Zeronoise branded products, and in the subsidiary Bell Racing Helmets International for Bell branded helmets.

Development costs are recognized under intangible assets since they are considered recoverable, as they relate to specific development projects that can be carried out and for which the Group has the necessary resources. These costs, in fact, relate to a product or process that is clearly defined as well as identifiable and measurable.

The increase in development costs during the year is due to the recognition among intangible assets of the expenses incurred during the year for the homologation of new OMP and Bell brand products.

The item licenses, patents and trademarks includes the trademarks owned by the group, the value of the licenses for the sale of Bell branded products and the international patent for the technology called In-Helmet Camera IHC (video camera inside the helmet) which integrates the so-called Driver's Eye.

The values of the Zeronoise brand and the Driver's Eye patent were recognized during the acquisition and first consolidation of Zeronoise Ltd at the end of the previous year, based on the projections of the Business Plan made by the Group’s management. Operating cash flows were discounted using the Unlevered Discounted Cash Flow method.

Work in progress include the costs relating to the implementation of the new ERP system in Racing Force and the costs recognized in the consolidated company Bell Racing Helmets International for projects under development referred to Bell branded helmets for pilots.

Goodwill

Below is a table summarizing the composition of the goodwill recorded in the Consolidated Financial Statements:

	Opening January 1,	Year ended December 31,	
(€ thousand)	**2020**		**Variation**
Bell Racing Helmets International Llc	3,718	3,718	-
Racing Force USA Inc.	1,345	1,345	-
Racing Force S.p.A.	600	600	-
Goodwill	**5,663**	**5,663**	**-**

The amount related to Bell Racing Helmets International Wll arises from the consolidation of the balances at year end of the previous year, following the acquisitions completed in December 2019. No changes during fiscal year 2020.

Investments booked at Equity method

The list of investments in not consolidated companies is reported below:

(€ thousand)	Opening January 1	Equity method evaluation	Increase/ (Decrease)	Year ended December 31,
	2020			
Racing Spirit Llc	54	(11)	-	43
MSC Motorsport Safety Council	1	-	-	1
Investments booked at Equity method	**55**	**(11)**	**-**	**44**

No significant changes during fiscal year 2020.

Due from related parties – non current

The balance is related to the financial loan granted to the parent company SAYE S.p.A., with expiry date on December 31, 2027 and a 2.5% annual interest rate. The portion over 5 years amounts to € 373 thousand. No changes during fiscal year 2020.

Cash and cash equivalents

Variations for the period are detailed as follows:

(€ thousand)	Opening January 1,	Year ended December 31,	Variation
	2020		
Bank deposits	967	4,222	3,255
Cash and cash on hand	11	33	22
Cash and cash equivalents	**978**	**4,255**	**3,277**

For the analysis of cash variations, please refer to the Cash Flows paragraph.

Trade receivables

Trade receivables are shown net of the allowance for bad debt:

(€ thousand)	Opening January 1,	Year ended December 31,	Variation
	2020		
Trade receivables	6,313	6,299	(14)
Bad debt allowance	(63)	(59)	3
Trade receivables	**6,250**	**6,240**	**(10)**

No significant changes during fiscal year 2020.

Inventories

Variations for the period, on the basis of consistent categories, are detailed as follows:

Opening January 1,	Year ended December 31,

(€ thousand)	2020		Variation
Raw materials	2,795	3,176	381
Semi-finished goods	1,467	1,453	(15)
Finished products	7,376	6,708	(668)
Obsolescence Fund	(60)	(60)	0
Inventories	**11,578**	**11,277**	**(301)**

No significant changes during fiscal year 2020.

Due from related parties

Receivables from related parties are composed as follows:

	Opening January 1,	Year ended December 31,	
(€ thousand)	2020		Variation
Saye S.p.A.	40	-	(40)
Racing Spirit Llc	3	7	4
Stephan Cohen	875	-	(875)
StudioMilano	-	95	95
KJK Protective Technologies Llc	-	5	5
Due from related parties	**918**	**106**	**(812)**

Positions with Mr. Stephane Alexandre Cohen have been fully compensated during 2020 upon the acquisition by Racing Force of the remaining 24.89% share in Bell Racing Helmets International Wll.

Total Equity

(€ thousand)	Share capital	Share premium reserve	Legal reserve	Translation reserve	Retained earnings (losses)	Other Reserves	Net Group result for the period	Group Equity	Non-controlling interest	Total equity
Opening January 1, 2020	**1,426**	**1,632**	**399**	**28**	**3,046**	**(68)**		**6,463**	**3,484**	**9,947**
Share capital increase	500	-	-	-	-	-	-	500	-	500
Difference from translation of financial statements of foreign companies	-	-	-	(391)	-	-	-	(391)	-	(391)
Fair value remeasurement IAS 16	-	-	-	-	-	272	-	272	-	272
Actuarial gains and (losses)	-	-	-	-	-	(11)	-	(11)	-	(11)
Profit for the year 2020	-	-	-	-	-	-	1,355	1,355	82	1,437
Distribution to minority shareholders	-	-	-	-	-	-	-	-	(21)	(21)
Changes in the consolidation area	-	-	-	-	-	-	-	-	(3,246)	(3,246)

Year ended December 31, 2020	**1,926**	**1,632**	**399**	**(363)**	**3,046**	**193**	**1,355**	**8,187**	**298**	**8,486**

On 23rd, December 2020, the shareholders' meeting of the parent company Racing Force approved the resolution for the increase of the share capital for an amount of € 500 thousand and therefore from € 1,426 thousand to € 1,926 thousand. The share capital increase was subscribed and fully paid up by all shareholders.

The translation reserve is generated by the conversion into Euro of the financial statements of subsidiaries that have a functional currency other than the Euro. The change in the year is mainly due to the exchange rate trend with the Bahraini Dinar, functional currency of the subsidiary Bell Racing Helmets International Wll.

Other reserves include € 272 thousand for the fair value remeasurement of the assets recorded in the subsidiary Bell Racing Helmets International Wll, as described in the note on Property, plant and equipment and the negative reserve deriving from the actuarial valuation of defined benefit obligations in accordance with the accounting standard IAS 19, net of the related tax impact, for € 79 thousand.

Non-controlling interests as at December 31st, 2020 constitute the portion of the minority shareholders' equity. The change in the year is mainly due to the acquisition during the year of the remaining 24.89% in the company Bell Racing Helmets International Wll, 100% owned as of December 31st, 2020.

During the year, moreover, dividends were distributed to the minority shareholders of Bell Racing USA LLC for € 21 thousand.

Long term loans

The breakdown of long-term loans between current and non-current portion is as follows:

	Opening January 1,	Year ended December 31,	
(€ thousand)	**2020**		**Variation**
Current	3,512	3,130	(382)
Non current	5,722	11,905	6.183
Long term loans	**9,234**	**15,035**	**5.801**

The increase in Long term loans during the fiscal year 2020 is mainly due to signing of two new long term loans for a total amount of € 6,004 thousand.

Lease liabilities

	Opening January 1,	Year ended December 31,	
(€ thousand)	**2020**		**Variation**
Current value of unexpired lease payments calculated using the interest rate of the lease, of which			
Payable within one year	707	782	75
Long term	4,167	3,405	(761)

Lease liabilities	**4,874**	**4,188**	**(687)**

As at January 1st, payables include € 2,594 thousand due between one and five years and € 1,573 thousand expiring after five years; as at December 31st, payables for long-term leases include € 2,468 thousand with a maturity between one and five years and € 937 thousand with a maturity over five years. The variation occurred during the year is mainly due to the payments carried out during the year 2020.

Short term loans

The item refers to short-term loans, current account overdrafts and advances on invoices in relation to credit lines granted, with original maturity within twelve months. No significant changes occurred during the fiscal year 2020.

Trade payables

The variation compared to the previous year is mainly due to lower purchases made in 2020 following the delays suffered by suppliers in the delivery of goods due to the restrictions related to the Covid-19 emergency.

The breakdown of trade payables by geographical area is as follows:

(€ thousand)	Opening January 1, 2020	Year ended December 31, 2020	Variation
Area			
Italy	4,356	5,403	1,046
Other EU	2,538	1,224	(1,314)
Extra EU	2,161	1,041	(1,120)
Trade payables	**9,056**	**7,668**	**(1,388)**

Due to related parties

Payables to related parties at January 1st, 2020 and December 31st, 2020 are composed as follows:

(€ thousand)	Opening January 1, 2020	Year ended December 31, 2020	Variation
SAYE S.p.A.	11	-	(11)
Racing Spirit Llc	13	11	(2)
Dinamo Srl	201	120	(81)
Stephane Alexandre Cohen	514	1	(513)
Martine Kindt	188	-	(188)
Stephan Kindt	26	-	(26)
Gabriele Pedone	-	4	4
GMP Consulting	-	9	9
Tyrrel Properties Llc	12	12	0
Due to related parties	**964**	**157**	**(807)**

Payables to Mrs. Martine Kindt and Mr. Stephan Kindt, previous management of Bell Racing Helmets Group, have been settled in 2020.

Payables to Mr. Stephane Alexandre Cohen have been fully compensated during 2020 upon the acquisition by Racing Force of the remaining 24.89% share in Bell Racing Helmets International Wll.

Other Payables

Other payables are detailed in the table below:

(€ thousand)	Opening January 1, 2020	Year ended December 31, 2020	Variation
Payable to personnel	841	702	(139)
Social Security payables	162	259	97
Deferred income	183	106	(77)
Other accrued payables	190	240	50
Other payables	**1,376**	**1,307**	**(69)**

No significant changes during fiscal year 2020.

Liquidity and Capital Resources

Overview

Our liquidity needs relate principally to debt service obligations, capital expenditure and working capital.

Historically, our principal sources of liquidity have been cash generated from our operating activities, borrowings and bank credit lines under short term facilities agreements.

Cash Flows

The table below sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,	Six months ended June 30,	
(€ thousand)	2020	2021	2020
Cash from operating activities	2,366	3,702	(480)
Cash from investing activities*	(1,148)	(4,029)	(493)
Cash from financing activities*	2,059	368	2,474
Increase (decrease) in cash and cash equivalents	3,277	40	1,502
Cash and cash equivalents at beginning of period	978	4,255	978
Cash and cash equivalents at the end of the period	4,255	4,295	2,480

*Acquisition of non-controlling interest for (€ 3,246 thousand) in year ended December 31st, is reclassified from cash from investing activities to cash from financing activities

Cash Flows from Operating Activities

As of December 31st, 2020 the cash flow from operating activities is primarily generated by the profit for the year before taxes and interests in the amount of € 2,846 thousand, increased by –accruals for provisions, depreciation and amortization and other non-monetary items of € 2,527 thousand, partially absorbed by changes in net working capital of € 1,073 thousand and other variances in working capital of € 584 thousand, and finally adjusted for cash outflows of € 1,350 thousand relating to certain items mentioned above.

As of June 30th, 2020 the cash flow from operating activities is primarily generated by the net profit for the year before taxes and interests in the amount of € 1,372 thousand, increased by –accruals for provisions, depreciation and amortization and other non-monetary items of € 1,114 thousand, completely absorbed by changes in net working capital of € 2,125 thousand and other variances in working capital of € 602 thousand, and finally adjusted for cash outflows of € 239 thousand relating to certain items mentioned above.

Cash flows from operating activities increased by € 4,181 thousand to € 3,702 thousand for the six months ended June 30th, 2021 from € -480 thousand for the six months ended June 30th, 2020. The increase in cash flow was primarily due to a favorable development of the net working capital resulting in an increase in trade payables.

Cash Flows (Used In) Investing Activities

In relation to December 31st, 2020 the cash flow from investing activities generated cash absorption due to net investments in tangible and intangible fixed assets amounting to € 1,148 thousand.

In relation to June 30th, 2020 the cash flow from investing activities generated cash absorption mainly due to net investments in tangible and intangible fixed assets amounting to € 493 thousand.

Cash flows from investing activities decreased by € 3,537 thousand to € -4,029 thousand for the six months ended June 30th, 2021 from € -493 thousand for the six months ended June 30th, 2020. The decrease in cash flow was primarily due to investment in financial fixed asset for the acquisition of 100% of the shares of the company Pier S.r.l., owner of the property located in Ronco Scrivia where the company is based.

Cash Flows from Financing Activities

The cash flow from financing activities as of December 31st, 2020 is positive mainly due to the increase of medium/long-term loans for € 5,800 thousand and a share capital increase for € 500 thousand; this positive cash flow is partially offset by the absorptions for the purchasing of n. 3,121 shares, equal to 24.89% of the whole share capital of the subsidiary Bell Racing Helmets International Wll from previous shareholders amounting to € 3,246 thousand, the payment of lease instalments and differences from translation and other reserves for a total amount of € -1,099 thousand.

The cash flow from financing activities as of June 30th, 2020 is positive mainly due to the increase of medium/long-term loans for € 3,931 thousand; this positive cash flow is partially offset by an absorption for the payment of lease instalments, differences from translation and other reserves for a total amount of € -444 thousand and the acquisition of minority interest equal to €1,012 thousand.

Cash flows from operating activities decreased by € 2,106 thousand to € 368 thousand for the six months ended June 30th, 2021 from € 2,474 thousand for the six months ended June 30th, 2020. The decrease in cash flow was primarily due to a lower increase in short-term loans respect to the previous six months period ended June 30th, 2020.

Net Working Capital

We actively manage our working capital requirements to optimize and improve our capital efficiency.

Net Working Capital represents inventories and trade receivables, less trade payables. Our working capital levels vary as a result of several other factors as well, including the terms for the collection of receivables from our customers or the payables by our suppliers, the effect of selling prices, changes in payment terms in the case of key suppliers, foreign exchange rates, our decisions to hold inventories, the operating level of our business.

The following table summarizes our Net Working Capital for the periods indicated:

	Year ended December 31,	Six months ended June 30,	
(€ thousand)	2020	2021	2020
Inventories	11,277	11,619	11,844
Trade receivables	6,240	8,867	6,617
Trade payables	(7,668)	(8,459)	(7,563)
Net working capital	**9,849**	**12,026**	**10,898**

Our Net Working Capital increased by € 2.177 thousand to € 12.026 thousand as of June 30th, 2021, from € 9.849 thousand as of December 31st, 2020 or by € 1.128 thousand to € 12.026 thousand as of June 30th, 2021, from € 10.898 thousand as of June 30th, 2020. This increase was primarily due to the increase in trade receivables following higher sales in the first half of 2021 mainly due to the synergies resulting from the process of integration of the businesses acquired at the end of 2019, which in 2020 had not yet been able to fully express their potential, due to the recent acquisition and to the Covid-19 emergency which involved the entire world economy.

Quantitative and Qualitative Disclosures Regarding Market and Financial Risks Overview

For further information, please refer to Section One, Chapter 4 of this Admission Document.

Use of Estimates and Assumptions

The preparation of our Financial Statements requires our management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The preparation of the Financial Statements requires our management to apply accounting policies and methodologies that, in some cases, depend upon difficult or subjective assessments and estimates based on experience and assumptions deemed reasonable and realistic given the specific circumstances involved. Application of such estimates and assumptions affects the figures reported in the Financial Statements. The final results of the items for which such estimates and assumptions have been made may vary from those reported in the Financial Statements that show the effects of the occurrence of the event subject to the estimate, due to the uncertainty that characterizes the assumptions and the conditions on which the estimates were based.

These estimates and the underlying assumptions are regularly reviewed. Any changes deriving from the revision of the accounting estimates are recognized prospectively.

The following is a brief description of the accounting policies that entail the greatest extent of management subjectivity in calculating estimates, and for which a change in the underlying conditions and assumptions could have a significant impact on the Financial Statements.

Impairment of Goodwill

The impairment of goodwill is verified by comparing the book value of the cash generating units and their recoverable value; the latter is represented by the greater of the fair value less the costs related to the sale and the value in use of the same unit. This complex evaluation process implies, among other procedures, the use of methods such as the discounting of expected cash flows, with the related assumptions on the estimate of cash flows. The recoverable amount in the discounted cash flow model depends significantly on the discount rate used, as well as on the expected future cash flows and the growth rate used for the calculation.

Impairment of intangible and tangible assets

At each balance sheet date, the Group checks whether there are indicators that both tangible and intangible assets may have suffered a reduction in value. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset require management to make significant estimates and assumptions regarding the determination of the discount rate to be applied, the useful life and the residual value of resources.

Allowance for bad debt

The recoverability of receivables is assessed taking into account the risk of bad debt, their age and the losses on receivables recorded in the past for similar types of receivables.

Inventory obsolescence fund

Provisions are recorded for raw materials, finished products, spare parts and other obsolete and slow-moving inventories, based on their expected future use and their realizable value. The net realizable value is the estimated sales price in the normal course of business, less the estimated completion costs and the estimated sales and distribution costs.

Provisions, potential liabilities and employee benefits

Provisions for contingent liabilities require a significant level of estimates. The provisions relating to personnel, in particular to defined benefit obligations, are determined on the basis of actuarial assumptions.

Deferred tax assets

The assessment of the recoverability of prepaid taxes takes into account the estimate of future taxable income and is based on prudent tax planning.

4. RISK FACTORS

DISCLAIMER

The investment in the Shares issued by the Issuer presents the risk elements typical of investment in financial instruments admitted to trading on a multilateral trading facility, also referred to as "non-regulated market".

In order to make a correct assessment of the investment in the Issuer's Securities, investors are invited to carefully evaluate the specific risk factors relating to the Issuer and the business sector in which it operates, as well as the financial instruments admitted to trading.

This Section "Risk Factors" sets out only those risks that the Issuer considers to be specific to the Issuer and/or its Securities, and relevant for the purposes of making an informed investment decision, taking into account the probability of occurrence and the expected magnitude of the negative impact.

The risk factors described in this Chapter must be read in conjunction with the additional information contained in the Admission Document.

As the Shares constitute risk capital, the investor may incur a total or partial loss of the money invested.

References to Chapters and Paragraphs refer to the Chapters and Paragraphs of the Admission Document.

4.A RISK FACTORS RELATING TO THE ISSUER

4.A.1 RISKS ASSOCIATED WITH THE ISSUER'S BUSINESS

4.A.1.1. Risks associated with the Covid-19 epidemiological emergency and the complex conditions of the global economy

The continuing epidemic related to the spread of the COVID-19 virus ("*Coronavirus*" or "*COVID-19*") has had, and may have in the future, a negative impact on the Group's operations, results and the entire market in which it operates. Even though the Group was not exposed to restrictive measures, made exception for the activity carried out in its industrial plant in Bahrain, it is not possible to exclude that it will be exposed in the future to the risk arising from the adoption by public authorities of additional and new measures to prevent and/or limit the spread of the Coronavirus and the operational and economic consequences arising from the adoption of such measures.

The occurrence of such risks, considered by the Company to be of medium probability, could have future significant negative effects on the Group's economic, financial, and equity situation. In view of the above, the risk referred to in this paragraph is considered of medium materiality.

In response to this emergency, the Issuer has also promptly adopted all the health and behavioral precautions imposed by the competent national and local authorities at its offices and production plants, including the development of social distancing plans, also implementing, where possible, remote operating methods for personnel.

Although, at the Date of the Admission Document, the pandemic phenomenon linked to the spread of COVID-19 is partially limited and controlled, also due to the vaccination campaigns underway, it is not possible to exclude that this phenomenon may once again worsen or that similar pandemic phenomena may occur in the future, and it is therefore not possible to exclude that the aforementioned extraordinary measures may be reintroduced and that if they are reintroduced, they will have repercussions on economic conditions in Italy as well as globally, particularly in the Group's reference sector, as well as on customer turnover with consequent adverse effects on the Group's economic, equity and financial situation.

4.A.1.2. Risks associated with implementing future strategies and programs

The Group is exposed to the risk of not being able to achieve its growth strategy, or of not achieving it within the planned time frame, if the basic assumptions on which it is based, including the assumptions in the business plan (the ***Business Plan***), prove to be incorrect or if the strategy does not produce the expected results for other reasons, including those outside the Group's control.

Furthermore, the Admission Document contains certain estimates and statements on market trends and on the Issuer's competitive positioning, which are also based on calculations carried out by the Issuer itself, as well as pre-eminent statements based on estimates of the size of the reference market and the Group's competitive positioning, with the resulting subjectivity and margin of uncertainty. These pre-eminent statements and estimates may not be confirmed in the future, due in part to known and unknown risks, uncertainties and other factors set forth, among other things, in these risk factors.

The occurrence of such risks, considered by the Company to be of medium probability, could future have negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of medium materiality.

The Group's ability to increase its revenues and to pursue its growth and development objectives and maintain adequate levels of profitability depends, among other things, on its success in pursuing its strategy and making investments in the development of its Products and new projects, which are deemed to contribute to the Group's growth and performance.

The Group's growth strategy aims to strengthen its competitive position in the reference market in order to constantly increase its long-term results.

With reference to the Business Plan, the Issuer has prepared it with certain strategic actions mainly based on (i) the consolidation of relations with its customers and the exploitation of new opportunities arising from its increased presence both in new product-based markets, such as rally helmets and communication systems, as well as geography-based market, to date under penetrated, namely the North America; (ii) investments addressed both in tangible assets, such as machinery, plants, moulds and technical equipment, and in R&D; (iii) the growth beyond core markets, leveraging on the know-how developed in decades of experience within Motorsport and innovation capabilities (diversification program).

Should (i) the Group be unable to implement all or part of its strategy, including the Business Plan, or to implement it in the time frame and/or in the manner planned, or (ii) the basic assumptions on which the growth strategy is based are not correct, or (iii) the strategy does not produce the expected results for other reasons, significant negative effect may affect the business and the economic, equity and financial situation of the Issuer and the Group.

Furthermore, the estimates and statements included in the Admission Document are based, where available, on data the sources of which are, depending on the case, public or available for consultation against payment of a fee and, in the absence thereof, on the basis of calculations carried out by the Issuer itself with the resulting degree of subjectivity and margin of uncertainty. In addition, the estimates and statements contained in the Admission Document, although currently considered reasonable by the Issuer, may prove to be incorrect in the future also due to the occurrence of unforeseen factors and/or circumstances other than those considered, which could impact the Issuer's results or performance.

For further information, please refer to Section One, Chapter 6, Paragraph 6.4 of this Admission Document.

4.A.1.3. Risks associated with the Product liability and brand awareness

The Products manufactured and distributed by the Group can be divided into two macro categories: homologated Products and non-homologated Products.

With regard to the first category, the customers with whom the Company directly interfaces in its sales and distribution activities are mainly professional racing teams that compete in FIA world and high-level national competitions and companies operating in the automobile construction sector (so-called "manufacturers") that require safety components (e.g. seats, belts, fire extinguishers, etc.) with FIA homologation. With reference to the second category, are meant all other types of items that are not subject to FIA regulation and control (e.g. steering wheels, communication devices, mechanic suits and accessories, etc). In both cases, any defects in the design or manufacture of the Group's Products could expose the Group itself to the risk of liability to third party and consequent claims for damages.

With regard to homologated Products, then, the Group and Issuer, as manufacturers, have the responsibility to homologate them in compliance with FIA standards. In this respect, the Issuer also has an in-house laboratory that is able to carry out in-house tests on Products that will then be carried out by FIA-accredited laboratories to verify compliance with homologation regulations.

Therefore, the Group cannot guarantee that the aforementioned compliance with the FIA standards will be maintained in the future, or that it will not be necessary to incur unforeseeable costs to maintain them, or that further compliance with the FIA standards necessary to carry out the business will be obtained, with consequent negative effects on the Issuer's business and on its economic, equity and financial situation.

Furthermore, pursuant to the regulations in force in Italy (art. 114 of Legislative Decree no. 206/2005, the so-called Consumer Code) and abroad on product liability, any design or manufacturing defects in both homologated and non-homologated Products offered by the Group could expose it to the risk of liability actions by third parties and, consequently, to potentially significant claims for damages.

Although at the Date of the Admission Document no action for damages has ever been brought against the Group, it cannot be excluded that such actions may be brought against it in the future.

Moreover, one of the key factors in the Group's success is the recognisability of Racing Force Group’s brand, namely OMP and Bell Helmets. In addition, linked to the product liability risk, the Group is subject to a reputational risk that may arise from any failures related to the commercialized products. Since the Group operates in the sector of safety equipment, any failure that could be attributable to the products may cause a significant impact in terms of media exposure and related damage to the Issuer's and Group's image, reputation as well as economic and financial situation. This recognition is influenced by many factors, such as the high quality of craftsmanship, creativity, attention to detail, the ability to meet the needs of individual customers and the presence. Moreover, the Group constantly strives to maintain and increase its brands recognition through advertising and promotional campaigns, including on social networks, as well as implementing communication and branding strategies.

Should, in the future, brand awareness not be effectively maintained and developed by the Group, this could result in a negative impact on the reputation and, therefore, on the economic and financial situation of the Group itself, arising out in connection with (i) the possible confusion of the Group's brands with those of other companies operating in the same field, (ii) the inability to communicate to the market the distinctive values of its brand and to maintain them over time, or (iii) the spreading by third parties of partial, untrue or defamatory information about the Group and (iv) the inability to attract and/or retain customers.

The risk is mitigated by the tightly controlled process that products need to go through before the commercialization: i) first of all the manufacturer has to be authorized and recognized by FIA to produce; ii) there are regulations and technical standards issued by FIA to which products must comply with; iii) tests are performed in third-party FIA authorized laboratories. The occurrence of such risks, considered by the Company to be of low probability, could have future significant negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of medium materiality.

For further information, please refer to Section One, Chapter 6 of this Admission Document.

4.A.1.4. Risks associated with protection of the Group's know-how and industrial secrets

The Group operates in the sector of Motorsport Safety Equipment, by manufacturing a wide range of product categories, both homologated and not homologated, such as seats, steering wheels, harnesses, roll bars and racing accessories, communication devices, suits, underwear, shoes and gloves, helmets and mechanic accessories.

To make its production processes increasingly efficient and, consequently, to make its product offerings competitive, the Group must continually update its technologies, also by investing in research and development. Should the Group not be able to acquire or adequately develop the technologies currently available, or those available in the future, it may have to change or reduce its development objectives or see its competitive strength reduced, with possible significant negative effects on the business and on the economic, equity and financial situation of the Issuer and the Group.

The overall investments carried out in these activities, together with the technical-scientific skills developed by the Group's technical department, have led this latter to the making of numerous product and process innovations. To date the Issuer and the Group have the ownership of n. 12 patents, and have obtained more than 163 FIA homologations. As a proof of the quality and reliability of the Group's products, this latter has been selected since 2012 by FIA as the official supplier for all the safety equipment for its staff and race personnel.

The Group and the Company, as owners of IP assets that are worth and strategic for their success on the market, are subject to risks related to their protection and is actively engaged in implementing actions aimed at containing and, possibly, eliminating such risks of undue use of such intangible assets, directly bearing the related costs.

The Group has implemented both internal and external procedures aimed at the protection of the know-how internally developed.

However, it is not possible to exclude that in the future, the confidentiality of this know-how may be breached due to attempted attacks on the Group's computer systems, or the violation of confidentiality and non-competition agreements undertaken by certain employees, or the Products subject to homologation manufactured by the Group being copied or counterfeited by competitors or third parties. It is not possible to exclude that if the circumstances described in this risk were to occur, the Group may suffer a loss of competitiveness as well as become involved in litigation and claims for compensation which, if upheld, would entail an increase in unforeseen costs, with consequent significant negative effects on the Group's business and prospects, as well as on its economic, equity and/or financial position.

Therefore, the Group, being characterized by the use of modern technologies both in the design and production stages, is also exposed to the risks associated with any difficulty or impossibility of adapting its processes to technological developments, as well as the inefficiency, breakdowns and malfunctioning of the machinery used to manufacture the aforementioned Products. Manufacturing high-added value products, in the event that competitors were to strengthen their position on the market (i) through the development of specific technological components; (ii) or due to the Group and Issuer's lower investment capacity, it cannot be excluded that this situation could have significant negative effects on the business and on the economic, equity and financial situation of the Issuer and the Group.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, could have significant future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of medium materiality.

For further information, please refer to Section One, Chapter 6 of the Admission Document.

4.A.1.5. Risks associated with the price fluctuation of raw materials

The Group is exposed to the risk of an increase in the prices of raw materials used for the production of items that are internally manufactured, and this could result in a negative impact on its economic and financial situation.

The risk is however mitigated by the capacity of the Group to re-charge any price increase to final customers. Due to the seasonality of the business, typically price increases related to materials are charged to the final customers the following season with the new price list.

The occurrence of such risks, considered by the Company to be of medium probability, could have future effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

4.A.1.6. Risks associated with products counterfeiting

The safety equipment market might be characterized by product counterfeiting by third parties.

The Group is subject to the risks that its products can be counterfeited by other manufactures, this potentially affecting the sales volume of products distributed by the Company and the Group at a global level.

This risk is however mitigated by the fact that it is mandatory for FIA homologated products to be equipped with a hologram, with unique serial numbers that are periodically communicated to the FIA, guaranteeing the originality of the product.

For safety reasons and to avoid using materials that do not comply with FIA strict regulations, only the manufacturer is authorized to apply the holograms and issue the certificate.

The occurrence of such risks, considered by the Group to be of low probability, could have future moderate negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

4.A.1.7. Risks associated with key people

At the Date of the Admission Document, the results and success of the Group depend to a significant extent on top line management. The Group is exposed to the risk of a possible interruption of professional relationships with some key figures, as well as the risk of not being able to replace them, if necessary, in a rapid and effective manner, without repercussions on the quality of the activity and its competitive capacity.

The occurrence of such risks, considered by the Company to be of low probability, could have future negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

The figure of the Chair of the Board of Directors and Chief Executive Officer, as well as reference shareholder, Piero Paolo Delprato, was and is fundamental for the success of the Issuer and the Group, playing a key role, thanks to his experience and know-how, in the development and management of the core business, in the definition of business strategies and in the corporate culture. The Group's results and success also depend on a number of other key members of top management, such as Stephane Alexandre Cohen and Gabriele Pedone who play a decisive role in the worldwide development of the business, thanks to their extensive and long-lasting experience within the sectors in which the Group operates.

The loss of professional contribution by one or more of the key figures indicated above could affect the Group's growth strategy and the timing of the implementation of said strategy. The link between the key figures and the Group is a critical success factor for the latter.

Therefore, although the Issuer believes that it has an operational and managerial organization chart capable of ensuring the continuity and development of its activities, it is not possible to exclude that losing the professional contribution of these key figures, should the Issuer not be able to keep and/or promptly replace them with equally qualified persons capable of guaranteeing the same operational and professional contribution, may result in negative effects on the growth objectives, on the business and more generally on the Group's economic, equity and financial situation.

For further information, please refer to Section One, Chapter 10 of this Admission Document.

4.A.1.8. Risks associated with exchange rate trends

The Group operates at worldwide level and is therefore exposed to risks arising out from fluctuations in exchange rates, as it does not use derivative financial instruments, nor does it adopt specific policies to hedge fluctuations in such rates. Exposure to the risk of exchange rate fluctuations derives from: i) commercial activities carried out in currencies other than the Euro, namely the US Dollar; ii) a portion of Racing Force International's purchases related to the raw materials used in the production of helmets in Bahrain plant, that are in US Dollar; iii) a portion of purchases of raw materials and most of the general and administrative expenses, including payroll, incurred by Racing Force International in Bahrain Dinar (BHD).

The Group is therefore exposed to the risk arising out from fluctuations in exchange rates that may affect its economic, equity and financial situation. The risk is mitigated by the fact that the total volumes of transactions in currency other than Euro is much lower than the volumes in functional currency. Moreover, the weight of sales made in currencies other than Euro is substantially matched by the weight of costs incurred in those foreign currencies. As consequence, the Group benefits from a natural hedging effect, therefore it wasn't considered necessary and / or appropriate to enter into any financial hedging instruments.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a medium probability of occurrence, could have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

4.A.1.9. Risks associated with the loss of qualified resources and the difficulty of finding new ones

The Group employs highly qualified technical personnel, both in the Products engineering design and modeling and in its manufacture; the ability to attract and retain qualified personnel is an important element for the success and development of the Group's businesses. Should the Group not be able to attract and/or retain qualified personnel, the quality standards maintained to date could be affected.

The occurrence of such risks, considered by the Company to be of low probability, could have future adverse effects on the Group's economic, financial, and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

In the event of the termination, for whatever reason, of employment relationships with a significant number of qualified personnel, it is not possible to guarantee that the Group will be able to identify, within a short period of time, persons with similar professionalism and experience and who are able to make the same contribution to the business.

For further information, please refer to Section One, Chapter 13, Paragraph 13.1 of this Admission Document.

4.A.1.10. Risks associated with APIs (Alternative Performance Indicators)

The Issuer is exposed to the risk that the Alternative Performance Indicators (APIs) used may be inaccurate or inefficient. In fact, said APIs, although widespread in practice, are not defined or specified by the accounting standards applied in preparing the annual or interim financial statements.

The occurrence of such risks, considered by the Company to be of low probability, could have future negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

To facilitate the understanding of the Issuer's economic and financial performance, it has identified some Alternative Performance Indicators. These indicators are also tools that help the Issuer to identify operational trends and make decisions about investments, allocation of resources and other operational decisions.

With reference to these indicators, the following should be noted:

- APIs are not measures determined and regulated by the National Accounting Standards and, although they are derived from the Issuer's financial statements, they are not subject to audit;
- APIs should not be considered as a substitute for the indicators provided for by the reference accounting standards (National Accounting Standards);
- APIs must be read together with the Issuer's financial information taken from the relevant financial statements;
- the definitions of the APIs used by the Issuer, insofar as they do not derive from the reference accounting standards, may not be consistent with those adopted by other companies and therefore comparable with them;
- the APIs used by the Issuer have been prepared with continuity and uniformity of definition and representation for all periods for which financial information is included in the Admission Document.

4.A.1.11. Risks associated with transactions with related parties

The Issuer is subject to the risk that, if transactions entered into with Related Parties were to be concluded between, or with, third parties, the latter would carry them out under the same conditions and in the same way as agreed between Related Parties. The Issuer considers the occurrence of such circumstances to be of low probability.

The Issuer has had, has and may continue to have commercial and financial dealings with Related Parties as part of its operations.

In this regard, on October 29th, 2021, the Board of Directors resolved to adopt the RPT Procedure, effective as of the Trading Start Date, in compliance with the principles contained in the Related Parties Regulation.

The Issuer is therefore exposed to the risk that the above-mentioned transactions with related parties: (i) lead to inefficiencies in the process of allocating resources; (ii) expose the Issuer to risks that are not adequately measured or monitored; and (iii) cause potential damage to the Issuer and its various stakeholders. In fact, there is no guarantee that, if such transactions had been concluded between or with third parties, these parties would have negotiated and entered into the relevant contracts, or performed the transactions, under the same conditions and procedures.

The occurrence of such risks, considered by the Company to be of low probability, could have future negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

For further information, please refer to Section One, Chapter 14 and 16 of the Admission Document.

4.A.1.12. Risks associated with the license agreements to use the Bell Helmets trademark

Bell Helmets brand recognition is one of the factors of success of the Group. In 2020, a significant part of the turnover is represented by Bell-branded helmets, which are sold by the Group on the basis of two license agreements both executed with the US company Vista Outdoor Group, which is the owner the Bell trademark.

The aforementioned license agreements allow the Group to carry out its business correctly and are essential for the purposes of establishing commercial relations with its customers, as they allow the Group to be recognized as a first level player.

The Group cannot guarantee that the aforementioned license agreements will be maintained in the future, or that it will not be necessary to incur unforeseeable costs to maintain them, with consequent negative effects on the Issuer's and the Group’s business and on its economic, equity and financial situation.

That being said, one license, dating back to 2000, is perpetual and royalty-free and concerns the territory of Europe and of the Rest of the World, while the second license, in force since 2010 and limited to North and South America and New Zealand territories, provides for a royalty calculated on the basis of annually net sales recorded by Racing Force USA in the relevant markets. As at the Date of the Admission Document, the Issuer is not aware of any circumstances under which these licenses may cease to be valid or whose contractual terms may be modified, which would result in material adverse effects on the Issuer’s and Group’s economic, equity and financial situation.

Furthermore, even in the remote event that the non-perpetual license agreement concerning the US market was to be terminated, for whatever reason, the negative effects that would be caused on the Group's business would be very limited, since, in any case, the Group’s would retain the know-how and the full ownership both of the helmet models and moulds thereof, thus being able to keep selling them under another brand. Besides, in the remote case the licensor would terminate the agreement and buy back the license rights, a written multi-years advance notice shall be provided considering the effective date of the buy-back.

Therefore, the occurrence of such risks, considered by the Company to be of low probability, could have future negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

For further information, please refer to Section One, Chapter 16 of this Admission Document.

4.A.2 RISKS ASSOCIATED WITH THE REGULATORY FRAMEWORK

4.A.2.1. Risks associated with international activities and regulations in the various markets in which the Group operates

The Group is subject, in the jurisdictions in which it operates, to the legal provisions, protection policies and technical standards applicable to its business, for instance the FIA Regulation and, therefore, is exposed to the risk of changes in the relevant regulatory framework that may result in limitations on the Group's businesses and reputational damage. In addition, certain contracts entered into with operators in such jurisdictions are and may be governed by laws that are different from those of Italy.

The occurrence of such risks, considered by the Company to be of medium probability, could have future negative effects on the Group's economic, financial and equity situation. In view of the above, the risk referred to in this paragraph is considered of low materiality.

The Group's business is subject to the regulations of the foreign markets and countries in which it operates, which require compliance with requirements that are not necessarily homogeneous. The regulations of these countries - with particular reference to tax, protection of industrial and intellectual property rights and competition, workers' health and safety, and the environment - may lead to limitations in the Group's operations, or a loss of earnings and/or an increase in costs. Moreover, changes in international customs regimes, with the consequent application of duties and other protectionist measures, may lead to a decrease in the interest of operators in purchasing Group Products. In this respect, it is possible that the adoption of specific protectionist regulations by foreign countries may limit or prejudice the Group's ability to sell its products abroad, thus negatively affecting its business.

In addition, unforeseeable changes in legislation (which could, in some cases, also entail retroactive application) may also negatively affect the Group's ability to operate in certain countries and/or could entail the need to make investments in order to comply with new regulatory provisions or interpretations.

At the Date of the Admission Document, the contracts entered into by the Issuer with international parties governed by foreign jurisdictions have never given rise to any dispute and/or litigation, whether active or passive, nor has there ever been any form of suspension, termination or other form of early termination of business relations with such parties that have resulted in unfavorable or prejudicial measures for the Issuer or the Group.

However, it is not possible to exclude that in the future, disputes of any nature may arise in relation to these contracts, which may result, even without prior notice, in (i) the suspension for extended periods of time and/or the interruption of the services that bind the parties; and/or (ii) the need for the Group to incur additional expenses and charges, even significant, in order to protect its rights, through the aforementioned arbitration and/or judicial authorities respectively governed and established abroad. In addition, the disputes and/or litigation resolution may only partially satisfy the reasons of the Company and/or the Group or the outcome of such disputes/litigation may be - in whole or in part - unfavorable to the Group and satisfy - in whole or in part - any claims for damages by the counterparties, the extent of which is not foreseeable to date. The occurrence in the future of these events may result in material negative effects on the business and on the economic, equity and financial situation of the Issuer and the Group.

4.A.2.2. Risks associated with compliance with workplace safety regulations

The Group is exposed to risks related to accidents involving the workforce. Any violations of the regulations applicable to these areas may lead to restrictions on the Group's business, the recording of material costs and reputational consequences.

The occurrence of these events, which is considered by the Issuer as having a low probability of occurrence, could have future significant negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

The Issuer's activities are subject to the regulations on the protection of safety in the workplace of the country in which the Issuer carries out its production and distribution activities, *i.e.* Italy, Bahrain, USA and Belgium.

Occupational safety, health and hygiene are kept under control by constantly updating and carrying out checks that are required by law. It should be noted that since its foundation and up to the Date of the Admission Document, there were no accidents in the workplace resulting in serious or very serious injuries to personnel or other events for which the Company has been liable.

It cannot be ruled out that in the future it will be necessary to increase the level of attention regarding current legislation, by increasing the investments made in the past in the safety sector, in order to comply with changes in the standards required or the technologies used. In addition, it is not possible to exclude that possible violations, or a system of prevention and protection and of delegated safety management that is not appropriate to the real needs of the Issuer, may lead to the application of material administrative sanctions, of a monetary or inhibitory nature, against the Issuer or criminal sanctions against corporate representatives and top management (including the Issuer's directors, who may be jointly held responsible for some of the aforementioned violations).

Due to the epidemiological emergency from COVID-19, the Issuer has implemented, taking into account the Italian manufacturing plants and workplace, the measures provided for in the "Shared regulatory protocol for combating and containing COVID-19 in the workplace" of March 14^{th}, 2020, as subsequently amended and supplemented, and taken the necessary precautionary measures, in compliance with the provisions of the decrees of the President of the Council of Ministers, ministerial circulars, orders of the Civil Protection, as well as the indications disseminated by other authorities in the area.

Regardless of compliance with the relevant regulations and the measures taken, the Group is also exposed in general terms to potential cases of COVID-19, as well as to the potential tightening of regulations on health and safety in the workplace as a result of the epidemiological emergency caused by COVID-19.

Finally, it cannot be ruled out that the individual risks referred to above may not be covered by the insurance policies currently in force, or that the related coverage may not be sufficient to cover any damages that may occur from time to time, exposing the Issuer to payment of a portion or the entire amount due in relation to the specific event, with consequent potential negative effects on the Issuer's economic, equity and/or financial situation.

4.A.2.3. Risks associated with tax regulations

The Group is exposed to risks deriving from the differentiation of the applicable tax regulations. Unfavorable changes in Italian, as well as any orientation of local tax authorities or case-law with reference to the application and interpretation of tax regulations concerning the extraordinary transactions carried out and, more generally, with regard to the determination of the tax burden as well as for the purposes of Value Added Tax "VAT", may have material negative effects on the Group's economic, equity and financial situation.

The occurrence of these events, which is considered by the Issuer as having a low probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

In carrying out its business, the Group is exposed to the risk that the tax authorities or the case-law may adopt different interpretations or positions in relation to tax and fiscal legislation from those adopted by the Group in carrying out its own business. Tax and fiscal legislation, as well as its interpretation, are particularly complex, also because of the continuous evolution of the legislation itself and its interpretation by the administrative and judicial bodies in charge.

In view of the complexity and constant changes in tax and fiscal regulations, as well as in their interpretation, it is therefore not possible to exclude that the financial administration or case-law may in the future come to interpretations, or take positions, that conflict with those adopted by the Issuer in carrying out its business, with possible negative consequences on its economic, equity and financial situation. This is the case, for example, of the regulations relating to the tax credit for research and development, where the complexity of the matter, the reference to supranational references and criteria and the several clarifications of practice that have followed one another over the years, also differing from one another, have contributed to making the application of such facility sometimes uncertain, leaving room for possible disputes by the tax authorities.

In summary, transfer pricing rules provide that the transactions between parties resident in different countries and belonging to the same group are carried out under the conditions and at the prices that would be agreed upon between independent parties operating under conditions of free competition for the purposes of the correct allocation of the tax base of each of the participating companies. This discipline is therefore characterized by the application of valuation rules and by estimative parameters which lack certainty and are therefore likely to give rise to valuations by the competent financial authorities that are potentially different from those made by the Group.

Therefore, due to the evaluative and therefore subjective nature of the rules for determining transfer prices, it is not possible to exclude, as is generally the case for all multinational groups, that the tax authorities of the countries in which the Group companies operate may raise objections against the individual companies regarding the fairness of the transfer prices. Moreover, it cannot be ruled out that the tax authorities of different countries may take contradictory positions with respect to the same intra-group transactions, causing double taxation (which can only be eliminated by activating the national or international procedures provided for), as well as the application of administrative sanctions, including fines, provided for by the applicable regulations, with possible negative effects on the Group's business and on its economic, equity and financial situation.

In order to not apply the anti-avoidance legislation dictated on CFCs (Controlled Foreign Companies), the Issuer has filed during 2020 with “Agenzia delle Entrate”, the Italian tax authority, no. 2 tax ruling (“Interpello”) with reference to the business operations carried out by the subsidiary Racing Force International WLL (former Bell Racing Helmets International WLL), as it is located in a country (Bahrain) considered to have privileged taxation.

With the first tax ruling the Issuer has requested the disapplication of the anti-elusion rule set forth in Article 167 of Presidential Decree no. 917 of 22 December 1986 (TUIR), which establishes the taxation of the business income of the subsidiary CFC directly to the resident parent company. In this respect, Agenzia delle Entrate has ruled the disapplication of the CFC rules for the 2019 fiscal year; such opinion will be applicable also with reference to potential profits that Racing Force International WLL may generate across the fiscal years following the 2019, provided however the occurrence of the same assumptions of fact and law on the basis of which the Agenzia delle Entrate's response has been issued.

With the second response, the Authority specified that the acceptance of the aforementioned ruling on the non-application of the “CFC” discipline as regards the taxation of the business income of the subsidiary Racing Force International Wll. also produces effects in relation to the recognition of the exemption provided for by letter a) of paragraph 2 of art. 47-bis of Presidential Decree no. 917 of 22 December 1986 and, therefore, confirmed the application of art. 89, paragraph 3 of the TUIR on the basis of which the profits deriving from companies resident in States or Territories with privileged taxation contribute to form the taxable income of the Italian parent company to an extent of 50%, provided that the foreign subsidiary operates with its own employees, machinery and at its premises.

At the Date of the Admission Document, there are two disputes against the “Agenzia delle Entrate”, both currently pending ahead of Italian Supreme Court “Corte di Cassazione”. The first concerns the fiscal year ended up at 31 December 2008, while the second proceeding is referring to VAT matters across the year 2010, 2011 and 2012. No other disputes concerning tax matters against “Agenzia delle Entrate” as well as against other Tax authorities all around the world are pending before the Tax Commissions (Provincial or Regional) or other judicial courts.

4.A.3 RISKS ASSOCIATED WITH CORPORATE GOVERNANCE

4.A.3.1. Risks associated with the corporate governance system and the deferred application of certain provisions of the By-laws

The Issuer is exposed to risks deriving from the fact that some provisions of the By-laws relating to the governance of listed companies will only be applied on a deferred basis.

The Issuer has adopted the By-laws, which will become effective upon admission of the Company's Shares to trading on Euronext Growth Milan.

This By-laws provide for a governance system inspired by certain principles established in the TUF as well as by some provisions of the EGM Issuers' Regulations. It provides for, in particular:

- the appointment of the Board of Directors through list voting;
- the appointment of at least one member of the Board of Directors who meets the independence requirements expressly provided by article 147-ter, paragraph 4, TUF;
- the shareholders' right to ask questions during the meetings.

The Issuer has appointed an independent director chosen among the candidates previously identified/ positively assessed by the Euronext Growth Advisor.

In addition, the Issuer has appointed Roberto Ferroggiaro as Investor Relations Manager.

It should be noted that the Board of Directors and the Board of Statutory Auditors of the Issuer in office at the Date of the Admission Document have been appointed prior to the Admission and will expire, the former on the date of the shareholders' meeting convened to approve the financial statements for the year ending December 31st, 2023 and the latter on the date of the shareholders' meeting convened to approve the financial statements for the year ending December 31st, 2021. Therefore, it is only from that moment onwards that the provisions of the By-laws regarding list voting for both corporate bodies will apply.

For more information on the Company's corporate governance, please refer to Section One, Chapter 15 of this Admission Document.

4.A.3.2. Risks associated with potential conflicts of interest of directors

The Issuer is exposed to risks related to the fact that at the Date of the Admission Document, certain members of the Issuer's Board of Directors have interests that might conflict with the interests of the Issuer. The Issuer considers the occurrence of such circumstances to be of low probability.

At the Date of the Admission Document, Piero Paolo Delprato is one of the two shareholders of SAYE, which is in turn the majority shareholder of the Issuer, holding a stake equal to 82.04% of the Issuer's share capital. Furthermore, Kyle Kietzmann, Alexandros Haristos, Stephane Alexandre Cohen, by way of its own vehicle Nehoc Systems Limited, and Aref Khalil Yazbek, as well as being shareholders in the parent company Racing Force, hold various management roles within the Group's subsidiaries.

This may lead to decisions being taken in conflict of interest with possible negative effects on the Issuer's economic, equity and financial situation.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

For further information, please refer to Section One, Chapter 10, Paragraph 10.2 of this Admission Document.

4.A.3.3. Risks associated with the failure to adopt the organizational model pursuant to Legislative Decree no. 231/2001

The Issuer is exposed to the risk of incurring the administrative liability of entities envisaged by Legislative Decree no. 231/2001 and any sanctions provided for in said decree. The Issuer considers the occurrence of such circumstances to be of low probability.

Legislative Decree no. 231/2001 introduced into the Italian legal system the administrative liability of entities for certain offences committed in their interest or to their advantage, by persons in top management positions or persons subject to their direction or supervision.

At the Date of the Admission Document, the Issuer has not adopted the organization and management model required by Legislative Decree no. 231/2001.

Although the Issuer has started the preliminary studies necessary to implement the organizational model provided for by the regulations, it has adopted internal governance tools inspired by the cornerstones of Legislative Decree 231/2001 and intends to adopt said model by the end of 2022, the Issuer could be exposed to the risk, not covered by specific and appropriate insurance policies, of possible fines or disqualification of the business provided for by the regulations on the administrative liability of entities, with consequent negative effects on the Issuer's economic, equity and financial situation and on its business.

The adoption and constant updating of the organization, management and control models would not allow the applicability of the sanctions provided for in Legislative Decree no. 231/2001 to be excluded per se. In fact, if an offence is committed, both the models and their actual implementation are subject to scrutiny by the Judicial Authority and, if the latter deems the models adopted to be unsuitable for preventing offences of the kind committed or for preventing non-compliance with the model by the body appointed for this purpose, the Issuer could be subject to sanctions. In the event that the administrative liability of the Issuer is actually ascertained, before or even after the future introduction of the organization and management models referred to in Legislative Decree no. 231/2001, in addition to the consequent application of the relevant sanctions, it is not possible to exclude that there will be negative repercussions on the Issuer's reputation, as well as on its operations and economic, equity and financial situation.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

4.A.4 RISKS ASSOCIATED WITH THE FINANCIAL SITUATION OF THE ISSUER

4.A.4.1. Risk of interruption of production/catastrophic/geopolitical events

The Group is exposed to the risk of having to interrupt its production activities due to strikes, accidents, breakdowns, malfunctions, damage, or other causes arising from events beyond its control, as well as geopolitical issues in view of the Group's global operations. These circumstances may have a negative effect on the Company's economic, equity and financial position.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, could have future significant negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

Strikes, other forms of industrial action or any deterioration in relations with employees as well as work interruptions, including those caused by force majeure, may lead to interruptions in the Group's production activities, making the use of production facilities more costly and potentially causing delays in deliveries.

It should be noted, in any case, that historically, there have never been any interruptions in production activities, made exception for a short period of interruption as to Bahrain manufacturing plant in 2020 due to COVID-19 pandemic.

It is not possible to exclude that further health safety measures that may be adopted in the future, at various levels, to counter new waves of COVID-19 may negatively affect the Group's operations, as well as those of its suppliers, leading to possible slowdowns, obstacles, or the interruption of activities, with negative effects on the Group's economic, equity and financial situation. Moreover, the Issuer's production processes depend on certain plants and machinery that could be subject to unforeseen interruptions. Such interruptions could be caused by plant breakdowns, difficulties or delays in obtaining spare parts, labor shortages, shortages of raw materials, prolonged rationing in the supply of electricity, fires, natural disasters, civil unrest, industrial accidents and the need to comply with applicable legislation on hygiene, health, safety and environmental protection and with protocols concluded with local authorities or the results of inspections carried out by them. The restoration of plants following such events may result in increased costs and potential losses.

Furthermore, with reference to the geopolitical crisis, it should be noted that the activity of Racing Force Group is significantly influenced by exogenous elements such as the different commercial policies adopted by states, and, in general, the presence of exceptional events such as attacks, wars or financial crises, which may affect the free movement of the Products.

Any failure or serious malfunction, or any under-performance of the machinery, which is not repaired or recovered promptly or properly, or the occurrence of other events of an extraordinary nature such as wars, terrorist attacks, other pandemics or situations of economic or political tension may result in disruption of production as well as slowdown or interruption of growth or even recession of the Motorsport industry. In such cases, the Group may not be able to meet its contractual obligations to customers. Although the Company has executed insurance policies for partial coverage of potential direct material damage to plants and machinery (which, in any case, do not include the coverage of the loss of profit associated with the damage), if there is no insurance coverage for such an event, or if such coverage is insufficient, it could have a significant negative effect on the Company's economic, equity and financial position.

4.A.4.2. Risks associated with net financial debt

The Issuer and its Group obtain their financial resources not only from the flows deriving from the business operations, but also through the traditional banking channel, through the usual medium/long-term financing instruments. The Issuer and the Group are therefore exposed to the risk of having to repay their financial debt in advance in the event of default or forfeiture of the benefit of the term provided for in the loan agreements in place at the Date of the Admission Document.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have future significant negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

Bank	*Date of subscription*	*Amount disbursed (Euro)*	*Remaining debt as at June 30th, 2021*	*Outstanding debt as at the Admission Document Date (Euro)*	*Expiry date*
Banca Carige	09/04/2020	5,000,000	5,000,000	5,000,000	08/31/2026
Credit Agricole	05/31/2019	700,000	438,974	438,974	02/28/2023
Intesa SanPaolo	10/30/2018	500,000	251,292	251,292	07/31/2022
Banco Popolare	06/23/2017	600,000	287,094	256,939	10/31/2023
Banco Popolare	04/19/2018	350,000	128,096	88,885	07/19/2022
Banco Popolare	12/10/2019	4,000,000	4,000,000	3,867,240	06/30/2028
Banco Popolare	11/20/2018	500,000	313,563	251,140	09/30/2022
Banco Popolare	05/26/2021	1,750,000	1,736,543	1,696,062	05/31/2031
Monte dei Paschi di Siena	05/30/2018	350,000	175,000	175,000	06/30/2023
Monte dei Paschi di Siena	12/16/2019	400,000	400,000	400,000	09/30/2023

Banca Nazionale del Lavoro	05/30/2019	1,000.000	222,222	55,556	10/31/2021
Credito Valtellinese	06/06/2019	400,000	383,761	383,761	10/05/2025
Credito Valtellinese	10/24/2018	500,000	335,624	335,624	10/05/2023
Credito Valtellinese	11/21/2019	250,000	166,916	166,916	08/21/2022
Credito Emiliano	11/29/2017	400,000	243,526	223,570	06/30/2024
UBI	01/13/2020	500,000	500,000	500,000	10/13/2023
Simest	04/19/2021	600,000	360,000	360,000	12/31/2027

The Group's ability to meet its bank debt obligations depends on its operating results and its ability to generate sufficient liquidity, which may depend on circumstances that cannot be foreseen and/or directly managed by the Group.

The medium/long-term loan agreements from which the Issuer and the Group benefit contain certain clauses and commitments, typical of this type of loan agreements, which require the debtor to repay the instalments on a timely basis, as well as to maintain its solvency, the violation of which could result in the obligation for the Issuer and the Group to repay the amounts paid out in advance, with consequent negative effects on the business and economic, equity and financial situation of the Issuer and the Group.

It should also be noted that some of the loan agreements in place at the Date of the Admission Document provide for (i) change of control clauses pursuant to which the Issuer or other Group companies lose the benefit of the term with the consequent obligation to repay the loan immediately and in full in the event of a change of control in the shareholding structure of the financed party and (ii) pari passu clauses pursuant to which all new financial debt must be in the same position, as regards priority of payment, as all other obligations.

Finally, it should be noted that some of the loan agreements in place at the Date of the Admission Document provide for obligations to notify and/or obtain prior consent for the completion of certain transactions that involve changes in the legal and corporate structure of the Issuer or other Group companies.

It is not possible to exclude that in the future, the Issuer and the Group to which it belongs may not be able to raise the financial resources necessary for the repayment commitments or may not be able to meet, or may be required to meet, their current contractual obligations with the consequent obligation to immediately repay the remaining portions of the loans. The occurrence of such events could have a negative effect on the equity, economic and financial position of the Issuer and the Group. There is also no guarantee that, in the future, the Issuer and the Group will be able to negotiate and obtain the loans necessary for the development of its business or for the refinancing of maturing loans, with the terms and conditions offered to date by current creditors.

Therefore, any worsening in terms of the economic conditions of the new loans with respect to those currently applicable and/or any future reduction in the credit capacity with the banking system could limit the Issuer's and the Group's ability to grow and, ultimately, have a negative effect on their business, operating results and financial condition.

For further information, please refer to Section One, Chapter 16 of this Admission Document.

4.A.4.3. Risks associated with trade receivables

The Group is exposed to the risk that its customers may delay or fail to fulfill their payment obligations within the agreed terms and conditions, with potentially material negative effects on the economic, financial and equity situation of the Issuer and the Group.

The customers with whom the Company directly interfaces in its distribution activities are mainly professional racing teams that compete in FIA world or national high-level competitions and companies operating in the automobile construction sector. The Products that the company supplies to the teams are largely related to customized production based on requested specifications. Technical partnerships exist with some of these organizations. These sales are handled directly by the Company, without the use of intermediaries.

The wholesale channel, on the other hand, is developed through the sale of products to distributors who in turn resell the products to final consumers and Racing Force USA a subsidiary of Racing Force through which the latter has distributed its products in the American market, due to the peculiarities of this market. Racing Force USA does not carry out any production activity, but manages the functions relative to marketing and commercializes the finished products previously purchased by the Company.

At the Date of the Admission Document, the average collection time for receivables from major customers is around 60 days from delivery of the product.

At the Date of the Admission Document, the Issuer's bad debts provision amounts to Euro 91.555. Despite the fact that the Issuer carefully monitors and recovers receivables, it cannot be excluded that in the future, the percentage of losses on receivables will increase and/or that more customers will default for amounts greater than those allocated to the bad debts provision, with possible negative repercussions on the economic, equity and financial situation of the Issuer and the Group.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a medium probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

For further information, please refer to Section One, Chapter 3 of the Admission Document.

4.A.4.4. Risks associated with interest rate fluctuations

The Group is exposed to the risk of significant changes in interest rates with a consequent increase in financial charges relating to floating rate debt. As of December 31st, 2020, the Group's medium/long-term debt was mainly represented by fixed rate debt.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

At December 31st, 2020, the Group's medium/long-term debt was mainly represented by fixed rate debt. The Group doesn't consider it necessary and / or appropriate to enter into any financial hedging instruments.

Any future growth and/or fluctuation in interest rates due to various factors that are not under the Group's control, such as the epidemiological emergency caused by COVID-19, which is still ongoing in Italy and the rest of the world at the Date of the Admission Document, monetary policies, macroeconomic trends and the economic and political situation in Italy, could lead to a limited increase in the Group's borrowing costs with consequent low negative effects on the Group's economic, equity and financial situation.

4.A.4.5. Risks connected to overdue tax payables

Tax payables at June 30th, 2021, amounted to Euro 1,103,678. Tax payables refer mainly to income taxes accrued for the half-year by the consolidated companies and the parent company.As of June 30th, 2021, there are no overdue tax payables.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, could have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

For further information, please refer to Section One, Chapter 3 of this Admission Document.

4.B RISK FACTORS RELATING TO THE FINANCIAL INSTRUMENTS SUBJECT OF THE OFFER

4.B.1. Risks associated with trading on Euronext Growth Milan, market liquidity and possible price volatility of financial instruments

Subsequent to the Trading Start Date, there is a risk that a liquid market in the Company's Shares may not be formed or maintained and/or that the price of the Shares may fluctuate substantially, also adversely, due to factors beyond the Issuer's control. The occurrence of such circumstances could have significant negative effects on the market price of the Shares. Furthermore, as the Shares are risk capital by nature, the investor may incur a total or partial loss of the capital invested.

The Shares will not be listed on an Italian regulated market and, although they will be traded on Euronext Growth Milan in continuous trading, it is not possible to guarantee that a liquid market will be formed or maintained for them. Such occurrence, therefore, could present common and generalized liquidity problems, independently of the Issuer's performance, as requests for sale may not find adequate and timely counterparts and may be subject to fluctuations, even significant, in price.

In addition, following admission to trading on Euronext Growth Milan, the market price of the financial instruments may fluctuate significantly in relation to a number of factors and events, some of which are beyond the Issuer's control, and may therefore not reflect the Issuer's operating results or may be lower than the subscription price at the time of placement. Such factors and events include, but are not limited to, market liquidity, differences in actual operating and financial results from those projected by investors and analysts, changes in analysts' forecasts and recommendations, changes in general economic conditions or market conditions and significant market fluctuations.

An investment in financial instruments traded on Euronext Growth Milan could therefore involve a higher risk than an investment in financial instruments listed on a regulated market.

The uncertainty of the macroeconomic situation could also have an effect in terms of increasing the volatility of share prices, including those of the Shares. In recent years, stock markets have shown considerable fluctuations in both the price and volume of securities traded. These uncertainties could adversely affect the market price of the Shares in the future, irrespective of the Company's earnings or financial condition. In this regard, the epidemiological emergency from COVID-19, still ongoing in Italy and in the rest of the world at the Date of the Admission Document, represents an additional factor of uncertainty, which could negatively affect the market price of the Shares in the future.

As the Issuer's Shares constitute risk capital, the investor may incur a total or partial loss of the capital invested.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a medium probability of occurrence, may have significant future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of medium materiality.

4.B.2. Risks associated with the uncertainty of earning profits and distributing dividends

At the Date of the Admission Document, the Issuer has not adopted a dividend policy. Although the Issuer has regularly distributed dividends to its shareholders over the last years, in the future, this latter may not make profits distributable in the form of dividends or, even if it does, it may not distribute dividends to shareholders.

The amount of dividends that the Issuer will be able to distribute in the future will depend, among other things, on its actual revenues as well as, in general, on its results of operations, financial position, cash flows, net working capital requirements, capital expenditures and other factors. In addition, the Company may decide not to make distributions or adopt different distribution policies, even in the event of profits for the year.

It is not possible to ensure that in the future the Issuer will distribute dividends, even though it has the availability of such dividends, thus favoring investments for the benefit of the growth and expansion of its activities, unless otherwise resolved by the shareholders' meeting. The distribution of dividends by the

Issuer will be conditioned, inter alia, for future years by the results achieved, the establishment and maintenance of reserves required by law, the general operating performance and future resolutions of the Shareholders' Meeting approving (in whole or in part) the distribution of distributable profits. Also, in light of the epidemiological emergency caused by COVID-19, still ongoing in Italy and in the rest of the world, at the Date of the Admission Document, this circumstance could have negative effects, even significant, on the return profile of the investment made in the Shares by investors.

In the absence of dividend payments, shareholders may only obtain a return on their investment in the Shares if they dispose of them at a market price which is higher than the purchase price.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of medium materiality.

For further information, please refer to Section One, Chapter 3 of the Admission Document.

4.B.3. Risks associated with the possibility of revocation and suspension from trading of the Issuer's financial instruments

Pursuant to the EGM Issuers' Regulations, Borsa Italiana may order the removal from trading of the Issuer's financial instruments in case of occurrence of the following conditions:

- the Issuer fails to replace the Euronext Growth Advisor within six months after the suspension from trading due to the absence of the Euronext Growth Advisor;
- the securities have been suspended from trading for at least six months;
- the revocation is approved by a number of shareholders representing at least 90% of the votes of the shareholders gathered at the meeting.

In the event that trading in the Shares is withdrawn, the investor would hold Shares which are not traded and, therefore, difficult to liquidate.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have significant future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

4.B.4. Risks associated with temporary inalienability commitments of the Issuer's Shares

At the Date of the Admission Document, certain lock-up agreements relating to the Issuer's Shares are in place; the Issuer is therefore exposed to the risk that, upon expiration of the temporary inalienability commitments undertaken by certain shareholders, any disposal of Shares by such shareholders may lead to a negative trend in the trading price of the Shares.

SAYE, Nehoc Systems Ltd, Aref Khalil Yazbek, Alexandros Haristos and Kyle Kietzmann have undertaken towards to Equita and the Issuer, which in turn has undertaken towards Equita, certain lock-up commitments in force of which they are not allowed to transfer their Shares for a period of 12 (twelve) months beginning from the Trading Start Date.

Upon expiration of the above-mentioned lock-up commitments, there is no guarantee that they will proceed with the sale, in whole or in part, of the Shares, with a consequent potential negative impact on the price trend of the Shares.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

For further information, please refer to Section Two, Chapter 5, Paragraph 5.2 of the Admission Document.

4.B.5. Risks associated with the non-contestability of the Issuer

The Issuer is exposed to the risk of not being contestable, also following the admission of its financial instruments to trading on Euronext Growth Milan.

SAYE, 48.20% of whose share capital is held by Piero Paolo Delprato and 51.80% by Giuliana Ghezzi, is the Issuer's current controlling shareholder, pursuant to art. 2359, paragraph 1, no. 1, of the Italian Civil Code, and will maintain, even assuming the full subscription of the maximum No. 4,500,000 Shares resulting from the Capital Increase, the full transfer of the Shares in its quality as Selling Shareholder and the full exercise of the Greenshoe Option, the control by right with a 56.9% stake in the Issuer's share capital.

Considering that SAYE will continue to exercise legal control over the Issuer, it will have a decisive role in the adoption of the resolutions of the shareholders' meeting of the Issuer, such as, for example, the approval of the financial statements, the distribution of dividends, the appointment and removal of the administrative and supervisory body, changes in the share capital and by-laws amendments.

For further information, please refer to Section Second, Chapter 7 of the Admission Document.

4.B.6. Risks associated with conflicts of interest of the Global Coordinator

Equita, due to the activities it carries out in favor of the Issuer, could find itself in a situation of conflict of interest.

Equita, which covers the role of Global Coordinator, in the context of the Placement, and Specialist, finds itself in a situation of conflict of interest in that it will receive compensation for services rendered in relation to the above roles. In addition to the above, Equita, in the normal exercise of its business, may in the future provide advisory services in favor of the Issuer, for which it may receive commissions.

The occurrence of the events subject to this risk, which is considered by the Issuer as having a low probability of occurrence, may have future negative effects on the Issuer's economic, equity and financial situation. In view of the above, the Issuer estimates that the risk referred to in this Paragraph is of low materiality.

5. INFORMATION RELATING TO THE ISSUER

5.1. Issuer’s name

The Issuer’s name is “Racing Force S.p.A.”.

5.2. Details of the registration with the Companies’ Register and LEI Code

The Issuer is enrolled in the Companies’ Register at the Chamber of Commerce of Genoa with tax code and registration number 02264760105, R.E.A. (*Repertorio Economico Amministrativo*) of Genoa no. GE-260454, "Legal Entity Identifier" (LEI) no. 8156005B22B0857C7357.

5.3. Date of incorporation and duration of the Issuer

The Company was incorporated in Genoa (GE), on January 19th, 1981, in the form of a limited partnership company, with the corporate name "OMP Racing di Percivale Piergiorgio & C. società in accomandita semplice", by notarial rep. no. 780 deed n. 228 of the Notary Public Giancarla Dea Garro Raiteri.

Pursuant to art. 4 of the By-Laws, the duration of the Issuer is established December 31st, 2050.

5.4. Domicile and legal form, legislation under which the Issuer operates, country of incorporation and registered office

On May 7th, 2013, by deed drawn up by Mr. Paolo Lizza, deed no. 95347, the Shareholders' Meeting resolved, inter alia, to transform the company from a limited liability company to a joint stock company and to change the Company name to "OMP Racing S.p.A.".

On August 31st, 2021, by deed drawn up by Mr. Paolo Torrente, rep. no. 33368 and deed no. 15332, the Shareholders' Meeting resolved, inter alia, to change the Company name to "Racing Force S.p.A.".

The Issuer is a joint stock company and operates according to the laws of Italy.

The Issuer has its registered office in via Bazzano n. 5, 16019, Ronco Scrivia (GE), and its phone number is +39-010 96501.

The Issuer’s website is www.racingforce.com

6. BUSINESS DESCRIPTIONS

6.1. Main activities

6.1.1. Overview and description of the activities carried out by the Issuer and Group

Racing Force (previously recognized as OMP Racing S.p.A.), is an Italian company established in 1973 in Genoa by Percivale family and having today its headquarter at Ronco Scrivia, nearby Genoa. Since 2008 the control of the Company has been acquired by Genoa-based SAYE, the holding company referable to Mr. Piero Paolo Delprato, which is the current President of the board of directors as well as chief executive officer at the Group level. The Group is currently one of the leaders in the field of design and manufacture of Motorsport safety products. Its product range spans from suits, gloves, shoes, seats, harnesses, helmets, rollbars, racing nets, steering wheels, fire extinguisher systems, intercoms, to other accessories strictly related to Motorsport industry.

Thanks to the best and most complete range of Motorsport Safety Product developed and boosted by Racing Force Group, today its products are widely used in all world racing championships, namely by professional drivers and teams, among which F1, World Rally Championship - WRC, Rally Cross World Championship – WRX, Karting and Rally-Raid, World Endurance Championship – WEC, Indycar Series and Nascar. More than 60 FIA World Championship titles have been achieved in the last 10 years by the teams and drivers supplied by Racing Force Group.

Racing Force Group's catalogue offers a complete range of more than 2,000 safety and performance items designed and manufactured for racecars and drivers' safety. Almost all products are homologated by Fédération Internationale de l'Automobile (FIA, whose Racing Force Group is official exclusive partner), FIA Karting, SFI Foundation and Snell Foundation. In addition, to date the catalogue continues to expand its offer, by introducing new innovative technology-driven products, such as the patented Drivers' Eye video-technology developed internally by the Group technicians and currently marketed to Formula E championship and Formula 1 championships.

Thanks to the acquisition started in 2019 of entire share capital of the historic and iconic US-based helmets manufacturer Bell Racing Helmets Group, recognized as the most eminent helmets manufacturer for Motorsport industry so far, both brands (OMP and Bell Helmets) have maintained their historical identity and respective production plants: as to the Racing Force, the R&D and production lines have been maintained in Ronco Scrivia (Genoa), while, for Racing Force International the R&D activity, development and production lines have been kept in Sakhir (Bahrain).

As regards the distribution of the products, starting from February 2020 the parent company of the Group Racing Force is in charge of the commercialization of both OMP and Bell products in Europe and ROW (before the acquisition, distribution of Bell products in Europe was under High Protection Systems, previously named as Bell Racing Europe, with headquarters in Belgium). Today the Belgian company provides racing and custom painting services only and it is the entity under which the Group wants to develop some of the projects within its diversification program portfolio.

In the US market, before the acquisition, there were two different companies (OMP Racing Inc. and Bell Racing USA LLC), each of them in charge of the distribution of the respective brand. Starting from October

1st, 2020, the warehouse and headquarters of Bell Racing USA were moved to Miami, where OMP Racing Inc. is based. Then, in April 2021 OMP Racing Inc. changed its corporate name to Racing Force USA and subsequently, with effects from June 1st, 2021, Bell Racing USA LLC was merged by incorporation into Racing Force USA.

After the aforementioned reorganizations, Racing Force USA, with headquarters and showroom in Miami, is the only entity in charge of the distribution of both OMP and Bell branded products in all the Americas. The company operates two other pro-shops in the US, one in Mooresville and one in Indianapolis.

Moreover, the Group has also broadened its own product range by completing the acquisition of Zeronoise, a UK-based start-up company incorporated in 2019 active in the field of design, manufacturing and marketing of particular audio-video communication systems installed inside the professional race helmets. On December 23rd, 2020, Racing Force and Racing Force International entered into a share sale and purchase agreement for the sale of the entire corporate capital of Zeronoise corporate capital to Racing Force International.

As of today, following the acquisition of the going concern of ZN Europe S.r.l. completed in 2020, Racing Force operates a branch in Pisa dedicated to the R&D and production of Zeronoise branded products. Moreover, on December 17th, 2020, Racing Force and Racing Force International entered into an agreement for the provision by Racing Force of certain services in favor of Racing Force International, concerning the R&D activity for the development of the Driver's Eye to be carried out at its Pisa plant.

To date, by joining force with Bell Racing and the relevant know-how developed in over 45 years of history, Racing Force Group today is the most important Group at a global level in the Motorsport safety equipment industry.

As to the safety and quality high standard ruled by the FIA which Racing Force Group has to comply with, the latter have adopted a strict quality policy across the years, based on which the over 2,000 in-house tests performed in the last decade ensure its products a standard that goes well over the parameters requested by the regulators to grant the relevant homologation. The acknowledgment of all this is represented by the partnership entered into with the FIA since 2012, by which both parties have strongly committed themselves to guarantee the most possible protection to drivers on roads and racetracks.

To date technical racing clothing to FIA officials and safety car drivers across a range of FIA world championships comes exclusively from Racing Force Group: fire retardant suits, shoes, gloves and underwear and both OMP and Bell Racing branded helmets.

The Group globally counts 6 sites, 6 showrooms and 3 R&D centers located in America, Europe and Asia.

At June 30th, 2021, Racing Force Group accounts for over 370 employees from 29 different countries, which contribute to generate a fusion of cultures, ideas and industry knowledge.

At the date of the Admission Document, the Group operates and sells directly its products over quite 80 countries worldwide, since export represents approximately the 85% of the annual global sales recorded. The Group can count on more than 3.400 customers.

Sites, showroom and R&D centers in 3 continents

Source: Management

6.1.2. Group brands and product categories developed and marketed by the Issuer

As of the Admission Document Date, the Group markets the following 4 iconic global brands that guarantee this latter to have a unique product offering covering the full spectrum of Motorsport Safety Equipment.

BRANDS

Source: Group information

OMP: under the Issuer-owned brand "OMP", the Group develops a wide range of performance products that are used by drivers and teams in all major racing championships worldwide, most of them successfully homologated to industry standards including FIA, FIA Karting, SFI and Snell.

Bell Helmets: created in 1954, Bell Helmets is the world premium auto racing and karting helmet brand, which the Group markets and distributes worldwide under two different license agreements. Throughout its history, the brand has pioneered key innovations and today Bell brand is associated with technically superior racing helmets incorporating advanced materials and the latest manufacturing techniques. The

Group manufactures helmets in a state-of-the-art production facility located in Bahrain within the premises of the world championship level Bahrain International Circuit racing facility.

Zeronoise: Zeronoise is the Group owned-brand through which this latter develops and manufactures communication devices for the racing industry; the technologies that are developed under the Zeronoise™ brand are mainly focused on audio communication and video devices, such as intercoms, known for their unique design and high performance, are used by professional teams in top rally and rally-raid series. Moreover, Zeronoise developed the world first in helmet camera (international patent pending) for real time TV broadcasting homologated (as a bundle with Bell helmets) by FIA, known today as Driver's Eye.

For more info about the Driver's Eye, please refer to Section One, Chapter 6, Paragraph 6.1.6 of the Admission Document.

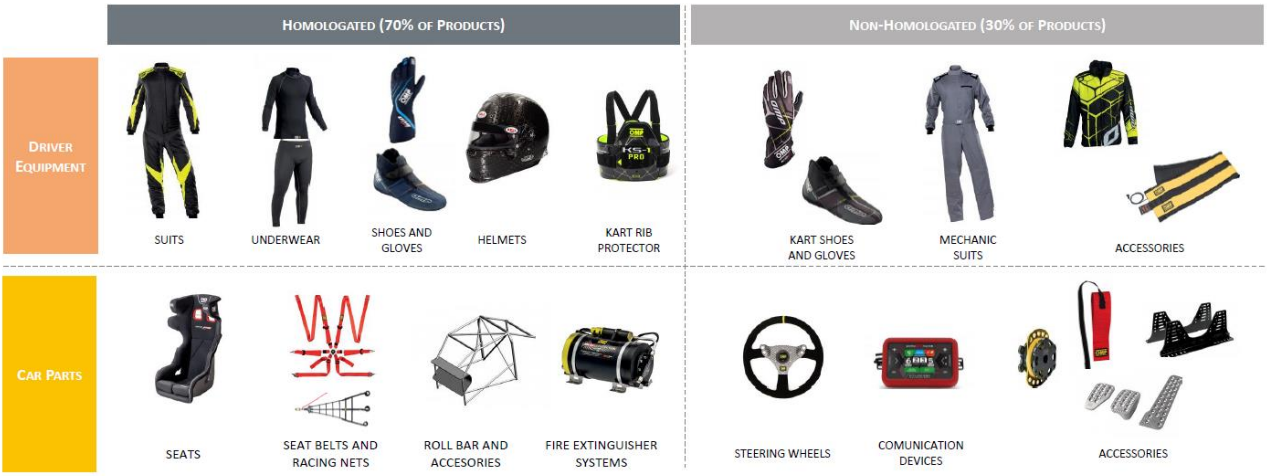
Racing Spirit: the Group co-owned-brand (50%) with Mr. Gabriele Pedone, CEO of Racing Force USA which holds the other 50% of the company Racing Spirit LLC, which in turn owns the entire corporate capital of Racing Spirit S.r.l., is the owner and markets such brand for casual clothing with "racing DNA", was established in 2012 with the vision of making auto racing specific clothing that strives to incite those who love the sport with beauty, design technology and functionality. Racing Spirit combines maximum wearer comfort with top performance by meeting every requirement in terms of function and style. The power of racing is both the soul of Racing Spirit and the inspiration behind the name Racing Spirit is the first premium racing inspired apparel brand engineered by racers for racers.

Product category/family general overview

Based on the situation existing as of December 31st, 2020, it is possible to identify the following product families within the Group extensive offer:

- **Driver's Equipment**: this product family includes fireproof technical clothing (intended for racing car sector) and anti-abrasive clothing (intended for the karting sector) for driver safety, in particular suits, underwear, gloves, shoes, helmets and various accessories;
- **Car Parts**: this product family includes all specific components for racing cars, such as roll bars (which are tubular steel structures that are installed inside the car, racing harnesses and nets, racing seats, racing steering wheels, racing fire extinguisher systems, and other mechanical components;
- **Other**, this residual family of products includes both non-technical sportswear such as T-shirts, sweatshirts, mechanics' suits or other "standard" products.

It is however possible to set out a more granulate division of the entire product portfolio, based on the best seller product categories: Driver Equipment and Car Parts, which can be homologated or not by the FIA, as better shown in the chart below.



Racing force products range

Source: Group information

Analysing the breakdown of 2020 Racing Force Group's consolidated turnover, the Driver Equipment category accounts for approximately 64% of global sales, while Car Parts category accounts for an aggregate 32%, as shown in the chart below.

Driver Equipment

This macro-product category comprises, on a side, homologated items like suits, underwear, gloves, shoes and helmets, and, on the other side, not homologated items such as mechanic accessories and suits and other accessories; these latter are mainly meant for racecar teams professional mechanics and do not require the prior homologation by FIA committees.

A. Not homologated Products

Not homologated technical wear features **(i)** professional suits made, for instance, of lightweight and resistant polyester and cotton fabrics to repeated washing and most stub-born stains; **(ii)** technical short gloves for professional use, made of elastic fabric leather and silicon rubber design as well; **(iii)** shoes, apron and sleeves; **(iv)** a wide range of technical accessories.

B. Homologated Products

1. Suits

The Group's catalogue features several configuration of professional suits, which are spanning from models that can be customized through the use of image, photos and color blendings, thanks to a proprietary technology named "*Art Technology*", to certain models with fireproof characteristics, to other which are equipped with the so-called "*stretch dry system*" designed and engineered by the Group's technicians, to allow the drivers the maximum breathability combined with elasticity of 3D materials, ensuring best freedom in movements while reducing body temperature. A large number of suits model are customizable through embroideries, heat transfers and/or prints.

The suits too are constantly involved in R&D activity run by the Group. In this respect, in 2020 the Group has developed a new best-in-class suit, the so called "*One Evo X Suit*", representing a top level ultra-light racing suit made with new generation fabrics. More in particular, it is a fireproof suit, able to resist direct exposure to flame and thermally insulates the driver, combining these characteristics with lightness, breathability and ergonomics. Using innovative materials, developed specifically for this project, and a new construction have made it possible to achieve the expected result. The focus was also directed to cover the design of such suit.

With specific reference to the suits and technical racing clothing, these latter are developed, designed, and homologated (when required) by Racing Force directly at the Ronco Scrivia factory. As to the manufacturing, only during the peak seasons (approximately from December to April), the latter is partially entrusted to external suppliers, to comply with the delivery deadline to worldwide dealers. Once manufactured and homologated, such products are then distributed by Racing Force itself across Europe and the Rest of the World, and by its subsidiary Racing Force USA, which is committed in selling within North America and South America markets all the Racing Force Group branded sport suits.

Here below are given some images as an example of some product range above outlined.

2. __Helmets__

As to Bell Racing-branded helmets, they can be categorized by series or by discipline.

- By series, the product range features four different “categories”. In each class Bell offers full face (used mainly in circuits) and open face helmets (mainly used in Rallies: Rally is one of the most challenging racing sports, putting cars and drivers through the toughest and most varied conditions on the planet, including snow, ice, asphalt and gravel. To face these challenges, Bell offers a line of premium quality Rally products with high-performance features designed for top professional drivers including a lightweight shell, superior comfort and fit, high-quality intercom systems, noise insulating ear protection, noise erasing microphones, ear cups with ultra-thin speakers, advanced styling and optimal protection. The Rally Helmets supplied by Bell are all equipped with Zeronoise Technology).
- “***Advanced Series***”: Bell’s FIA8860 helmets are designed for top-level professional drivers competing in the premier forms of motorsports. Bell’s Advanced Series uses a proprietary high-

pressure molding system to create an ultra-lightweight aerospace grade carbon shell combined with a high-performance multi-density energy absorbing liner system delivering the ultimate in protection. Advanced Series HP (High-Performance) helmets are the pinnacle of technology and innovation, representing the best of Bell. The models belonging to this series are 5 and pictures below shows two of them.


- “*Carbon Series*”: Bell’s Carbon Series combines leading-edge design, superior ventilation, performance features, advanced energy management system and a lightweight carbon shell made using Bell’s proprietary high-pressure molding system to deliver the best performance to value ratio in motorsports. The Carbon Series is designed for the professional racer who values the latest technical innovations and is looking for a performance edge. The models belonging to this series are 6 and picture below shows two of them.


- ***“Pro Series***”: the Pro Series is designed for drivers at all levels of racing who expect industry-leading performance, professional features and the latest engineering advances. The Bell Pro

Series models feature contemporary design, ultra-lightweight composite shell construction, advanced energy management system, superior ventilation and a professional fit to meet the unpredictable demands of any racing environment with supreme confidence. The models belonging to this series are 7 and picture below shows two of them.

- *"Sport Series*": the Sport Series delivers superior styling, outstanding ventilation, high-quality construction, lightweight composite shell technology and the latest energy management system, excellent fit and multi-purpose features. The models belonging to this series are 5 and picture below shows two of them.

Bell offers also the ***"Karting Series***": Bell's Karting Series designed for youth and adult kart racers combines lightweight construction, outstanding fit, superior ventilation and perspiration management, positive visor seal, anti-fog performance and advanced aerodynamics. The models in this category are 11 and the picture below shows two of them.

As to OMP-branded helmets, are meant both for auto racing and karting use. For auto racing use, the product line features for instance the GP-R model, a FIA approved full-face helmet made in composite material, lightweight, with soft and comfortable high breathability fire retardant internal lining, bordered strap with double ring closure and high precision adjustable visor with easy block system. This helmet is suitable for several motosports disciplines, from formula cars to GT cars.

The catalogue displays also a different model, the J-R Rally, an FIA approved open face helmet made of lightweight composite material shell, high breathability fire retardant internal lining with pre-installed intercom kit.

All the racing helmets, both OMP and Bell Racing-branded, are fully developed, designed, homologated and manufactured by the subsidiary Racing Force International, based in Sakhir, Bahrain. Once manufactured and homologated, helmets are then distributed by Racing Force itself across Europe and Rest of the World, by its subsidiary Racing Force USA for North and South American markets and directly by Racing Force International in some specific countries.

3. ***Underwear, gloves and shoes***

Professional underwear catalogue displays a wide range of product, all of them FIA approved, such as the ultra-light underwear top with exclusive features, ultra-light pants, balaclava, long sleeved underwear top with high neck for maximum protection, body protection as elbow and knee pads, socks, cool shirt and other stuff.

Here below are given some images as an example of some product range above outlined.

Professional gloves catalogue displays a wide range of gloves with different specifications, most of them FIA approved, such as the reference "*One Evo X*", a super professional fireproof hi-tech pre-curved gloves based on F1 technology, extremely lightweight. The development of "*One Evo X*" is the final result of one of the most relevant R&D projects and investments carried out by Group's engineers in 2020. To achieve these results, a new exclusive three-dimensional weave fabric and an innovative coating of material was developed to increase the rider's grip without affecting sensitivity. The design has also been thoroughly studied to communicate the innovation introduced with this product.

Below are shown some images as an example of some product described above.

Professional shoes catalogue displays a wide range of race boots with different specifications, all of them FIA approved, intended both for racing, mechanics and for karting use. The race boots too have been involved in R&D activity run by the Group. In this respect, in 2020 the Group has developed a new best-in-class suit, the so called "*One Evo X R*", representing a professional top level racing boots made by soft kangaroo leather. More specifically, it is a fireproof boot that is able to resist direct exposure to fire, as well as to thermally insulate the driver, combining these characteristics with lightness, breathability and ergonomics. Using innovative materials, developed specifically for this project, and a new construction have made it possible to achieve the expected result. The focus was also directed to cover the design of such suit.

Below are shown some images as an example of some product described above.

<u>Car parts</u>

1. ***<u>Seats</u>***

OMP branded seats are an important product line that is developed internally and manufactured externally.

This is possible thanks to the know-how on structural carbon and composite fiber acquired in decades.

The seats are developed, designed and homologated by Racing Force, at the Ronco Scrivia factory. Then, the product engineering is completed in partnership with selected suppliers. After that, the manufacturing is entrusted to external suppliers. Once manufactured and homologated, such products are then distributed by Racing Force across Europe and Rest of the World, and by its subsidiary Racing Force USA for North and South American markets. This kind of products need the homologation issued by FIA committees.

2. ***Fire Extinguisher Systems***

The fire extinguishers systems for racing cars are completely developed, homologated and assembled by Racing Force, at Ronco Scrivia factory. Once manufactured and homologated, such products are then distributed by Racing Force across Europe and Rest of the World, and by its subsidiary Racing Force USA for North and South American markets. This kind of product needs the prior homologation issued by FIA committees.

Previously developed and manufactured externally, now the electronics that control the fire extinguisher systems has been re-engineered and manufactured internally by Racing Force, thanks to Zeronoise know-how.

3. ***Steering Wheels***

The steering wheels are developed and designed by Racing Force, at the Ronco Scrivia factory. After that, the manufacturing is entrusted to external suppliers. Once manufactured, such products are then distributed by Racing Force across Europe and Rest of the World, and by its subsidiary Racing Force USA for North and South American markets. This kind of product does not need FIA homologation.

4. ***Harnesses and Racing nets***

The harnesses and Racing Nets are developed, designed and homologated by Racing Force, at the Ronco Scrivia factory. Only top quality harnesses are manufactured internally. Once manufactured and homologated, such products are then distributed by Racing Force across Europe and Rest of the World, and by its subsidiary Racing Force USA for North and South American markets.

5. ***Roll bars***

The roll bars are developed, designed and homologated by Racing Force, at the Ronco Scrivia factory. Then, the product engineering is completed in partnership with selected suppliers. After that, the manufacturing is entrusted to external suppliers. Once manufactured and homologated, such products are then distributed by Racing Force across Europe and Rest of the World, and by its subsidiary Racing Force USA for North and South American markets.

6. ***Car accessories***

Helmet kits and Intercoms:

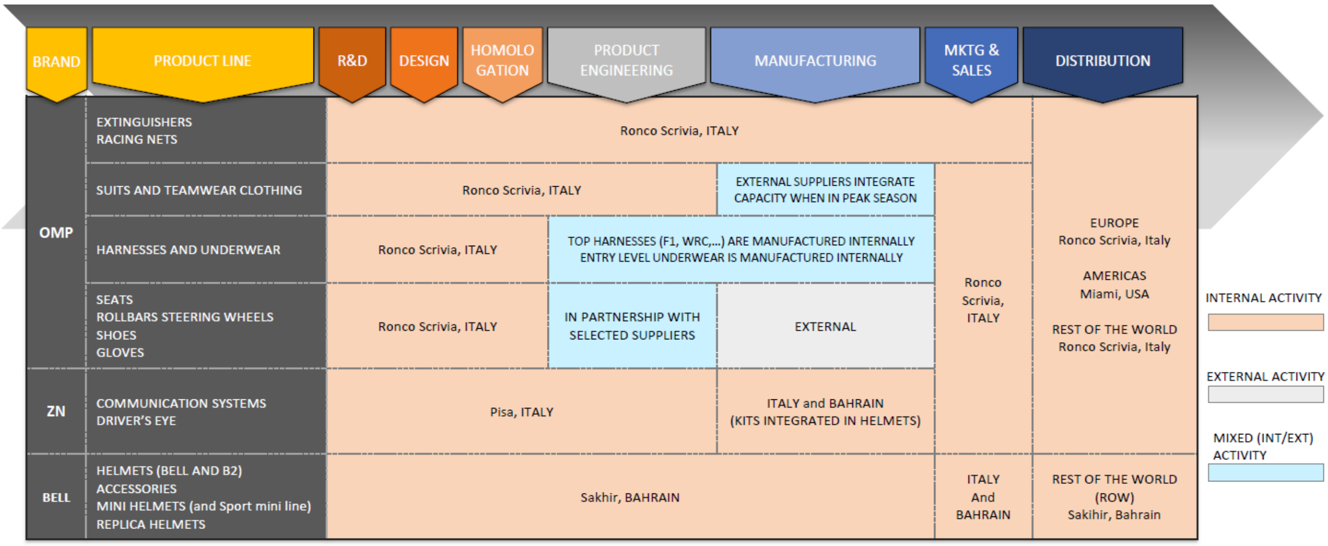
It is normal practice that helmet kits and intercom systems are sourced externally by the helmet manufacturer. At Racing Force International, Zeronoise has set up an electronic department for the production and integration of the helmet kits directly in the production flow increasing overall efficiency in the factory in Bahrain.

The Zeronoise branded intercom systems are developed, designed and manufactured by Racing Force at the Pisa-based factory and R&D center. Once manufactured, such products are then distributed by Racing Force across Europe and Rest of the World, and by its subsidiary Racing Force USA for North and South American markets.

6.1.3. Business model and value chain

The value chain of the Group shows a tight control of the organization, on almost every single activity, with an emphasis on R&D, design, planning and homologation activities (this latter where due) that are at the core of the business. Manufacturing process is internal or external depending on the type of product and the workload needed to meet demand in specific times of the year. This means that the know-how is developed and remains completely internal within the Group organization. On the other hand, commercial activities such sales, marketing and distribution of all the Group brands are likewise managed internally. This allows to control every step and guarantee a top-quality service to the end client. This is made possible thanks to the 3 different logistic hubs and 3 *R&D* and production plants of the Group.

The business model adopted by the Group can be summarized in the following overview:



Racing Force Group value chain by Brand and Product Category

Source: Group information

R&D:

Developing innovative and better products is the core of what the Group does to maintain its competitive advantage within its own industry. Operating in a highly specialized niche market, such as the design and manufacturing of safety equipment for drivers and racecars, R&D is striving to a constant innovation and the pursuit of higher performance on all product categories. As a result, R&D is one of the main drivers of the Group's development strategy. The overall investments carried out in these activities, together with the technical-scientific skills developed by the Group's technical department, have led to the development of numerous product and process innovations, which have led to the filing of a number of patents over the years.

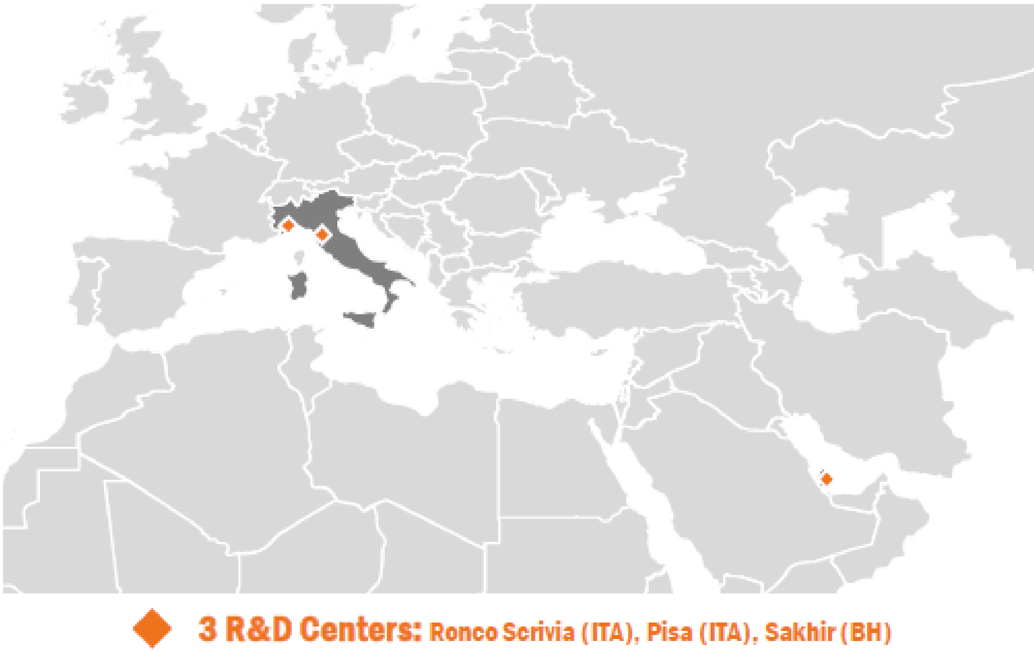
Furthermore, the technological improvement and regulatory framework of the relevant sector requires the constant development of innovative solutions to improve the product and/or the production process in order to guarantee the quality standards that distinguish the Group. The strategy implemented by the Group to consolidate its market leadership and share consists in providing, through its products, a high added value to its clients, developing innovative but at the same time reliable solutions, capable of generating a competitive advantage for the client in terms of performance and safety. This innovation consists of both new solutions to launch on the market and the integration and improvement of existing technologies, by way of testing new materials and new technical solutions as well.

The technical department, which is deputy to R&D activity, handles the design, modelling, configuration and subsequent modification of all the products in the portfolio.

The technical department is in part committed to "pure" R&D activity, disconnected from any specific customer requests and driven by inputs generated by the technological or regulatory evolution of the reference market, and in part to the implementation of new solutions that meet specific needs expressed by customers or by particular geographical markets of the products.

The technical department can count also on in-house laboratory deputed not only to carry out all the functional tests arising out of R&D activities, but also to simulate the tests that will be carried out by FIA-accredited laboratories, necessary to issue homologations, according to the required safety standards.

Today Racing Force Group can count on 3 R&D sites, two of them located in Italy, and one in Bahrain, each dedicated to a specific product category, as shown in the chart above. However, to fully leverage on the internal know-how, the R&D centers work in concert to deliver multi-disciplinary projects such as the one of rally helmets and communication devices.



Source: Group information

Design and planning:

The identity of the products is defined by performances as well as by design that strengthens the brand identity and keep up with the latest trends.

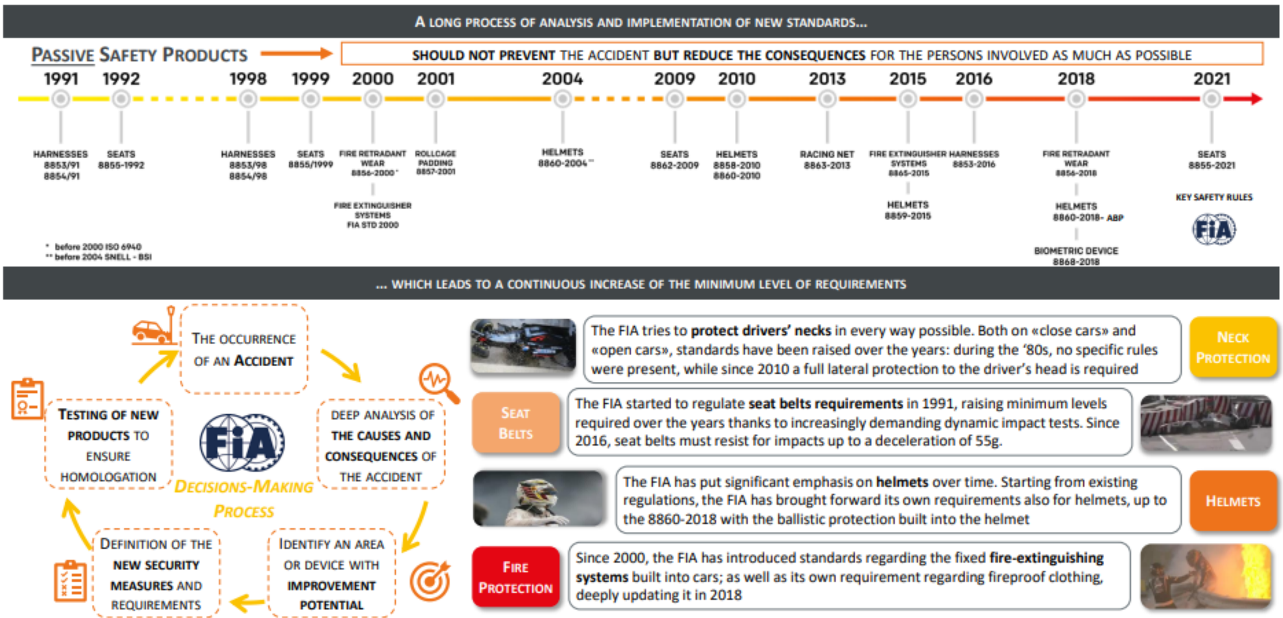
Homologation (where due):

Motorsport Safety Equipment is a market characterized by a very high level of regulation. Any competition that falls within the definition of Motorsport lies under the regulatory umbrella of the FIA or other regulatory bodies such as SFI and Snell.

Almost all products (safety and non-safety) that are used in motorsport (by drivers and in vehicles) must pass a long and stringent homologation process, whose criteria and requirements are defined by:

- FIA: for European competitions and RoW, and for some American competitions, such as Indy and IMSA, with the exception of NASCAR;
- SFI: for US competition safety equipment, except helmets;
- Snell: for the helmets of drivers competing in US championships.

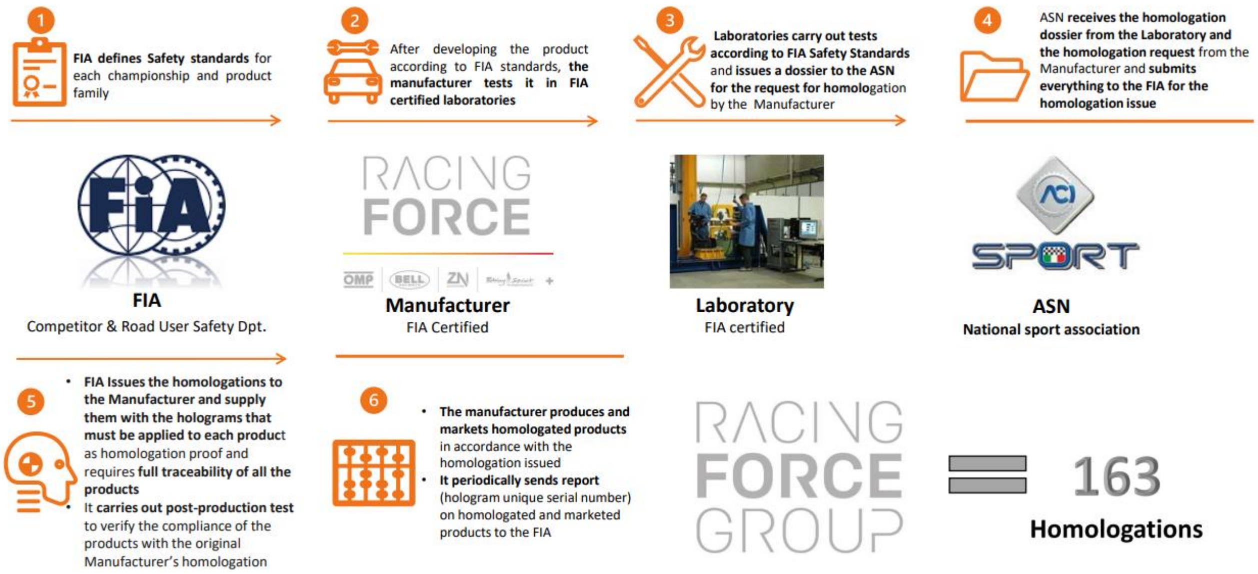
FIA has, throughout its history, worked ceaselessly to improve safety at all levels of competition, by i) the constant improvement of the safety standards of the devices used and ii) the recent introduction of new and revolutionary devices strongly desired and "imposed" by the regulatory bodies. The evolution of FIA approach regarding new standard of safety can be summarized in the chart below.



FIA homologation requirements

Source: Group Information

The product homologation process is often very long and uncertain in terms of time framework and outcomes (from the issuing of a new standard - about every 5 years for helmets and suits - to the development phase, to the testing phase, several years can pass), and requires significant investments in R&D, laboratories and testing facilities. The effort, however, does not in any way guarantee the issue of certification.



by the manufacturer.

The next step is the submission of the homologation dossier from the laboratory and the homologation request by the ASN to the FIA for the homologation issue. After that the FIA issues the homologation to the manufacturer and supply them with the holograms that must be applied to each product as homologation proof and requires full traceability of all the products. In addition, FIA carries out post-production test to verify the compliance of the products with the original manufacturer's homologation.

Moreover, FIA's monitoring of homologated products does not end with the conclusion of the homologation process but continues afterwards. Even after the achievement of the homologation, the manufacturer must periodically send reports on the homologated and marketed products to FIA, thus placing an ongoing obligation on the manufacturer to meet FIA standards at all times.

At the Date of the Admission Document, Racing Force Group achieved more than 163 FIA homologations concerning both Driver's Equipment and Car Parts Products.

<u>Product engineering / industrialization:</u>

Making complicated things as simple as possible is fundamental to ensure quality and standards are maintained over time when they are handed to manufacturing.

<u>Manufacturing:</u>

Dealing with seasonality and urgent requests require a high degree of flexibility, using both internal and external production capacity.

On the basis of production orders picked by the Group, this department manufactures several products that range from sports and technical racing clothing for professional drivers to automotive components intended for personal safety.

The manufacturing activity can be, in turn, divided into two further sections:

- Standard production, which is comprising all the Racing Force Group products displayed on the catalogue;
- Custom production, which includes race-wear (*i.e.* suits, gloves, shoes, underwear and helmets), and it circles on all those products customized upon the request of a specific client, usually professional drivers who require modifications based on custom fitting and design (specific colors, sponsors, graphics).

As to the seasonality, generally the second half of the year is dominated by the production of all Racing Force Group Products that will be displayed on the catalogue, whereas during the first half of the year, the manufacturing department is mainly focused on custom products for drivers and professional teams, since the main Motorsport championships begin in the first few months of the year, such as Formula 1 and WRC.

Another distinction can be made by taking into account the manufacturing processes that characterizes the Group.

- Full in-house manufacturing: fire extinguishers and top seat belts are entirely manufactured at the Group headquarter in Ronco Scrivia (Genoa); communication systems and other electronics devices are manufactured and assembled either in Italy (Pisa) or in Bahrain at Racing Force International premises (Sakhir), where radio kits are integrated in the helmets.
- Mostly internal manufacturing: in particular, this process refers to the professional OMP-branded suits, whose manufacture is generally carried out internally by the Group at Ronco Scrivia factory. However, during certain periods of the year, namely during the peak season, the Issuer entrusts some phases of the manufacturing process (i.e. cutting, embroidery, packaging) to external laboratories located throughout Italy. The outsourced activities may be more or less numerous, depending on purchase orders picked up by the Issuer.
- Fully outsourced manufacturing: the manufacture of OMP-branded seats, roll bars, shoes, gloves, some harnesses and steering wheels are entirely outsourced. The Issuer purchases these product categories from suppliers, mainly based in Italy, who manufacture them according to the Issuer's technical specifications. After having completed the homologation process according to FIA standards, such products become part of the Issuer's catalogue.

Sales and marketing:

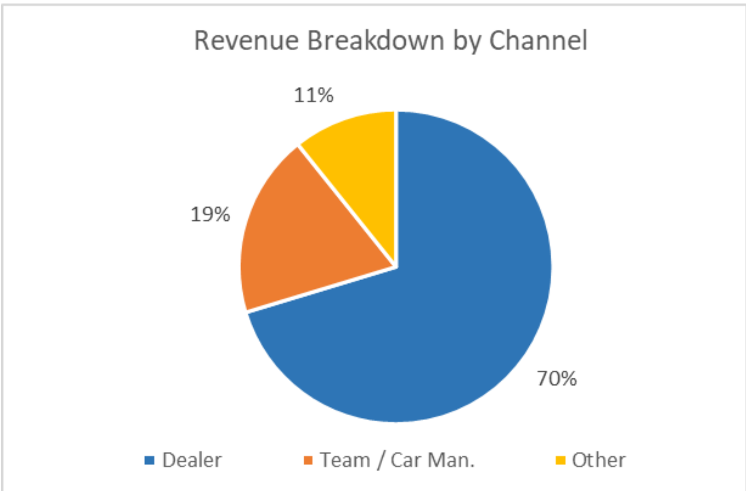
Sales and marketing of all OMP, Bell Racing Helmets and Zeronoise branded portfolio products are managed and carried out by the marketing department located in Ronco Scrivia.

Logistic and distribution:

The Group handles internally the activities related to the management and storage of raw materials. Once the manufacturing of finished products is completed, these are stored at the companies' warehouses, which also schedule worldwide shipments. Namely, with reference to all Issuer portfolio Products, their distribution across Europe and the Rest of the World is managed by personnel employed at Ronco Scrivia, whereas Racing Force USA is committed in distributing them to the Americas continent, north and south.

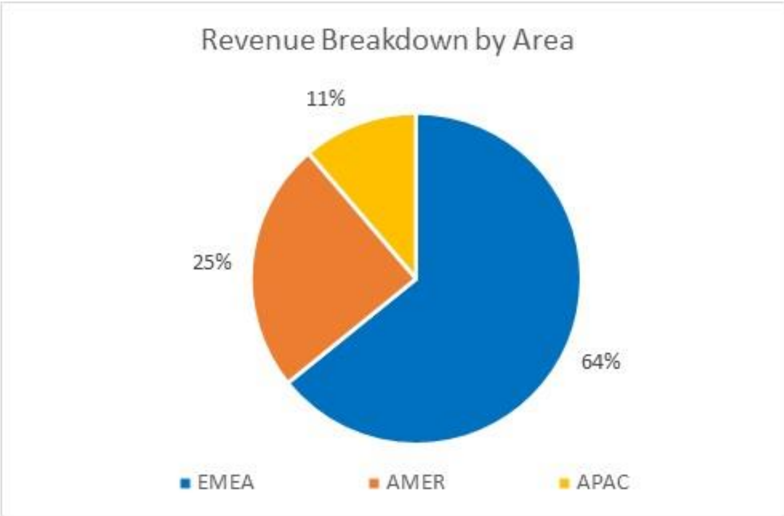
The distribution channels can be divided in two categories:

- An "**indirect" distribution channel**, which is represented by subjects that purchase products from the Group and then distribute them to final consumer. Within this channel we can distinguish:
  - the dealers, small and medium sized organizations scattered in 80 countries in the world. Dealers are third party distributors (1-2 per country, up to a maximum of 5-6, except for Italy where the dealers presence is much higher) which purchase products from the Group companies and resell them directly to the end customer through their shops, websites or through their presence in the world of Motorsport. The distribution of Group's products through this capillary worldwide network of distributors contributes significantly to Group's global sales in terms of revenues and margins*;*
  - the subsidiary Racing Force USA, through which the Group directly controls the American market by distributing its products directly and through other dealers.
- A **'direct' distribution channel** for customers that have specific needs due to their specific activity. These sales are managed directly by the Group, without relying on local distributors. The customers with whom the Group deals directly are mainly represented by professional top driver and teams competing in FIA world or national high-level championships, as well as carmakers (so-called "constructors") that require safety components (i.e. belts, fire extinguishers, etc.) with FIA homologation. The products range supplied to these team and carmakers are widely composed by a strong customized production based on the specifications requested.



Source: Group information – Figures related to the first six months of 2021

During the first half of 2021, all 3 macro-regions worldwide delivered outstanding growth with Italy, USA and UK representing the 3 largest countries by revenues. APAC represents the macro-region with the highest growth, almost doubling in size the first half of 2020, with Asia and Oceania leading the pack. As to the European and American market, Germany and the US posted the most significant growth versus the first half of 2020, mainly due to significant multi-year agreements with major German teams/car manufacturer, and strong commercial synergies from the successful integration of the two main brands of Racing Force, OMP and Bell, in the United States.



Source: Group information – Figures related to the first six months of 2021

6.1.4. Marketing strategy

The marketing department aims at highlighting the characteristics, quality and performance of the Group products, in particular:

- Promotion of the portfolio Products both on social media platforms and on the Group companies website. Since the Group is mainly a B2B, this is one of the few direct advertising activities which is targeting the final consumer in order to boost sales of Group's products through dealers and through Racing Force USA with regard to North America market;
- Content creation of various kind of material to support dealers in better promoting the products with the customers (photos, presentations, video presentations, etc.);
- Production of an annual catalogue presented at the Racing Force World Meeting, a convention usually held in the last months of the year during which the Group presents the new Products pipeline and innovation of the upcoming year to its main dealers.
- Attending to national and international trade fairs;
- Organization of site visits, usually from June onwards, by so called opinion leaders, basically relevant customers who are granted a preview and a closer look over the Product pipeline.

The key activity of the marketing department is represented by entering into strategic partnerships with professional drivers or team, which may be defined as technical partnerships, aimed at developing in synergy new Products, more and more performing, innovative and able to respond to new market needs.

In a second moment, the Products, technical innovations and new knowledge developed by way of these collaborations are "showcased" by the Group's through the annual commercial catalogue.

Technical partnerships are in place with important players, including but not limited to Mercedes AMG Petronas F1, Hyundai Motorsport, Toyota Gazoo Racing, Williams Racing, Ferrari, Lamborghini, Mc Laren, Alpine F1 Team and others. Finally, Racing Force Group has in place some partnership also with certain famous and important drivers, such as Lewis Hamilton and Charles Leclerc.

6.1.5. Key factors characterizing the Group

In the opinion of the Issuer, the Group's main distinctive factors are:

Total control of sales, marketing and distribution: sales, marketing and distributions for all the brands possessed by the Group are entirely managed internally, in order to control every step of the value chain and deliver a high-quality service to the end client.

Internal know-how: the Group, depending on the Product type, has implemented different methods, keeping its design and planning stages (and homologations where due) always internal; in this respect, the strong know-how developed by Group over the past years may be summarized in more than 163 FIA homologations inherent to its car parts and driver safety equipment products.

3 Logistic Hubs: which are used to serve and distribute in a capillary way to the end customer all the brands marketed by the Group:

- Ronco Scrivia (Italy)
- Shakir (Barhain)
- Miami (USA)

Racing Teams and car manufacturers partnerships: the Group's long-standing presence in the reference market has enabled Racing Force to enter into partnership agreements racing teams and car manufacturers with a full product range coverage;

Strong competitive advantage gained through research and development, brand awareness, and strong cross-selling capabilities: thanks to R&D activities, completely integrated in the value chain of the Group, this latter will continue to be a leading player in innovation in the coming future;

Interception of new markets: thanks to its know-how and credibility in the Motorsport landscape, the Group will continue to intercept and penetrate new market segments like the top rally series (WRC), by signing new agreements with the top drivers.

6.1.6. New products launched

Targeting a new market segment, such as the one of Open Face Rally helmets and Communication systems is a multidisciplinary activity that involves deep collaborations with professional drivers and teams at the top of the pyramid. In January 2021, Racing Force Group introduced the new generation of Bell Rally Helmets and Zeronoise communication systems. The two brands entered the World Rally

Championship with Thierry Neuville (Hyundai), long course rally champion, and expanded in Hyundai and Skoda teams adding more drivers creating a marketing platform for the new products.

The market reacts fast to the new products and technologies, and Bell Rally helmets and Zeronoise devices have seen a steep increase in sales during the first half of 2021 (+168%).

Bell Rally helmets, as well as Zeronoise devices have not been developed for the professionals only, but for all segments of the market including amateurs. In other words, a full range of products that cover all price ranges to increase market share quickly and establishes the new products as the standard.

HELMET - AMPLIFIER

When the aim is to open a new space in the market, the innovation must be more than incremental. This is the case of a technology today known as the Driver's Eye. It's the smallest camera in the world for live TV broadcasting. It was patented by Zeronoise and homologated in the Bell Helmets.

The camera fits inside the helmet, next to the driver's eye, and offers the unique perspective of the driver during the race. It adds a human component with a perspective that many tried to explore but until now was not available for the big audience of the live TV.

The project involved fully customizing every part of the electronics to make the system suitable for a racing environment. That lead to a camera that weighs 2.5 grams of the size of a fingernail.

In that context, the Driver's Eye became a great addition to the motorsport series, such as Formula E and Formula 1, opening the opportunity of designing a new business model, in which the safety manufacturer provides technology to enrich the content of the TV production. In addition, the Driver's Eye is fully integrated with the broadcasting systems, and it is provided as a service, not a product. Also in this case, the key element was a successful R&D integration between a safety product, the helmet, and high-end custom technology.

6.2. Main markets in which the Group operates

6.2.1. Motorsport Safety Equipment Market

Any competition that falls within the definition of Motorsport lies under the regulatory umbrella of the FIA (Federation International de l'Automobile). The FIA is the governing body for world motorsport and the federation of the world's leading motoring organizations, and regulates and monitoring every single aspect of the various competitions: from the regulations of the races, to the competition calendar and the homologation criteria for all products used in the cars, or worn by both drivers and teams.

Founded in 1904, with headquarters in Paris, the FIA is a non-profit association that brings together 245 international motoring and sporting organizations from 146 countries on five continents and is the sum total of the individual national motoring authorities (*FIA Activity Report 2020*).

For example, American competitions such as Nascar or Indycar are not classified as FIA Championships, but fall under the ACCUS (Automobile Competition Committee for the US): the ACCUS, however, is simply the National Sporting Authority (ASN) of the FIA for the US (comprised of the six major motorsport sanctioning organizations: IMSA, INDYCAR, NASCAR, NHRA, SCCA, USAC).

To date, the motorsport industry boasts 33 International Racing Series (of which, 6 World Championships), more than 60k events per year (of which, 324 FIA World & Regional Championships, 556 FIA International Series rounds and 59k+ national and local championships), 7,200 fixed facilities (not counting touring circuits such as rally circuits) and more than 2.7mn participants (including drivers, teams, officials, safety personnel, etc.) (*FIA Global Motor Sport Economic Study)*.

In the UK alone, one of the main motorsport countries, around 5,000 motorsport events take place every year (*source: Motorsport UK https://www.motorsportuk.org/events/*).

Motorsport is definitely a multi-billion dollar (c€60bn in 2019) global industry attracting the interest of millions of fans and enthusiasts worldwide (in 2019, the total global TV cumulative audience for Formula 1 stood at 1.9bn, with >400mn unique viewers), with a high degree of complexity represented by the very high number of different actors and interests at stake (*https://www.formula1.com/en/latest/article.formula-1-announces-tv-and-digital-audience-figures-for-2020.3sbRmZm4u5Jf8pagvPoPUQ.html*).

6.2.2. Competitive scenario

The Motorsport Safety Equipment is a really fragmented market basically dominated by 3 main players, namely Racing Force Group, the Italy-based Sparco Group and US-based Simpson Performance Group.

Most of the companies active in this field are based in Italy (10) and UK (8), followed by USA (4), Japan (3), Germany (2), Australia (2), France (2), Brazil (1), Argentina (1), as described in the graph below.

# of companies per countries	Extended Range	Driver Equipment	Car Parts
🇮🇹	6	4	
🇬🇧			8
🇺🇸	2	2	
🇫🇷		1	
🇩🇪			2
🇯🇵		3	
🇦🇺		1	1
🇪🇸		1	
🇧🇷	1		
🇦🇷		1	

Distribution of companies by size and category

Source: Group information and estimates

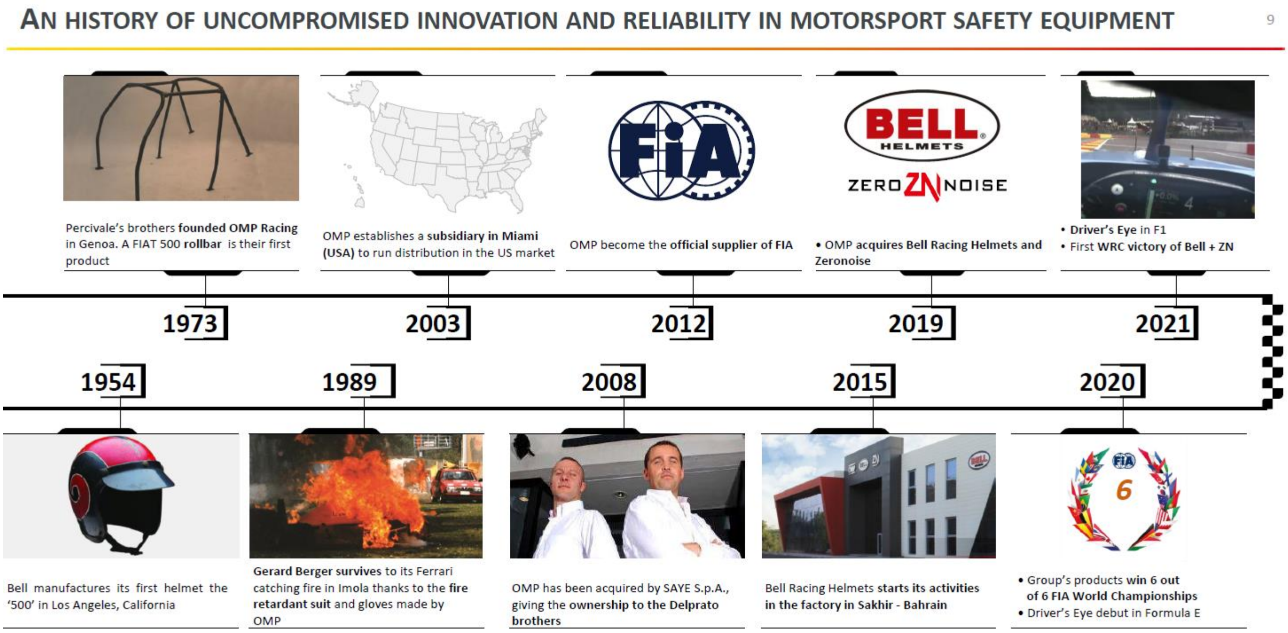
		RACINGFORCEGROUP	SPARCO GROUP	SIMPSON PERFORMANCE GROUP
	Headquarter	🇮🇹	🇮🇹	🇺🇸
	Market	Worldwide	Sparco Worldwide Impact USA	Simpson (mainly USA) Stilo Worldwide
	Main brands	OMP, BELL, ZN	sparco, IMPACT!	SIMPSON, stilo
	Range Offer			
DRIVER EQUIPMENT	*Racewear*	•	•	•
	Kartwear	•	•	•
	Helmets	•	•	•
	FHR	-	-	•
CAR PARTS	*Intercom*	•	•	•
	Seats	•	•	•
	Harnesses	•	•	•
	Rollbars	•	•	-
	Fire Extinguisher Systems	•	•	-
	Steering Wheels	•	•	-
	Car Accesories	•	•	•

Competitive landscape

Source: Group information and estimates (for Motor Safety Equipment segment only)

The range offer of the 3 main players is very extensive as it spans form safety driver equipment to car parts and accessories, while a lower range offer characterizes some minor relevant players, more focused on single category products.

6.3. Relevant events in the evolution of the Issuer's business



Racing Force Group timeline

Source: Group information

In 1973, Percivale's brothers founded OMP (now Racing Force) in Genoa, intending to develop and marketing the cages, so-called roll bars, metal structures made to measure inside a racing car, with the function of avoiding the crushing of the driver in the event of an accident, strengthening and stiffening the car structure.

The introduction by the FIA of the obligatory use of products approved by the FIA itself, led to growth of the Racing Force business. The Company then moved first to Bolzaneto, a suburb of Genoa, and then landed in 1986 in Ronco Scrivia, also in the province of Genoa, where the company is still based.

During the San Marino Formula 1 ® Grand Prix in Imola in April 1989, the F1 Ferrari of driver Gerard Berger collapsed in the pylon that supported the front wing, near the Tamburello curve; an impressive fire broke out and after 23 seconds the driver could get out of the cockpit, with only few bruises. The suit and equipment saved Berger's life: they were made by OMP (Racing Force).

In 2003, Racing Force established the subsidiary USA-based in Miami, Racing Force USA, in order to strengthen distribution of its products in North America.

In 2008, the ownership of Racing Force was transferred from the Percivale brothers to three new partners: SAYE S.p.A. (51%) – company headed by the Delprato family of Genoa – MPS Venture (31%) and MFO Racing S.A. (18%) a Family Office. Paolo and Alberto Delprato were then appointed to manage the company in 2009 and started the company reorganization, making it efficient and more profitable. At the end of 2013 Alberto Delprato decided to leave the company and Piero Paolo Delprato managed it since then.

Since 2012, the Company has further established itself in the Motorsport industry by becoming an official supplier to the FIA.

In December 2019 Racing Force acquired 100% of Tahru, formerly the holding of the Bell Racing Helmets Group, a world leader in the development, production and marketing of helmets for Motorsport, active since 1954. Racing Force also acquired Zeronoise, a start-up operating in the development and production of communications systems for helmets.

Starting from financial year 2021, the Bell and ZN brands are marketed in Europe and Rest of the World by Racing Force, while for the Americas the products are marketed by Racing Force USA, based in Miami (FL-USA).

6.4. Strategies and objectives

The Group aims to grab solid growth opportunities not only in its core market, but also in new technology / high performance-driven safety market niches. The Group's strategy have been leveraging on the strengths and the new potential of the organization with clarity, by defining three areas of growth for the coming years, and already launched the major initiatives that are bringing tangible results in the current year.

CORE MARKET PENETRATION: although the Group has a predominant position in the European Market, this does not apply to the US, in which is a top player, but not in a leadership position. The acquisition of Bell, and the consequent merge between the OMP and Bell organization, as well as the signing of a further Bell brand multi-year term worldwide license agreement to market Soft Products, facilitated the set up of a powerful platform to increase market penetration. The territoriality of Bell as an America brand has in fact a traction on the OMP brand and improves cross-selling. This resulted in a consistent increase in revenues for the first half of the year (+56%). In addition, the integration between OMP USA and Bell Racing USA has enabled a more efficient commercial and distribution effort across Brands, economies of scale, full integrations of OMP and Bell commercial platforms as well the set-up of new pro-shops, in addition to the existent ones.

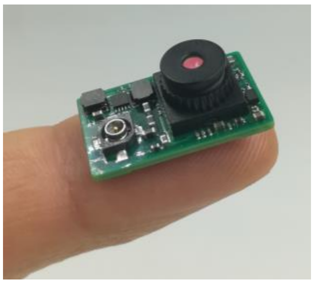
However, the real potential is yet to be expressed, as it is represented by a number of major racing series (i.e. Nascar), in which OMP is not present as they are regulated by a different homologation (SFI). The organization is in the process of homologating a full range of products for these racing series.

GROUP INTEGRATION & CROSS-SELLING: by increasing control and internalization across the value chain and exploit cross-selling opportunities. In this regard, cross-selling and one stop-shop setup is an important pillar of the strategy. With a focus on the dealers and distributors point of view, offering a whole Product range means to foster the end-client retention, the sales force penetration and maximization of commercial effort. As for professional racing teams, having one single supplier instead of multiple suppliers will help them to reduce management complexity, to increase accountability and to make greater synergies.

INNOVATION: to pursue through a never-ending product and process innovation, as it is considered a key in a constantly evolving regulatory framework in the Motorsport safety devices industry. Thanks to its

R&D department, the Group has always been ready to keep the pace with the new strict regulations imposed by the FIA.

DIVERSIFICATION: by diversifying the business into high-value / performing niches markets by leveraging innovation and technological leadership. In this respect, the management deems that the Group has a solid ground for penetration in other technology and performance market safety niches.
Namely, some of the future applications of the Group may regard sectors such as special force head protection, jet pilot shell systems and technology platform, such as the Drivers' Eye. This latter represents a pioneering camera developed by Zeronoise for live TV broadcasting used in the races such as Formula E, and recently Formula 1. It is a patented and FIA homologated technology. For further information, please refer to Section One, Chapter 6, Paragraph 6.1.6. of the Admission Document.



Driver's Eye developed by Zeronoise and view on the track of Spa, Belgium, through the eyes of Fernando Alonso

Source: Group information

As to the special forces head protection, the diversification has led the Group to develop a new technology assessed by the Fraunhofer Institute for micro structures in Germany and a feasibility study that involved experts in the field of head protection, and so to create a new material structure that guarantees performances with an amazing weight saving as well as the highest protection. The R&D project carried out by Racing Force International and the above-mentioned Institute aims at setting new standards for head protection systems. As a result, a new material structure and production process was defined after achieving a remarkable weight saving and a reduction in production costs compared to the actual market reference. Prototypes are ready for final design and industrialization.

Special forces head protection

Source: Group information

Lastly, the Group has developed a new range of carbon fiber advanced shells for jet pilot helmets which have been declared “fit to fly” by a major Air Force. The carbon fiber shell was specifically designed to achieve top performances in the avionic industry. The shape, the weight and the safety performances are unparalleled, thanks to the knowledge of composite materials used in Formula 1 helmets, where the G force requires the helmets to be as light as possible as well as resistant to high impact.

Jet pilot shell systems

Source: Group information

EXTERNAL GROWTH: the Group will carry a constant scouting for potential target companies to take over with the view to consolidate its market leadership position, given the very fragmented market in which the Group itself operates. The M&A activity may boost and strengthen the technological capabilities not yet available in the Group current offering, broaden geographical diversification, products offering and the customer base, as well the acquisition and retention of highly qualified talents and the management team with in-depth knowledge of local markets.

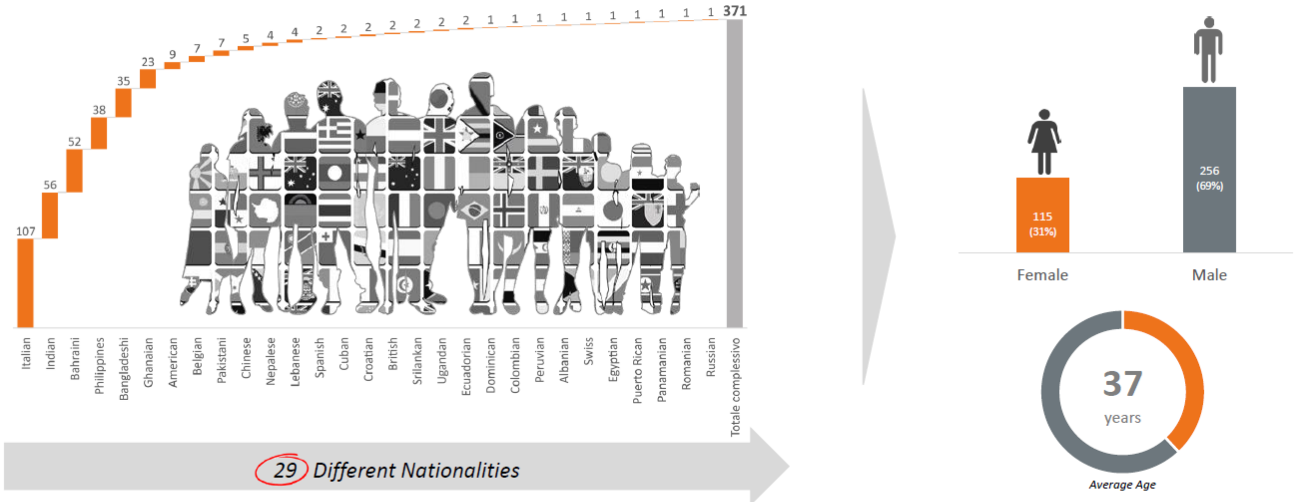
6.5. ESG Strategy

Racing Force Group is strongly committed to achieve key objectives in terms of environmental sustainability, with a clear future strategy which grounds on well-defined fundamentals.

Racing Force Group is a multi-ethnic and inclusive workforce, which values social cohesion and intergenerational solidarity. On June 30th, 2021, Racing Force Group accounts for:

- more than 370 employees from 29 different nationalities, with more than 70% of workforce based outside Italy (where Racing Force Group is headquartered);
- 0.45x female to man ratio within the Group, well above the industry average of 0.33x;
- average age of 37 years old, as the Group encourages youth employment to be combined with the expertise of professionals with decades of experience in the motorsport industry;

As of June 30[TH], 2021, Racing Force Group employed 371 professionals, (31% Female and 69% male) from 29 different nationalities.



Moreover, Racing Force Group meets all key social ESG objectives such as #5 (Gender Equality), #8 (Decent word and economic growth) and #10 (Reduced Inequalities);

Furthermore, its core business is that of protecting motorsport drivers and staff from injuries or death: therefore, the Group boasts decades of collaboration with regulatory bodies in order to (i) increase minimum safety standard at all levels and (ii) foster product quality and innovation, with tangible results over the years.

Thanks to its severe quality control standards, the Products are all UNI EN ISO 9001:2015 certified and rated by the most important International sanctioning bodies such as FIA, SFI and SNELL.

Moreover, on September 10[th], 2021, the Issuer approved its future sustainability plan aimed at reducing the carbon footprint and increasing the business sustainability.

6.6. Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes

At the Date of the Admission Document, the Issuer does not depend on the use of patents, licenses, industrial, commercial or financial contracts, concessions or manufacturing processes, except for what described below.

It should be noted that Racing Force Group currently holds three licenses for the use of the "Bell" trademark.

The first two licenses grant the Group the right to market, on a global level, Bell-branded helmets intended for the 4-wheel Motorsport industry. Both licenses have been granted by the licensor; the first one is a perpetual, royalty-free license which covers the entire European Union territory and the Rest of the World, while the second license covers the territory of North America, South America and New Zealand, and provides for the payment by the Group in favor of the licensor of a variable royalty calculated on the basis of annually net sales recorded by Racing Force USA in such markets.

With reference to the third license, the Group has also entered in 2021 into a further multi-year term worldwide license agreement with the same licensor to market Soft Products under the "Bell" brand, against payment of royalties in an amount calculated on the basis of total net sales of all licensed products sold by the Group during each quarter.

For further information, please refer to Section One, Chapter 16 of the Admission Document.

6.7. Certifications

At the Date of the Admission Document, the Group holds the following certifications:

i. the Group is the holder of more than 163 FIA homologations, which are compulsory for all FIA racing competitions as well as for the performance of certain activities by companies operating in the automobile construction industry;

ii. ISO 9001:2015 certification: (Quality management systems) defines the requirements of a quality management system for an organisation.

6.8. Indication of the basis of any statement made by the Group regarding its competitive position

The Admission Document contains pre-eminent statements on the Issuer's positioning, market evaluations and comparisons with competitors, formulated, unless otherwise specified, by the Issuer itself on the basis of its specific knowledge of the sector, its own experience and public data.

For further details on the competitive position of the Issuer and the Group, please refer to Section One, Chapter 6, Paragraph 6.2.

6.9. Investments

6.9.1. Investments made by the Issuer in each financial year for the period covered by the financial information

(€ thousand)	Six months ended June 30, 2021	Year ended December 31, 2020
Property, Plant and Equipment	3,601*	664
Right of use assets	-	248
Intangible assets	564	789
Total Investments	**4,165**	**1,701**

(*) including balances from the acquisition of Pier S.r.l. for a net book value of Euro 3,235 thousand.

Investments made in Property, Plant and Equipment in 2020 amounted to € 473 thousand for plant, machinery and equipment, € 69 thousand for furniture, fixtures and office equipment and € 121 thousand for other tangible assets. Investments were made on the basis of planning for the renewal of plant, machinery, equipment and other depreciable assets, in order to guarantee the highest standards of production. In the first half of 2021 capital expenditure on Property, Plant and Equipment amounted to € 167 thousand for plant, machinery and equipment and € 80 thousand for furniture, as in the 2020 financial year, capital expenditure was made on the basis of planning for the renewal of plant, machinery, equipment and other depreciable assets, in order to guarantee the highest standards of production. During the first half of 2021, the parent company acquired the company Pier S.r.l., owner of the property in Ronco Scrivia, headquarters of the parent company Racing Force; following the acquisition, Land was recorded for € 36 thousand and Buildings for a net book value of € 3,189 thousand, including the higher value deriving from the consolidation, allocated to increase the value of the property, for an amount of € 189 thousand. In addition, as a result of the above acquisition, plants were purchased for a net book value of € 11 thousand.

Investments made in Rights of use assets in 2020 amounting to € 248 thousand relate mainly refer to the new rental contracts for the branch in Pisa (which replaced the existing one) and the Indianapolis pro-shop, in addition to the new lease contracts for company cars.

During the first half of 2021 there were no increases in Rights of use assets.

Investments made in Intangible assets in the 2020 financial year amounted to € 331 thousand for development costs, € 62 thousand for Licenses, patents and trademarks and € 416 thousand for Work in progress and advances. Investments made in intangible assets in the first half of 2021 amounted to € 287 thousand for development costs, € 85 thousand for Licenses, patents and trademarks and € 192 thousand for Work in progress and advances.

Development costs mainly refer to expenses for technical, laboratory and homologation tests for Group products, incurred by Racing Force for OMP brand products and, as from November 2020, also for Zeronoise brand products, and in the subsidiary Bell Racing Helmets International for Bell brand helmets.

Development costs are recorded among intangible fixed assets as they are deemed recoverable, as they relate to specific development projects that can be implemented and for which the Group has the necessary resources. Such costs relate to a clearly defined, identifiable and measurable product or process.

The increase in development costs during the year is due to the recognition under intangible fixed assets of expenses incurred during the year for the approval of new products under the OMP and Bell brands.

The item licenses, patents and trademarks includes the trademarks owned by the Group, the value of licenses for the sale of Bell brand products and the international patent for the technology called In-Helmet Camera IHC (video camera inside the helmet), which integrates the so-called Driver's Eye.

Assets under construction include costs relating to implementation of the new ERP system at Racing Force and costs recorded in the consolidated company Bell Racing Helmets International for projects under development relating to Bell branded pilot helmets.

6.9.2. Issuer's current investments

At the Date of the Admission Document, the Board of Directors has not resolved to make any current investments.

6.9.3. Issuer's future investments

At the Date of the Admission Document, the Issuer does not have any future investments subject to final and binding commitment.

6.9.4. Joint ventures and companies in which the Issuer holds a share of capital such as to have a significant impact on the valuation of the Issuer's assets and liabilities, financial position or profits and losses

At the Date of the Admission Document, the Issuer is not involved in joint ventures or does not hold a share of capital as to have a significant impact on the valuation of the Issuer's assets and liabilities, financial position or profits and losses.

6.10. Environmental issues that may affect the use of tangible assets

At the Date of the Admission Document, the Issuer is not aware of any environmental issues that could significantly affect the use of tangible assets.

6.11. Financial results for the Year ended December 31st, 2020 compared to Year ended December 31st, 2019

This paragraph relates to the results of the operations for the years ended December 31st, 2020 and 2019 of Racing Force (consolidated figures) and Racing Force International (stand-alone).

Racing Force

The following table provides an overview of Consolidated results for the years ended December 31st, 2019 and 2020, as reported in the Board of Directors' Report on the Operations and Situation attached to the audited Financial Statements of the Racing Force Group for the year ended December 31st, 2020[1], which have been prepared in accordance with IFRS.

It is noted that comparative data for the period ended December 31st, 2019, are related to a different consolidation perimeter: since the acquisition of Bell Helmets Group and Zeronoise were completed close to the end of the year, income and expenses of the acquired subsidiaries are not reported in the consolidated income statement for the year ended December 31st, 2019.

[1] The 2020 consolidated financial statements are the first audited financial statements of the Group, pursuant to Legislative Decree no. 127/1991 (modified by Legislative Decree no. 139/2015); therefore, it is noted that the comparative data considered in the management report are derived from unaudited 2019 consolidated financial statements, prepared for internal purposes only by the Group and provided for the sole purpose of explaining the Group's 2020 performance.

(€ thousand)	Year ended December 31, 2020	2019[2]	Change in %
Revenue	7,396	7,385	0%
Cost of sales	(2,332)	(2,324)	0%
Gross profit	**5,064**	**5,061**	**0%**
Other income	816	318	157%
Selling and distribution expenses	(538)	(199)	170%
General and administrative expenses	(3,606)	(3,793)	-5%
Other expenses	(107)	(28)	277%
Gross operating profit (EBITDA)	**1,630**	**1,359**	**20%**
Bad Debt and write offs	-	-	-
Depreciation	(686)	(701)	-2%
Net operating profit (EBIT)	**944**	**658**	**44%**
Finance income	-	-	0%
Finance costs	(494)	(407)	21%
Net income (loss) before taxes	**450**	**251**	**79%**
Taxes	-	-	0%
Total net income (loss) after taxes	**450**	**251**	**79%**

Despite all the events connected to the epidemiological emergency of the Coronavirus Covid-19 that have shaken the entire world economy, fiscal year 2020 has confirmed the important phase of consolidation of the Group as one of the main worldwide player within the motorsport business, mainly due to the following reasons: i) the continuous research for innovation and the offer of new products, ii) the constant improvement of existing products, as required by the ultimate homologation parameters and iii) the completeness of the range of products offered by the Group, following the acquisition of Bell Racing Helmets Group and Zeronoise.

During 2020, the Group significantly increased its sales (+ 31% compared to 2019, equal to +8.0 million Euro) and its margins, mainly as a result of the sales of products under the Bell brand, not included in the income statement of the Group in the previous year. EBITDA increased by 34% compared to 2019, thanks also to constant and careful planning and control of expenses in all Group companies, amounting to 15.9% of revenues.

[2] Figures related to FY2019 as reported in the 2020 management report have been detailed further to be consistent with the classification of the consolidated income statement for the year closing December 31st, 2020.

Nevertheless, due to the issues related to the pandemics that have destabilized the entire world economy and product demand, the process of integration of the entities acquired during the previous year could not exploit all the synergies and its full potential.

In this scenario, the Group has been able to further increase its presence in the motorsport business, thus becoming one of the undisputed leaders in the world: the commercial agreements signed with leading market partners, teams and car manufacturers, have granted a greater visibility and consolidation of turnover and margins.

Racing Force International

The following table provides an overview of the stand-alone results of the subsidiary Racing Force International (Bahrain) for the years ended December 31st, 2019 and 2020.

Data do not take into account any impact from the elimination of intra-group transactions and unrealized margin as they are not consolidated figures, but related to the stand-alone Financial Statements of Racing Force International only.

The Financial Statements of the company have been prepared in accordance with IFRS and subject to the audit of KPMG – Bahrain. Figures have been reclassified according to the consolidated scheme of income statement used by Racing Force Group.

All amounts have been converted from local currency (BHD) to Euro at the annual average exchange rate of the respective year (source: Banca d'Italia).

	Year ended December 31,		
(€ thousand)	2020	2019	Change in %
Revenue	33,733	25,702	31%
Cost of sales	(13,598)	(13,388)	2%
Gross profit	**20,135**	**12,314**	**64%**
Other income	1,485	645	130%
Selling and distribution expenses	(4,968)	(3,408)	46%
General and administrative expenses	(10,823)	(5,400)	100%
Other expenses	(467)	(150)	211%
Gross operating profit (EBITDA)	**5,363**	**4,000**	**34%**
Bad Debt and write offs	(212)	(243)	-13%
Depreciation	(2,305)	(1,269)	82%
Net operating profit (EBIT)	**2,846**	**2,488**	**14%**
Finance income	236	419	-44%
Finance costs	(936)	(742)	26%
Net income (loss) before taxes	**2,146**	**2,165**	**-1%**
Taxes	(709)	(675)	5%
Total net income (loss) after taxes	**1,437**	**1,490**	**-4%**

Despite the impact of the Covid-19 pandemics, revenue in 2020 is substantially aligned to prior year, mainly due to the synergies resulting from the acquisition of the company by Racing Force and the subsequent positive effects on sales.

Gross profit in 2020 is in line with 2019, as a consequence of the above and thanks to a constant marginality.

Other income in 2020 is higher than in 2019 mainly due to € 191 thousand of government grants related to the Covid-19 pandemic and € 379 thousand waiver of credits by prior shareholder Mr. Stephane Alexandre Cohen, as agreed within the acquisition by Racing Force of the minority shares in the subsidiary.

Selling and distribution expenses in 2020 strongly increased vs prior year mainly due € 205 thousand higher racing services and product placement costs and € 132 thousand higher royalties.

General and administrative expenses in 2020 decreased by 5% vs prior year, thanks to the increased monitoring and control of the expenses and higher efficiency of management.

Other expenses in 2020 increased vs prior year due to higher R&D expenses.

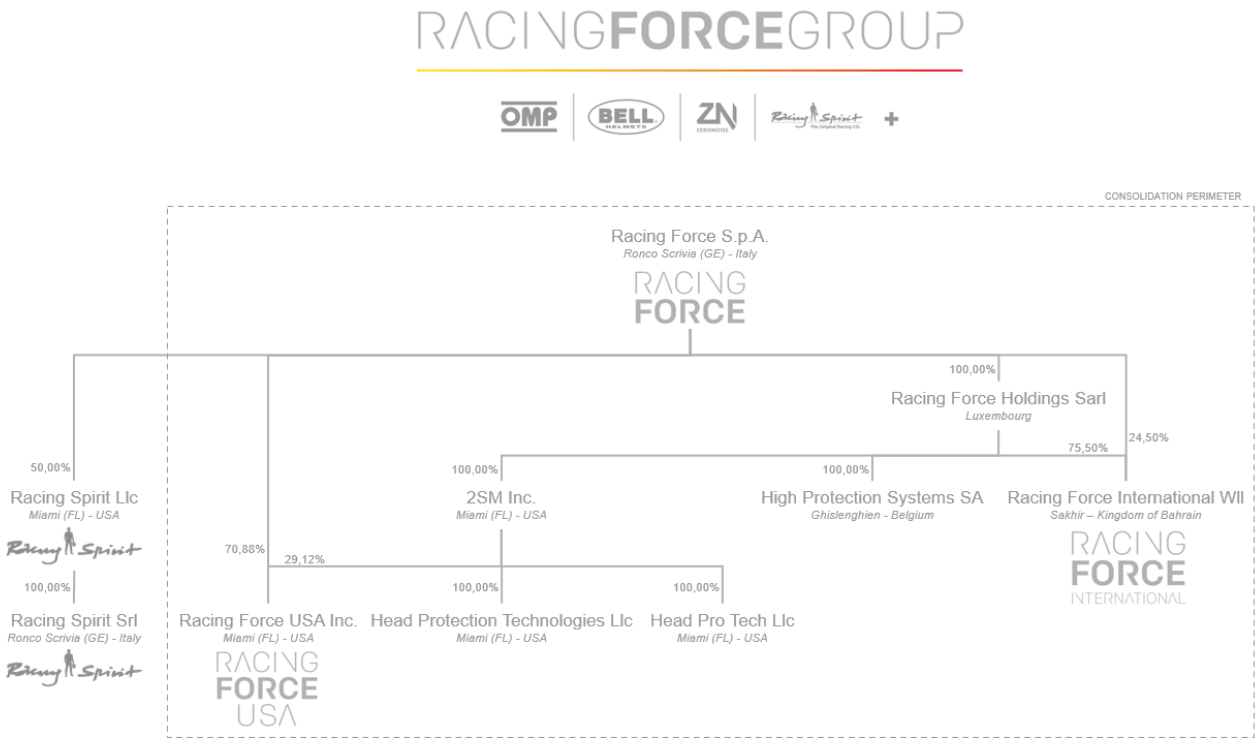
Depreciation in 2020 is substantially aligned to 2019.

The increase of finance costs in 2020 vs prior year is mainly due to higher foreign exchange loss on loans from other entities included within Racing Force Group.

7. ISSUER'S CORPORATE STRUCTURE

7.1. Description of the Issuer

At the date of the Admission Document, the Issuer is part of a corporate group. A graphical representation of the Group is provided below.



Group Structure

Source: Management

The following chart of the Group summarizes the different entities belonging to the Group's consolidation perimeter as of the Date of the Admission Document, with an indication of the main activities carried out by each company, as well as an indication - where applicable - of the main performance indicators extracted from the financial statements as at December 31st, 2020.

Company	*% of the share capital held directly or indirectly by the Issuer*	*Country*	*Main activity*	*Value of production (Euro/000)*	*Net assets (Euro/000)*	*Net income or (loss) (Euro/000)*

Racing Force S.p.A.	-	Italy	Manufacturing and distribution of Motorsport safety equipment	23,520	9,058	1.559
Racing Force USA Inc. (*)	100%(**)	Florida (USA)	Distribution of Motorsport safety equipment	7,702	1,769	171
2SM Inc.	100%	Florida (USA)	Holding company	-		
Head Protection Technologies LLC	100%	Florida (USA)	Management of brand licenses agreement	224	110	13
Head Pro Tech Llc	100%	Florida (USA)	Currently dormant – previously: distribution of motor sport safety equipment	144	73	22
Racing Force International WLL	100%	Sakhir (Bahrain)	Manufacturing and distribution of Motorsport safety equipment	7,396	2,293	450
High Protection Systems S.A.	100%	Belgium	Manufacturing and Distribution of safety equipment	2,290	77	2
Racing Force Holdings Sàrl	100%	Luxembourg	Holding company	-	199	4

(*) Figures reported for Racing Force USA in 2020 are the summation of OMP Racing Inc. and Bell Racing USA LLC. In 2021 OMP Racing Inc. changed name to Racing Force USA and Bell Racing USA was merged by incorporation into Racing Force USA;

(**) whose a 71% stake is directly held by Racing Force and the remaining 29% by 2SM Inc., which is in turn entirely owned by Racing Force.

7.2. Companies controlled by the Issuer

The following is a brief description of the Issuer and its subsidiaries.

Racing Force S.p.A. is a company incorporated under Italian law at the head of the Group. Its main activities are manufacturing and distribution of Motorsport safety equipment. The company was incorporated on January 19th, 1981. The fully subscribed and paid-up share capital amounts to Euro

1,925,745.00. In the financial year ended December 31st, 2020, the Issuer earned a profit of Euro 1,558,688 and recorded positive net assets of Euro 9,057,821.

Racing Force USA is a company incorporated under the laws of Florida and is engaged in the distribution of Motorsport safety equipment. The company was incorporated on June 12th, 2003. In April 2021 Racing Force USA changed its corporate name from OMP Racing Inc. to Racing Force USA and subsequently, with effect from June 1st, 2021, Bell Racing USA LLC was merged by incorporation into Racing Force USA. The fully subscribed and paid-up share capital amounts to USD 361,159. For the financial year ended 31st December 2019, Racing Force USA earned a profit of USD 47,923 and recorded positive net assets of USD 1,406,751;

2SM Inc. is a company incorporated under the laws of Florida and is a holding company. The company was incorporated on July 15th, 2010. The fully subscribed and paid-up share capital amounts to USD 275,000. For the financial year ended December 31st, 2020, 2SM Inc. earned a profit of USD 116,215 and recorded positive net assets of USD 573,582;

Head Protection Technologies LLC is a company incorporated under the laws of Delaware and registered to operate in Florida, actually engaged in the management of brand licenses agreement. The company was incorporated on July 16th, 2010. The fully subscribed and paid-up share capital amounts to USD 10,000. For the financial year ended December 31st, 2020, Head Protection Technologies LLC earned a profit of USD 14,416 and recorded positive net assets of USD 135,079;

Head Pro Tech LLC is a company incorporated under the laws of Delaware and registered to operate in Florida, previously engaged in the distribution of motor sport safety equipment, currently dormant. The company was incorporated on April 25th, 2013. The fully subscribed and paid-up share capital amounts to USD 103,850. For the financial year ended December 31st, 2020, Head Pro Tech LLC earned a profit of USD 25,432 and recorded positive net assets of USD 89,221;

Racing Force International WLL is a company incorporated under the laws of Bahrain and is engaged in the manufacturing and distribution of Motorsport safety equipment. The company was incorporated on April 9th, 2014. The fully subscribed and paid-up share capital amounts to BHD 1,253,900. For the financial year ended December 31st, 2020, Racing Force International earned a profit of BHD 193,055 and recorded positive net assets of BHD 1,056,802;

High Protection Systems S.A. is a company incorporated under the laws of Belgium and is engaged in the manufacturing and distributing of safety equipment. The company was incorporated on April 6th, 1994. The fully subscribed and paid-up share capital amounts to Euro 665,000. For the financial year ended December 31st, 2020, High Protection Systems earned a profit of Euro 1.863 and recorded positive net assets of Euro 76,899;

Racing Force Holdings Sàrl is a company incorporated under the laws of Luxembourg and is a holding company. The company was incorporated on July 11, 2016. The fully subscribed and paid-up share capital amounts to Euro 12,500. For the financial year ended December 31st, 2020, Racing Force Holdings earned a profit of Euro 4,385 and recorded positive net assets of Euro 199,263.

8. LEGAL FRAMEWORK

FIA Regulation

Motorsport Safety Equipment is a market characterized by a very high level of regulation. Any competition that falls within the definition of Motorsport lies under the regulatory umbrella of the FIA or other regulatory bodies such as SFI and Snell.

Almost all products (safety and non-safety) that are used in motorsport (by drivers and in vehicles) must pass a long and stringent homologation process, whose criteria and requirements are defined FOR THE MOST by FIA, entitled for European competitions and RoW, and for some American competitions, such as Indy and IMSA, with the exception of NASCAR.

FIA has, throughout its history, worked ceaselessly to improve safety at all levels of competition, by i) the constant improvement of the safety standards of the devices used and ii) the recent introduction of new and revolutionary devices strongly desired and "imposed" by the regulatory bodies.

The product homologation process is often very long and uncertain in terms of time framework and outcomes (from the issuing of a new standard - about every 5 years for helmets and suits - to the development phase, to the testing phase, several years can pass), and requires significant investments in R&D, laboratories and testing facilities. The effort, however, does not in any way guarantee the issue of certification.

The first step of the FIA process of homologation is the developing of the product according to FIA standards defined for each championship and product family. After that, the manufacturer tests the product in FIA certified laboratories, where test according to FIA safety standards are carried out. Then the laboratory issues a dossier to the ASN (National Sport Association) for the request for homologation by the manufacturer.

The next step is the submission of the homologation dossier from the laboratory and the homologation request by the ASN to the FIA for the homologation issue. After that the FIA issues the homologation to the manufacturer and supply them with the holograms that must be applied to each product as homologation proof and requires full traceability of all the products. In addition, FIA carries out post-production test to verify the compliance of the products with the original manufacturer's homologation.

Moreover, FIA's monitoring of homologated products does not end with the conclusion of the homologation process but continues afterwards. Even after the achievement of the homologation, the manufacturer must periodically send reports on the homologated and marketed products to FIA, thus placing an ongoing obligation on the manufacturer to meet FIA standards at all times.

Patent Box

Optional taxation regime introduced by Article 1, paragraphs 37 to 45 of Law No. 190/2014 which allows to exclude from taxation, for IRES and IRAP purposes, a 50% share of the income deriving from the direct and indirect use of certain intangible assets.

The Decree of 28 November 2017 of the Ministry of Economy and Finance in agreement with the Ministry of Economic Development setting forth provisions for the implementation of the Patent Box introduced by Article 1, paragraphs 37 to 45, of Law 190/2014 and the revision in the field of implementation of this matter previously regulated through the Decree of 30 July 2015. Following the option for the patent box regime, a portion of the income deriving from the use of intangible assets is not included in the total income, as 50% of the relevant amount is excluded.

In addition, capital gains arising from the transfer of intangible assets are not included in the total income, provided that at least 90% of the consideration is reinvested, before the end of the second tax period following the one in which the transfer occurred, in the maintenance or development of other intangible assets.

The Issuer has developed intangible assets mainly in the categories of patents and business information and technical-industrial experience. For this reason, on 2020, the Company filed an application for admission to the procedure for a prior agreement connected with the use of the aforementioned intangible assets, pursuant to above mentioned Article 1, paragraph 37, of Law no. 190 of 23 December 2014.

As of the Admission Document Date, the filing procedure is still ongoing.

Occupational safety regulations

The rules on the health and safety of workers in the workplace are contained in Legislative Decree No. 81/2008 (the "Decree 81/08") issued to reorganise and coordinate the relevant regulations.

Decree 81/08 establishes the way in which a series of preventive actions, such as risk assessment in the company, must be compulsorily carried out and, consequently, a series of actions must be taken to improve the safety and health of workers, including: (i) the adaptation of facilities, plants and equipment; (ii) health control, (iii) training courses and all other mandatory aspects, the deficiency or lack of which could expose the company to significant penalties.

Decree 81/08 provides for the establishment and appointment within the company of specific figures (including the R.S.P.P., the workers' representative, the competent doctor) among which the employer, who shall carry out an assessment of the risks present in the company, adopt the prevention and protection measures that may eliminate or contain the risks and ensure that each worker is adequately trained and informed.

As regards the sanctions applicable in case of violations of the legislation in question, please refer to the applicable provisions of law.

Industry 4.0

The 2017 Budget Law contained the government's plan for Industry 4.0 and a mix of tax incentives for companies:

Hyper and Super Depreciation: the hyper depreciation consisted in the 250% supervaluation of investments in new tangible assets, devices and technologies enabling the transformation in key 4.0 purchased or leased. The super-depreciation provided for a 140% overvaluation (later modified) of investments in new capital goods purchased or leased. It also provided for the possibility of benefiting from the relief for investments in intangible capital goods (software and IT systems). The 2020 Budget

Law did not provide for the extension of these benefits, which have been replaced by the 'investment bonus for capital goods'. Basically, there are three types of investments eligible for tax credits:

- new "ordinary" tangible and intangible capital goods;
- tangible assets listed in Annex A to Law 232/2016;
- intangible assets listed in Annex B of Law 232/2016.

The tax credit is recognised to a differentiated extent in relation to the type of investment and the time at which it is made. For investments in new tangible and intangible capital goods, other than "4.0" goods For investments in new tangible and intangible assets, other than "4.0" assets (so-called "ordinary" assets), the "general" tax credit is recognised (Article 1, paragraphs 1054 and 1055 of Law 178/2020) to the extent of 15%, 10% or 6% of the cost depending on the time and type of investment;

For investments concerning assets included in Annex A to Law 232/2016 ("Industry 4.0" tangible assets), the tax credit is recognised (only to companies) to a separate extent depending on the value and period of the investments. The measure of the credit can vary between 10% and 50% of the cost of the investment;

For investments related to intangible assets included in Annex B to Law 232/2016, the tax credit is recognised to companies to the extent of 20% of the cost;

R&D tax credit: consisted of a 50% or 25% tax credit on incremental R&D expenditure, calculated on a fixed base given by the average R&D expenditure in the years 2012-2014. The measure was applicable for R&D expenditure incurred in the period 2017-2020. The objective is to stimulate private R&D expenditure to innovate processes and products.

For 2020, the facility has been replaced by the new 'research, development and innovation bonus'. The tax credit is valid for the tax period after 31.12.2019 (2020 for "solar" entities) and until the tax period ending on 31.12.2022. The determination and amount of the tax credit vary depending on the type of eligible investments. The amount varies between 6% and 12% of the eligible cost. The 2021 Budget Law further modified the measure of the tax credit for expenses incurred as of 1.1.2021. After the amendment, the measure varies between 10% and 15% of the eligible cost.

In order to encourage the technological advancement of production processes and investments in research and development, including research and development projects on Covid-19, directly related to production facilities located in the Regions of Southern Italy, the tax credit is recognised, until 2022, in an amount equal to (art. 244 art. 244 of DL 34/2020 conv. and art. 1 co. 185 of L. 178/2020):

- 25% for large enterprises;
- 35% for medium-sized enterprises;
- 45% for small enterprises.

In general, fundamental research, industrial research and experimental development in the field of science or technology are eligible for the tax credit.

Other benefits include the 'training 4.0 bonus' and the 'bonus for investments in the south'.

Training 4.0: A tax credit is granted to companies that incur 4.0 training expenses until 31 December 2022. The effective use of the tax credit is subject to the condition that the company is not subject to disqualification sanctions pursuant to Article 9(2) of Legislative Decree 231/2001 and that it complies with the regulations on safety in the workplace and with the obligations to pay social security contributions for workers. Eligible for the tax credit are training activities aimed at the acquisition or consolidation, by the company's employees, of skills in the technologies relevant to the technological and digital transformation of companies as set out in the 'Piano nazionale Impresa 4.0'.

The tax credit varies according to the size of the enterprise:

- 30% for large enterprises;
- 40% for medium-sized enterprises;
- 50% for small enterprises.

9. TREND INFORMATION

9.1. Trends in production, sales and stocks and in the evolution of costs and sales prices, significant changes in the Issuer's financial results

From December 31st, 2020, to the Date of the Admission Document, (a) there have been no particularly significant trends in production performance, or in the evolution of costs and sales prices, capable of affecting the Issuer's business; and (b) there have been no significant changes in the Issuer's financial results.

9.2. Trends, uncertainties, demands, commitments or events that could reasonably be expected to have a material effect on the Company's business during the current financial year

In addition to what disclosed in Section One, Chapter 4 "Risk Factors", as of the Date of the Admission Document, the Issuer is not aware of any trends, uncertainties, demands, commitments or events that could reasonably be expected to have a material effect on the Issuer's business.

<u>Epidemiological Emergency from COVID-19</u>

As of the Date of the Admission Document, the Issuer has resumed all its activities at its operational headquarters and there are no issues of suspension or cancellation of significant orders by customers and/or suppliers due to the epidemiological emergency from COVID-19.

In view of the COVID-19 health emergency, the Issuer has implemented at its headquarters the measures provided for by the "*Shared regulatory protocol containing COVID-19 in the workplace*" of March 14th, 2020, as subsequently amended and supplemented, and taken the necessary precautionary measures in compliance with the provisions of the Decrees of the President of the Council of Ministers, ministerial circulars, orders of the Civil Protection.

Notwithstanding the compliance with the relevant regulations and the measures put in place, the Issuer is also exposed, in general terms, to potential cases of COVID-19, as well as to the potential tightening of the regulations on health and safety in the workplaces as a consequence of the health emergency caused by COVID-19.

10. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGERS

10.1. Administrative, management and supervisory bodies and senior managers

10.1.1. Board of Directors

Composition

The Issuer adopts a traditional management system consisting of a Board of Directors and a Board of Statutory Auditors.

Pursuant to art. 20 of the By-Laws, the management of the Issuer is entrusted to a Board of Directors composed of a number of members ranging between 3 (three) and 9 (nine), depending on the decision taken by the ordinary shareholders' meeting, one of which shall comply with the independence requirements set out in art. 148, paragraph 3 TUF, as referred to in art. 147-ter, paragraph 4 TUF.

On October 29th, 2021, the Board of Directors positively assessed the independence requirements of the director Mr. Marco Caneva. The independent director has also been previously positively assessed by Euronext Growth Advisor.

The Issuer's Board of Directors in office as of the Date of the Admission Document consists of 7 (seven) members. The Board of Directors was appointed by resolution of the shareholders' meeting of October 28th, 2021, and will remain in office until the approval of the financial statements of the Issued as of December 31st, 2023.

The members of the Board of Directors of the Issuer are listed in the following table:

Position	*Name and surname*	*Place of birth*	*Date of birth*
Chairman of the Board of Directors and Chief Executive Officer	Piero Paolo Delprato	Genova	September 17th, 1974
Director	Silvia Portaluri	Genova	August 9th, 1975
Director	Filippo Salomone	Genova	February 11th, 1969
Director	Guido Maria Pedone	Milano	March 2nd, 1960
Executive director (co-Ceo)	Stephane Alexandre Cohen	Uccle	January 11th, 1965
Director	Alexandros Haristos	Stockport (UK)	December 6th, 1980
Independent Director	Marco Caneva	Genova	September 30th, 1969

The members of the Board of Directors are domiciled for their office at the registered office of the Issuer.

All members of the Board of Directors comply with the requirements of integrity expressly provided by article 147-*quinquies* TUF.

A short *curriculum vitae* of the members of the Issuer's Board of Directors is provided below:

Piero Paolo Delprato:

Engineer with a Master in Business Administration. Since 2006, he has been a shareholder and director of SAYE, which operates as a holding company for investments and services. In 2008, he became a director of OMP Racing S.p.A. (now Racing Force S.p.A.). Since 2019, he has been Chairman of Bell Racing Europe S.A. (now High Protection Systems) and Bell Racing Helmets International WLL (now Racing Force International WLL).

Silvia Portaluri:

graduated in maritime and transport economics at the University of Genoa. From 2003 to February 2020 she works as an employee at Maersk Italia S.p.A. covering the following tasks: customer service import agent from 2003 to 2005; customer service import team leader from 2006 to 2011; customer service import/export team leader from 2011 to 2018; customer service import/export manager - global key client from 2018 to February 2020.

From March 2020 to date, she works as an employee at Ocean Network Express company where, from March 2020 to January 2021, she held the position of customer service import team leader. From February 2021 she takes up the position of Customer Service Import Manager.

Filippo Salomone:

He graduated with honours in 1994 in Economics and Commerce, University of Genoa. In 1994, he qualified as a Chartered Accountant. Since 1997, he has been enrolled in the Register of Technical Consultants of the Court of Genoa for category 03. In 1999, he obtained the qualification of auditor, while in 2008 he was enrolled in the Register of Experts of the Arbitration Chamber for Public Contracts. Since 2010, he has been a member of the National Association of Italian Tax Advisors (ANTI). Since 2011, he is enrolled in the register of experts of the Court of Genoa for the category "Accountants". Thanks to his proven professional experience in commercial law, corporate law, bankruptcy law, tax law, with specific assignments in voluntary and out-of-court settlements, corporate and tax consultancy, tax litigation, he works as Curator with the Bankruptcy Section of the Court of Genoa; Technical Consultant for civil and criminal matters, Technical Consultant for the Court of Genoa and the International Arbitration Chamber of Milan, expert certifier of out-of-court reorganisation plans pursuant to Art. 67, paragraph 3, letter d) of R.D. 267/1942, the so-called Bankruptcy Law, tax defender before provincial and regional tax commissions and regional sections of the Central Commissions, member of the Board of Chartered Accountants and Accounting Experts of Genoa for the period 2013 - 2016 and for the period 2017 - 2021. He has also held a number of academic positions, including contract professor of Bankruptcy Law at the Faculty of Economics and Business of the University of Genoa for the period 1998 - 2001 and contract professor and holder of the course in "Commercial Law" for the degree in "Foreign Languages and Cultures for Business and Tourism" at the Faculty of Languages of the University of Genoa for the period 2001 - 2005. Finally, he is the author of several publications including a paper on "Le operazioni sul capitale delle società per azioni", in Trattato Teorico Pratico delle Società, edited by Prof. Giorgio Schiano di Pepe, ed. Ipsoa, 1999 and a paper commenting on articles 2448 - 2456 of the Italian Civil Code (relating to the dissolution and liquidation of companies). (relating to the dissolution and liquidation of S.p.A.), in Codice Civile Commentato, edited by Guido Alpa and Vincenzo Mariconda, ed. Ipsoa, 2005.

Alexandros Haristos:

Is a Business Manager who started his career in management consultancy in London (UK), where he helped executive directors and top managers of major listed companies with organizational issues. In this context, Alex developed the ability to quickly understand and translate strategies into modelling tools and use them to deliver solutions in a variety of industries. He left consultancy to be an entrepreneur when he was 29 years old, and developed a real estate business and an industrial services company, Dinamo, based in Italy. Leveraging on the experience he had acquired in re-structuring and developing businesse of different nature, alex saw the opportunity of acquiring distressed small businesses with two characteristics: excellent technical know-how, and potential to grow. In 2018, Alex founded Zeronoise, that was then sold to Racing Force Group, of which today he's Chief Operating Officer and shareholder.

Guido Maria Pedone:

He graduated in Law, University of Parma. As a business manager, from December 2019 to date, he worked as partner and non executive director of OMP Racing S.p.A. (now Racing Force), Bell Racing Holdings Sàrl (now Racing Force Holdings Sàrl), Bell Racing Helmets International Wll (now Racing Force International), Bell Racing Europe S.A. (now High Protecion Systems), 2SM Europe S.A; from December 2012 to December 2017, as founding partner and non-executive director of Performa Investments PTE Limited; from September 2010 to March 2017, as founding partner, director and CFO,of Silver Arrows Marine; from May 2007 to December 2011, as founding partner and executive director of GMP Asia Management PTE Limited; from October 2006 to date, as partner and publisher of various motorsport books and corsanews of Milkane Ltd; from 2002 to date, as founding partner and executive director of GMP Consulting LLC; from July 2001 to December 2001, director and fiduciary business consultant of Profida Servizi Fiduciari S.A.

Stephane Alexandre Cohen:

From 1986 till today, Stephane Cohen acted as CEO, Chairman or Executive Director of his various companies in Europe, Asia and the USA, making him a truly global entrepreneur and business person. He forged in-depth and practical experience in all the aspects of structuring and managing small and medium size companies, from finance, manufacturing, Research & Development, marketing and sales in many different environments and countries.

Marco Caneva:

Over the last 10 years he has served on the boards of directors of Italian and foreign companies in a variety of sectors, leveraging his international experience in finance, gained in the previous decade at one of the best-known US investment banks where he worked on mergers, acquisitions, equity, debt and hybrid listings. Between 2009 and 2017, he was investment manager of a large Italian family office, which he left to launch his own consulting firm (GBADV ITALIA S.r.l.) providing support to institutional investors in extraordinary finance transactions on the Italian market.

Powers granted to the Board of Directors

The Board of Directors is granted with the widest powers for the ordinary and extraordinary management of the Company, without any exception whatsoever. The Board of Directors has the power to perform all the activities it deems appropriate in order to the carry out the corporate purpose of the Issuer, with the sole exception of those activities that, according to the law, the Issuer's By-Laws and/or any regulation, including the EGM Issuer's Regulations, shall be resolved upon by the shareholders' meeting

Powers granted to Chairmain and Chief Executive Officer Piero Paolo Delprato

With the resolution adopted by the Board of Directors on October 29th, 2021, the Chairman of the Board of Directors, Piero Paolo Delprato, has been granted with the following powers, without prejudice to the powers that the law and/or the Bylaws expressly reserve for the Shareholders' Meeting or the Board of Directors:

a) to direct and manage the company;

b) to implement the resolutions of the Board of Directors by carrying out all the acts necessary and related to the implementation of the resolutions;

c) to carry out the acts that are part of the ordinary administration of the Company, including, by way of example:

i. order bank transfers and issue checks on bank accounts in the name of the Company, with no limit on the amount;

ii. take on and grant contracts for the execution of works and supplies of any kind, drawing up the relative contracts, participating in public and private auctions, appointing special representatives to participate in the relative tenders, auctions or bids, if necessary, with no limit on the amount;

iii. enter into, amend, terminate in the name and on behalf of the Company contracts for the purchase, exchange and sale of materials, products, machinery, motor vehicles and in general any other contract regarding movable property, even subject to registration, committing the Company to all rights and obligations that may arise therefrom, with no limit on the amount;

iv. represent the Company before any judicial, administrative, ordinary and special tax authority, in any procedure, at any level and location, and therefore also before the Council of State, the Supreme Court, and the Revocation Court, with the power to sign petitions and appeals, propose and support administrative and judicial actions, cognition, execution and also bankruptcy, composition and moratorium procedures, carrying out the relative formalities and therefore issuing powers of attorney, special mandates to lawyers and attorneys, general and special;

v. conclude settlements, sign arbitration agreements and arbitration clauses, also proceeding to the designation and appointment of arbitrators, without limitation of amount;

vi. to administer and report oaths, to submit and answer interrogatories or interrogatories, also in matters of civil perjury, to take civil action in criminal trials and to elect domicile;

vii. issue and revoke mandates ad lites to attorneys and proxies and ad negotia to employees of the Company or third parties for one or more acts within the scope of the powers vested in the same;

viii. carry out any active and passive banking and financial transaction, including the opening and closing of accounts and leasing relationships as well, promissory note discounts of bills signed by the Company, repurchase transactions at any banking or financial institution including the issuing institution, assuming the commitments and fulfilling the necessary formalities;

ix. issue of sureties and assume short, medium and long-term debt, including the issuing of guarantees in connection with such loans;

x. carry out, in favour of the Company, operations of promissory discounts of bills signed by third parties, endorse and issue receipts for bank checks, promissory notes, credit exposures, bills of exchange, money orders payable at credit companies, post offices and telegraphic offices and, in general, at any natural or legal person;

xi. order bank transfers and issue bank checks on bank accounts held in the name of the Company without any limit on the amount;

xii. enter into contracts or agreements concerning intellectual property, trademarks and patents and models and other similar works, with the exception of contracts for the sale, exchange or outright transfer to third parties of ownership or other rights to intangible assets, including, without limitation, trademarks and patents;

xiii. enter into, negotiate, amend and terminate consultancy agreements relating to product and brand marketing activities, such as, but not limited to, sponsorships, advertising, events;

xiv. enter into, negotiate, amend and terminate material purchase contracts, service and consultancy contracts;

xv. lease and/or rent movable and immovable property and in any case enter into contracts for the provision of services, both active and passive;

xvi. purchase, sell and exchange vehicles and means of transport in general;

xvii. sign the Company's correspondence;

xviii. provide on behalf, in the name and in the interest of the Company, for the collection, release and withdrawal of all sums and values that are due to the Company for any reason or title whatsoever from anyone, such as from the State, Municipalities and Provinces, from the Cassa Depositi e Prestiti of the Provincial State Treasuries, from theAgenzia delle Entrate, from Credit Consortia and Institutions; issue and then collect the sums covered by the mandates that have already been issued or that will be issued in the future, without time limitation, in favour of the Company in relation to any sum for capital or interest that is owed to it by the aforementioned administrations and by the aforementioned offices and institutions, whether in settlement of deposits made by the Company itself, or for any other reason or title; issue in the name of the Company the corresponding declarations of receipt and discharge and in general all those declarations that may be required during the execution of the individual dossiers, including that of exoneration of the aforementioned offices, administrations and institutions from any responsibility in this regard;

xix. represent the Company and perform any act or operation at public and private offices, the Bank of Italy and its agent banks, the State Treasury, the Cassa Depositi e Prestiti, the Regional Revenue Offices, as well as at Service Centres and Offices and the Revenue and Land Agencies, Social Security Offices, Labour Offices, Customs, the Transport Companies and in general represent the company at any public and private administration, including the state administration, the regions, municipal and provincial offices, the chambers of commerce, financial offices, signing complaints, petitions, appeals and declarations, presenting and signing declarations, appeals, applications and any other document;

xx. appoint special proxies to collect valuables, parcels, registered and insured letters, as well as ordinary and telegraphic money orders, at post and telegraphic offices;

xxi. collect valuables, packages, parcels, registered and insured letters, as well as ordinary postal and telegraphic money orders, from post and telegraph offices;

xxii. to perform any act or operation at post and telegraph offices;

xxiii. xxii. perform any act or operation at railway, customs, post and telegraph offices, and in general at any public or private transport office, with the right to issue the necessary receipts of release, declarations of unloading, and to allow restrictions and releases;

xxiv. sign requests for news, information and documents, requests for certificates and attestations from public bodies, requests for clarifications and requests for bids from suppliers;

xxv. sub-delegate to third parties the powers delegated above.

Within the limits of the provisions of point c) above, he is granted with all the powers pertaining to the management of the Company's human resources and more specifically the power to:

(i) hire, suspend, promote or transfer employees (white-collar workers, blue-collar workers, middle managers), determining their qualifications and salaries and, if necessary, granting them any powers to carry out managerial acts; appoint commercial auxiliaries, custodians, agents and representatives, with or without a mandate

(ii) grant employees salary increases;

(iii) dismissing employees or otherwise terminating their employment with the power to grant exit incentives;

(iv) settling and reconciling all labour disputes, judicial and extrajudicial;

(v) concluding professional collaboration and/or consultancy contracts, including those relating to project collaboration and occasional self-employment, with the exception of contracts with clients;

(vi) to represent the Company during inspections, at agencies and institutions for activities relating to social security and welfare matters;

(vii) to represent the Company at trade union meetings with the power to sign company and/or supplementary agreements.

With reference to his role as "Employer" pursuant to Article 2 letter b) of Legislative Decree 81/2008, in relation to the Company's registered office, located in Via Bazzano 5, Ronco Scrivia (GE) and all the relevant premises, he is granted with all powers, none excluded, concerning the organisation, management and control of the company in relation to health and safety at work, as listed below by way of example but not limited to:

i. ensure compliance with the general protection measures provided for by Article 15 of Legislative Decree no. 81/2008 and its additions and amendments, promoting, planning and carrying out what is necessary and adopting all indispensable and opportune initiatives for the pursuit of the protection of the safety, hygiene and health of workers in the workplace, also in consideration of the evolution of technology and of the specific features of the work activity carried out;

ii. carry out the activities of identification, analysis and assessment of risks and prepare and formalise, in accordance with the law, the Risk Assessment Document pursuant to the provisions of Articles 17 and 28 of Legislative Decree no. 81/2008, as well as take care of any updating thereof

iii. appoint the Prevention and Protection Service Manager;

iv. appoint the competent doctor to carry out health surveillance in the cases provided for by Legislative Decree no. 81/2008;

v. designate in advance the workers entrusted with the implementation of fire prevention and firefighting measures, evacuation of workplaces in the event of serious and immediate danger, rescue, first aid and, in any case, emergency management measures

vi. take into account the capabilities and conditions of workers in relation to their health and safety when assigning tasks to them

vii. provide workers with the necessary and suitable personal protective equipment, having consulted the person in charge of the prevention and protection service and the competent doctor

viii. provide workers with equipment that complies with the requirements set out in Article 70 of Legislative Decree 81/2008 and subsequent amendments or additions, suitable for health and safety purposes and adequate for the work to be carried out or adapted for such purposes, which must be used in accordance with the legislative provisions transposing EU Directives and in compliance with the obligations set out in Article 71 of Legislative Decree 81/2008;

ix. update the prevention measures in relation to organisational and production changes that are relevant to occupational health and safety, or in relation to the degree of evolution of the prevention and protection technique

x. take appropriate measures so that only workers who have received adequate instructions and specific training have access to areas that expose them to a serious and specific risk;

xi. require individual workers to comply with the applicable rules and regulations, as well as with the company's provisions on occupational safety and hygiene and on the use of the collective means of protection and individual protection devices made available to them

xii. send workers for medical examinations within the time limits set out in the health surveillance programme and require the competent doctor to comply with his obligations under current legislation;

xiii. in cases of health surveillance pursuant to Article 41 of Legislative Decree 81/2008, promptly notify the competent doctor of the termination of the employment relationship

xiv. adopt measures to control risk situations in case of emergency and give instructions so that workers, in case of serious, immediate and unavoidable danger, leave the workplace or the dangerous area

xv. inform workers exposed to the risk of serious and immediate danger as soon as possible about the risk itself and the protective measures taken or to be taken

xvi. fulfil the obligations of information, education and training referred to in Articles 36 and 37 of Legislative Decree 81/2008 and subsequent amendments or additions, ensuring that the content of such information is easily comprehensible to workers and allows them to acquire the relevant knowledge and, therefore, where the training is aimed at workers of foreign origin, it is carried out after verifying the understanding of the language used in the information path;

xvii. ensure that the training and, where applicable, the specific training take place on the occasion of: a) the establishment of the employment relationship or the beginning of the employment in the case of supply of labour; b) the transfer or change of duties; c) the introduction of new work equipment or new technologies, new dangerous substances and mixtures;

xviii. ensure that the training of workers and their representatives is repeated periodically in relation to the development of risks or the emergence of new risks;

xix. refrain, except where duly justified by health and safety protection requirements, from requiring workers to resume their activities in a work situation in which serious and immediate danger persists; and

xx. allow workers to verify, through the workers' safety representative, the application of the safety and health protection measures

xxi. promptly provide the workers' safety representative, at the latter's request and for the purpose of carrying out his function, with a copy of the document referred to in Article 17, paragraph 1, letter a) of Legislative Decree 81/2008 and subsequent amendments or additions, as well as allow the same representative to access the data referred to in letter r) of the same decree;

xxii. in the event of entrusting works, services and supplies to contractors and/or self-employed workers within the workplaces of which the company has the legal availability:

a) verify, pursuant to Article 26, paragraph 1, of Legislative Decree 81/2008, with the methods provided for by the same Decree in Article 6, paragraph 8, letter g), the technical-professional suitability of the contractors or self-employed workers in relation to the works, services and supplies to be entrusted by contract or by works or supply contract

b) draw up the document referred to in Article 26, paragraph 3, of Legislative Decree 81/2008 and subsequent amendments or additions, with the support of the Head of the Prevention and Prevention Service, and, at the request of the latter and for the performance of his function, promptly deliver a copy to the workers' safety representatives

c) cooperate in the implementation of the measures of prevention and protection from the risks at work incident to the work activity that is the object of the contract, coordinating the interventions of protection and prevention from the risks to which the workers are exposed, also informing each other in order to eliminate risks due to interference between the works of the different companies involved in the execution of the overall work;

xxiii. take appropriate measures to prevent the technical measures adopted from causing risks to the health of the population or deterioration of the external environment by periodically verifying the continued absence of risk;

xxiv. communicate electronically to INAIL, within 48 hours of receiving the medical certificate, for statistical and information purposes, the data and information relating to accidents at work involving an absence from work of at least one day, excluding the day of the event and, for insurance purposes, those relating to accidents at work involving an absence from work of more than three days;

xxv. consult workers' safety representatives in the cases referred to in Article 50 of Legislative Decree 81/2008 and subsequent amendments or additions;

xxvi. provide the workers' safety representatives with the company information and documentation relating to the assessment of risks and the related prevention measures, as well as those relating to dangerous substances and preparations, machinery, plants, organisation and work environments, accidents and occupational diseases;

xxvii. adopt the necessary measures for fire prevention and evacuation of workplaces, as well as for the case of serious and immediate danger, in accordance with the provisions of Article 43 of Legislative Decree 81/2008 and subsequent amendments or additions. Such measures must be appropriate to the nature of the activity, the size of the company or production unit, and the number of persons present;

xxviii. convene, directly or through the risk prevention and protection service, at least once a year, or in any event on the occasion of any significant changes in the conditions of exposure to risk, including the planning and introduction of new technologies which have an impact on the safety and health of workers, the periodic meeting referred to in Article 35 of Legislative Decree 81/2008 and subsequent amendments or supplements in which the following take part: the employer or his representative; the person in charge of the risk prevention and protection service; the competent doctor; the workers' safety representatives;

xxix. in the course of the said meeting, submit for examination by the participants:

a) the risk assessment document;

b) trends in occupational accidents and diseases and health surveillance;

c) the criteria for the selection, technical characteristics and effectiveness of personal protective equipment;

xxx. arrange for minutes to be taken of the meeting and made available for inspection by the participants;

xxxi. with reference to obligations relating to workplaces, ensure that:

a) workplaces are designed with disabled workers in mind, where appropriate; in particular as regards doors, circulation routes, stairs, showers, toilets and workplaces used and occupied directly by such disabled workers

b) internal or external routes leading to exits or emergency exits and emergency exits are kept clear so that they can be used under all circumstances

c) workplaces, plant and equipment are regularly maintained and any defects discovered which may affect the safety and health of workers are rectified as quickly as possible

d) workplaces, plant and equipment are regularly cleaned in order to ensure adequate hygiene conditions;

e) safety installations and devices designed to prevent or eliminate hazards are regularly maintained and their functioning checked.

xxxii. check that the names of the workers' safety representatives are correctly communicated to INAIL;

xxxiii. ensure that workers who are required to undergo health surveillance are not assigned to the specific work task without the required suitability assessment;

xxxiv. provide the prevention and protection service and the competent doctor with information on:

a) the nature of the risks

b) the organisation of work, the planning and implementation of preventive and protective measures;

c) the description of the production facilities and processes;

d) the data referred to in paragraph 1, letter r) of Legislative Decree 81/2008, and those relating to occupational diseases;

e) the measures adopted by the supervisory bodies;

xxxv. supervise the fulfilment of the obligations set out in Articles 19, 20, 22, 23, 24 and 25 of Legislative Decree 81/2008 and subsequent amendments or additions, without prejudice to the exclusive responsibility of the persons obliged under the same articles if the failure to implement the aforementioned obligations is attributable solely to them and there is no evidence of a lack of supervision on the part of the Employer and the managers;

xxxvi. supervise and ensure the fulfilment of the obligations under Title IV "Temporary or Mobile Sites" of Legislative Decree 81/2008 and in particular Article 90 thereof, as obligations of the principal or person in charge of the works in relation also to the activities pursued by the company in the case of works carried out within its own production unit;

xxxvii. take care of the construction, maintenance, repair, extension and demolition of buildings and works in general intended as an environment or workplace, or in any case placed at the service of or constituting part or appurtenance of the production facility, ensuring compliance with the regulations on building, town planning, fire prevention, environmental impact, protection of the territory and safety in works contracts.

In order to fulfil in the best possible way the obligations connected with the services indicated above, the Board of Directors grants the Employer

a) unlimited spending power for the implementation of the duties and the exercise of the powers attributable to the Employer in the field of health and safety at work;

b) full powers of direction, organisation and sanctioning powers inherent to the function exercised, including the power to stop production and order the evacuation of the workplaces falling within his competence

c) the power to represent the company before the public bodies and authorities responsible for exercising the control, inspection and supervisory functions provided for by current and future legislation, as well as before all public and private entities and bodies responsible for issuing authorisation measures provided for by the rules on health and safety in the workplace and, in any case, in all relations pertaining to the exercise of the delegated functions, attending accesses and inspections at the places where he exercises his powers, accessing the legitimate requests made by public officials and representing the company before INAIL;

d) the power to represent the company in legal proceedings, both as plaintiff and defendant, before any judicial or administrative authority, of any order and degree, with the power to appoint and dismiss lawyers, attorneys and experts at any level and kind of judgement;

e) within the scope of the powers and obligations conferred, to perform, in any case, all acts, practices and formalities aimed at ensuring the safety of all workplaces, plants, laboratories and machinery owned by the company and to ensure the application and constant compliance with all legal and regulatory provisions on prevention and safety at work.

The Employer may delegate, according to the limits and conditions laid down in Article 16 of Legislative Decree 81/2008, specific functions in the field of health and safety at work, with the exception of those indicated in Article 17 of Legislative Decree 81/2008, to suitable persons, possessing all the requirements of professionalism and experience required by the nature of the delegated functions, in compliance with the limits laid down by law. The delegation of functions does not exclude the obligation of supervision by the delegating party with regard to the proper performance of the transferred functions.

Powers granted to Co-Chief Executive Officer Stephane Alexandre Cohen

With the resolution adopted by the Board of Directors on October 29th, 2021, the director Stephane Alexandre Cohen has been granted with the following powers, without prejudice to the powers that the law and/or the Bylaws expressly reserve for the Shareholders' Meeting or the Board of Directors:

i. participate in, and coordinate public relations and business development activities in relation to all Racing Force group companies;

ii. sign partnership and business development contracts.

Powers granted to director Alexandros Haristos

Finally, the director Alexandros Haristos, with the same resolution adopted by the Board of Directors on October 29th, 2021, and in respect to his role as “Employer” pursuant to Article 2 letter b) of Legislative Decree 81/2008, with reference to the Local Unit, located in Via della Canapiglia 15, Vecchiano (PI) and to all the relevant premises, he is granted with the same powers, none excluded, concerning the organisation, management and control of the company in relation to health and safety at work, as those attributed to the Chairman Piero Paolo Delprato.

Offices held by the members of the Board of Directors in companies other than the Issuer

The following table shows the offices that the members of the Board of Directors of the Issuer currently hold – or used to hold in the past 5 years – in other companies, as well as the participations that they currently hold – or used to hold in the past 5 years – in the share capital of other companies.

Name and surname	*Company*	*Office or shareholder*	*Situation at the Date of the Admission Document*
Piero Paolo Delprato	SAYE S.p.A.	Shareholder	Current
	Delfim S.r.l.	Shareholder	Current
	SAYE S.p.A.	Chairman of the Board of Directors	Current

	MSC Motorport Safety Council	Director	Terminated
	Pier S.r.l.	Sole Director	Terminated
	Racing Spirit S.r.l.	Sole Director	Terminated
Silvia Portaluri	N/A	N/A	N/A
Filippo Salomone	Paradise RE S.r.l.	Shareholder	Current
	Comped Servizi S.r.l.	Shareholder	Current
	Energy S.p.A.	Auditor	Current
	Soges S.p.A.	Auditor	Current
	Maxcom Petroli S.p.A.	Auditor	Current
	Ansaldo Green Tech S.p.A.	Auditor	Current
	Fima Servizi S.r.l.	Director	Current
	Newcam'96 S.r.l. in liquidazione	Liquidator	Current
	CO.MA.SE. S.r.l.	Insolvency administrator	Terminated
	Albergo Reale S.p.A.	Director	Terminated
	Qui! Financial Services S.p.A.	Auditor	Terminated
	Andre S.p.A.	Auditor	Terminated
	Carena S.p.A. – Impresa di costruzioni	Auditor	Terminated
	R.G.M. S.p.A.	Auditor	Terminated
	Lucy S.p.A.	Auditor	Terminated
	Fin GO & Fuel S.p.A.	Auditor	Terminated
Guido Maria Pedone	Albatech Monaco S. à r.l.	Shareholder	Current
	Ensigne Properties LLC	Shareholder	Current
	Redgate LLC	Shareholder	Current
	Immobiliare Moresca SS	Shareholder	Current
	Tecno Bologna Italy S.A.	Shareholder	Current
	GMP Investment Holdings Ltd	Shareholder	Current

Welles Investmenrs Corp.	Shareholder	Current
GMP Consulting S.a.g.l.	Shareholder	Current
Mulsanne Investments Holdings S.A.	Shareholder	Current
Immobiliare Raffaella S.A.	Shareholder	Current
Silver Arrows Marine (holdings) Ltd.	Shareholder	Current
Beetle Finance Inc.	Sole Director	Current
Monpelier Finance Ltd.	Sole Director	Current
Primordium S.A.	Sole Director	Current
Senise S.A. in liquidazione	Liquidator	Current
Global Faschion Consulting S.a.g.l. in liquidazione	Liquidator	Current
Redgate LLC	Sole Director	Current
Immobiliare Moresca S.S.	Sole Director	Current
Tecno Bologna Italy S.A.	Sole Director	Current
GMP Consulting S.a.g.l.	Sole Director	Current
Immobiliare Raffaella S.a.g.l.	Sole Director	Current
ACB Engineering and trading S.a.g.	Director	Current
Ensign Real Estate S.r.l.	Co-Director	Current
Mulsanne Investments Holding S.A.	Director	Current

	Ensign Properties S.r.l.	Director	Current
	Simtek Investments S.A.	Director	Current
	Maison du Charme S.A.	Director	Current
	Acquarama Investissements SCI	Director	Terminated
	Becketts SCI	Director	Terminated
	Orlon Familienstiftung	Director	Terminated
	Chatelet Investissements S.A.	Co-director	Terminated
	Idra International S.A.	Director	Terminated
	GMP consulting LLC	Director	Terminated
	Silver Arrows Marine (holdings) Ltd	Director	Terminated
	Silver Arrows Marine Ltd	Director	Terminated
Stephane Alexandre Cohen	B2 Technology Ltd (UK)	Shareholder	Current
	Nehoc Systems Ltd.	Shareholder	Current
	Red Phoenix Trade & Services SL	Shareholder	Current
	ZN Europe S.r.l. in liquidazione	Shareholder	Terminated
	Apso Invest SA	Shareholder	Terminated
	KC Sports International Ltd	Shareholder	Terminated
	B2 Technology (BVI)	Shareholder	Terminated
	B2 Technology Ltd (UK)	Executive Director	Current

	NEHOC Systems Ltd (Cyprus)	Executive Director	Current
	Apso Invest SA	CEO	Terminated
	KC Sports International Ltd	Executive Director	Terminated
	B2 Technology (BVI)	Executive Director	Terminated
Alexandros Haristos	Dinamo S.r.l.	Shareholder	Current
	Nobiltech S.r.l.	Shareholder	Terminated
	Zn Europe S.r.l. in liquidazione	Shareholder	Terminated
	Spitimu Immobiliare S.r.l.	Director	Current
	Dinamo S.r.l.	Director	Current
	Nexman S.r.l.	Director	Current
	Nobiltech s.r.l.	Director	Terminated
	Zn Europe S.r.l. in liquidazione	Liquidator	Terminated
Marco Caneva	GBADV S.r.l.	Shareholder	Current
	MAGS S.r.l.	Shareholder	Terminated
	Natuzzi S.p.A.	Director	Current
	GBADV S.r.l.	Sole Director	Current
	Phase Motion Control S.p.A.	Director	Current
	FOS S.p.A.	Director	Current
	Ediliziacrobatica S.p.A.	Director	Current
	Hermes – Comm. S.r.l.s.	Director	Current
	Paramed S.r.l.	Director	Terminated
	ASG Superconductors S.p.A.	Director	Terminated
	Baosteel Italia Distribution Center S.p.A.	Director	Terminated

Convictions of the members of the Board of Directors

To the best of the Issuer's knowledge, over the past five years none of the members of the Board of Directors (i) has been convicted of fraud or bankruptcy; (ii) has been declared bankrupt or subject to bankruptcy proceedings or has been involved in bankruptcy or liquidation proceedings; (iii) has been officially charged and/or has been sanctioned by public or regulatory authorities (including designated professional associations) in the performance of his or her duties, nor has he or she been prevented from acting as a director or manager of the Issuer or from serving as a director or manager of any other company.

10.1.2. Board of Statutory Auditors

Composition

Pursuant to Article 26 of the By-Laws, the Board of Statutory Auditors consists of 3 Standing Auditors and 2 Substitute Auditors, who remain in office for three financial years, appointed by the Shareholders' Meeting, which also appoints the Chairman in compliance with the law. The Statutory Auditors remain in office for three financial years and their term of office expires on the date of the shareholders' meeting called to approve the financial statement of the Issuer.

The Board of Statutory Auditors of the Issuer consists of 5 members, whose 2 acting as alternate auditors, it was appointed by the Shareholders' Meeting on December 6th, 2019, and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as at December 31st, 2021.

The members of the Board of Statutory Auditors of the Issuer as of the Date of the Admission Document are listed in the following table:

Office	*Name and surname*	*Place of birth*	*Date of birth*
Chairman of the Board of Statutory Auditors	Luca Parenti	Rome	June 5th, 1958
Standing Statutory auditor	Andrea Maria Longo	Milano	May 11th, 1964
Standing Statutory auditor	Roberto Strumia	Torino	June 15th, 1967
Alternate Statutory auditor	Alessandro Miglio	Genova	September 3rd, 1962
Alternate Statutory auditor	Giancarlo Strada	Genova	January 13th, 1955

The members of the Board of Statutory Auditors are domiciled for their office at the Issuer's registered office.

All the members of the Board of Statutory Auditors of the Issuer comply with the requirements of integrity and professionalism set out in art. 148, paragraph 4, TUF.

A short curriculum vitae of the members of the Board of Statutory Auditors is provided below:

Luca Parenti:

Graduated in Economics and Commerce from the Free University of Rome (LUISS), he is a Chartered Accountant, Auditor and Honorary Consul of the Republic of Malta for Tuscany and Marche since 2008.

Since 1981, he has worked as a freelance consultant for a leading professional firm, providing financial consultancy services for the acquisition of subsidised loans in Italian and foreign currencies, including for the export sector (export-financing). He has been a member of the study group "Osservatorio di Legislazione Economica" as an expert in credit and finance (Chamber of Deputies). He has been a researcher at the Free University of Social Studies (Rome) in the chair of Banking and Professional Techniques. He holds positions as board member and auditor in companies operating in economic sectors at national and international level. He has been a speaker at conferences on specialised topics in the tax and financial sector. He is a contributor to periodical publications on tax and financial issues. He has drafted a specific publication on the subject of subsidised financing. During his career, he has gained experience in the corporate, financial and tax sectors, particularly in the financial services sector where he provides tax and legal advice related to the wealth management sector and special transactions such as assistance in relation to applications for listing on the stock exchange and with national and international institutional investors (private equity funds), acquisitions, mergers and debt restructuring. His activity has also focused on all services related to the internationalisation of companies for tax, contractual, financial and commercial aspects.

Andrea Maria Longo:

Graduated in 1989 with a degree in business administration from the Bocconi University of Milan. In 1995 he was enrolled in the Milan register of chartered accountants and in the national register of auditors in 1999. In 1995, he founded Studio Longo, specialising in tax and corporate affairs, mainly for small and medium-sized Italian and foreign companies. He provides consultancy and accounting assistance to companies, non-profit associations, bodies and foundations operating in the third sector. He also holds several positions as a statutory auditor in various Italian production, commercial, service and financial companies and is a member of a supervisory body.

Roberto Strumia:

Graduated in Economics and Commerce on 17 July 1992 from the Faculty of Economics and Commerce of the University of Turin. State examination for qualification as a Chartered Accountant taken in the first session of 1996. Enrolled in Section A of the Register of Chartered Accountants and Accounting Experts for the districts of Ivrea, Pinerolo and Turin at no. 1998 with seniority since 29/10/1996. Entered in the Register of Auditors established by Decree of the Ministry of Justice of 12 April 1995 under no. 111457 - Ministerial Decree 17/12/1999 - no. 100. Registered in the Judge's Register of Technical Consultants. Registered in the Register of Criminal Experts at the Ordinary Court of Turin under the C.p.p. Accredited conciliator at the Piedmont Chamber of Arbitration until 2013. Member of the Arbitration and Conciliation Study Group. Member of the "Local Authorities" and "Social Balance Sheet" Study Group set up by the Order of Chartered Accountants of Turin. Delegate of the Court for real estate executions.

Alessandro Miglio:

Since 1988, he has been providing accounting, corporate and business consultancy, contractual consultancy, tax consultancy, management control consultancy, in the area of extraordinary transactions, acquisition and disposal of companies and company packages, company and corporate valuations.

Giancarlo Strada:

He graduated in economics and commerce in 1978. He has been registered as a chartered accountant since 1980 and in 1995 he joined the register of auditors. He is a founding partner of Studio Professionale Strada Borghetti Cavo e Associati, established in 1992. Within the firm, Giancarlo Strada mainly provides consultancy on corporate and commercial matters, in extraordinary transactions such as mergers, demergers, joint ventures and company valuations. He also coordinates the firm's activities in insolvency and pre-bankruptcy matters, personally collaborating with the Court of Genoa since 1981 as Curator, Judicial Commissioner and Technical Consultant. He has acted as certifier and financial advisor in numerous cases of composition with creditors, restructuring agreements pursuant to art. 82 bis of the Finance Act and reorganisation agreements pursuant to art. 67 of the Finance Act. He works in the field of corporate governance, holding the position of Chairman of the Board of Statutory Auditors, Statutory Auditor or Director in numerous companies, including listed companies included in the FTSE MIB index, operating in the insurance, financial, banking, commercial and industrial sectors. He acts as a Sole Arbitrator and as a member of Arbitration Boards. He is a member of the International Fiscal Association (IFA) and of the Italian Trust Association. From time to time, he also lectures at conferences and training events, mainly on insolvency, corporate and trust matters. He has assisted, by carrying out evaluations and preliminary due diligence and participating in negotiations, in management buy-outs, acquisitions and disposals of numerous packages of shares in companies operating in various sectors. He has assisted in the establishment of OICVR, closed-end investment funds under Italian law and in the preparation of prospectuses prior to the collection of savings from the public, taking care of the preliminary phase with CONSOB and the Bank of Italy.

Offices held by the members of the Board of Statutory Auditors in companies other than the Issuer.

The following table shows the offices that the members of the Board of Statutory Auditors of the Issuer currently hold – or used to hold in the past 5 years– in other companies, as well as the participations that they currently hold – or used to hold in the past 5 years – in the share capital of other companies.

Name and surname	*Company*	*Office or participation*	*Situation at the Date of the Admission Document*
Luca Parenti	Società Agricola tenuta campo al signore S.r.l.	Shareholder	Current
	Wine Tv Group S.r.l.	Shareholder	Current
	Jamin Portofino S.r.l.	Shareholder	Current
	Ciessea S.p.A.	Shareholder	Current
	Oryx Solutions S.r.l.	Shareholder	Current
	Harpalis S.r.l.	Shareholder	Current
	Società italiana Klynveld Peat Marwick	Shareholder	Terminated
	KPMG Advisory S.p.A.	Shareholder	Terminated

	Wine Tv Group S.r.l.	Director	Current
	VAR Group S.p.A.	Auditor	Current
	Italbuild S.r.l.	Auditor	Current
	KME Italy S.p.A.	Auditor	Current
	Millennium S.r.l.	Auditor	Current
	EM Moulds S.p.A.	Auditor	Current
	Invest Italy SIM S.p.A.	Auditor	Current
	Kmetal S.p.A.	Auditor	Current
	BMB Manifattura Borse S.p.A.	Auditor	Current
	Spazio Ricasoli S.r.l.	Director	Current
	Italy Gestioni S.r.l.	Director	Current
	Nobel Partners Advisory S.r.l.	Director	Current
	Harpalis S.r.l.	Sole Director	Current
	SAYE S.p.A.	Auditor	Current
	Jamin Portofino S.r.l.	Auditor	Current
	Finav Italy 2 S.r.l.	Auditor	Current
	Lucart S.p.A.	Auditor	Current
	OBI Italia S.r.l.	Auditor	Current
	Finedi Asset Management S.r.l. società benefit	Director	Current
	Octaphara Italy S.p.A.	Auditor	Current
	Taufin S.p.A.	Auditor	Current
	Taufin Investments S.p.A.	Auditor	Current
	DV Holding S.p.A.	Auditor	Current
	Taufin International S.p.A.	Auditor	Current
	Tenuta Biondi Santi S.p.A.	Auditor	Current
	VAR One Services S.p.A.	Auditor	Terminated
	HME Brass Italy S.p.A.	Auditor	Terminated
	La Patria S.p.A.	Auditor	Terminated
	Ferragamo Finanziaria S.p.A.	Auditor	Terminated
	Invest Banca S.p.A.	Auditor	Terminated
	Sesa S.p.A.	Auditor	Terminated
	Clud del Sole S.r.l.	Auditor	Terminated

	Zucchetti Informatica S.p.A.	Auditor	Terminated
	Italblue S.p.A.	Auditor	Terminated
	Grifols Italia S.p.A.	Auditor	Terminated
	Surgital S.p.A.	Auditor	Terminated
Andrea Maria Longo	Servizi Amministrativi S.r.l.	Shareholder	Current
	Aprica Costruzioni S.r.l.	Shareholder	Terminated
	Diepi assicurazioni S.p.A.	Auditor	Current
	Torrefazioni Portioli S.p.A.	Auditor	Current
	Camso Italy S.p.A.	Auditor	Current
	Europa Investimenti S.p.A.	Auditor	Current
	Cose Belle D'Italia S.p.A.	Auditor	Current
	Better On-line Solutions S.r.l.	Procurator	Current
	Sagitta SGR S.p.A.	Auditor	Current
	Freccia Rossa Shopping centre S.p.A.	Auditor	Current
	Wise S.r.l.	Auditor	Current
	Dante S.r.l. in liquidazione	Liquidator	Terminated
	Tessuti stampati Textilprint S.r.l. in liquidazione	Auditor	Terminated
	Ditta Luigi Salvadori S.p.a.	Auditor	Terminated
	Simex s.r.l. in liquidazione	Auditor	Terminated
	Plasticino S.r.l.	Auditor	Terminated
	Mohellausen S.p.A.	Auditor	Terminated
	Gemini 52 S.r.l.	Auditor	Terminated
	Asiantrade S.r.l.	Auditor	Terminated
	Achirot S.p.A.	Auditor	Terminated
	Carmina S.p.A.	Auditor	Terminated
Roberto Strumia	Consul Network Tax & Finance S.r.l.	Shareholder	Current

	Immobiliare Role S.r.l.	Shareholder	Current
	Equilibrium S.s.	Sharolder	Current
	Tecnoindustrie Merlo S.p.A.	Auditor	Current
	SIGEA S.p.A.	Auditor	Current
	Torreregionepiemonte Società consortile a R.l. in liquidazione	Auditor	Current
	IP Industrial S.p.A.	Auditor	Current
	IP food & services S.p.A.	Auditor	Current
	AVL Italia S.r.l.	Auditor	Current
	Bimotor S.p.A.	Auditor	Current
	Utimac Torino S.p.A.	Auditor	Current
	Bauducco S.r.l.	Auditor	Current
	Consul Network Tax & Finance S.r.l.	Director	Current
	Immobiliare Role S.r.l.	Director	Current
	AVL End of line testing Systems S.r.l.	Auditor	Current
	BTG Italia S.r.l. in liquidazione	Auditor	Terminated
Alessandro Miglio	FE.NLBA S.r.l.	Sole Director	Current
	Il Corbezzolo Soc. Coop.	Liquidator	Current
	Fedalma Seconda S.r.l.	Sole Director	Current
	Inimpre S.p.A.	Auditor	Current
	Delfim S.r.l.	Auditor	Current
	Immobiliare 50 S.r.l.	Sole Director	Current
	Saye S.p.A.	Auditor	Current
	Galmet S.p.A.	Auditor	Current
	Società Italiana Aoolai Tubi S.p.A.	Auditor	Current
	Rosh S.r.l.	Sole Director	Current
	Venture S.p.A.	Liquidator	Current
	ITEA S.r.l. in liquidazione	Liquidator	Terminated
	Fazzini S.r.l.	Auditor	Terminated
Giancarlo StradaBanca	Società Golf Garlenda S.p.A.	Shareholder	Current

	Banca Passadore & C. S.p.A.	Shareholder	Current
	Interprofessional network S.r.l. in liquidazione	Shareholder	Current
	Eutenke S.p.A.	Shareholder	Current
	Porta Romana 1 S.r.l. in liquidazione	Shareholder	Terminated
	Nuova Arenzano S.r.l. in liquidazione	Liquidator	Current
	Centro Fiduciario C.F. S.p.A.	Auditor	Current
	Rebora Impianti S.r.l. in liquidazione	Insolvency administrator	Current
	Artmaster S.r.l.	Auditor	Current
	Barbieri S.r.l.	Auditor	Current
	Porto Petroli di Genova S.p.A.	Auditor	Current
	Park Tennis Club S. coop. sportive dilettantistica	Auditor	Current
	Centro servizi e ricerche S.r.l.	Director	Current
	Yarpa S.p.A.	Auditor	Current
	AR.CO. Arredamenti S.r.l.	judicial commissioner	Current
	Yarpa Investimenti SGR S.p.A.	Auditor	Current
	T.P.E. Trading per l'energia S.p.A.	Auditor	Current
	Marvel S.r.l.	Insolvency Administrator	Current
	Esaote S.p.A.	Auditor	Current
	Consorzio interuniversitario con attivitàesterna per l'aggiornamento professionale in campo giuridico	Auditor	Current
	Meloria S.s.	Shareholder	Current

	Compagnia impresa lavoratori portuali S.r.l.	Auditor	Current
	Banca del monte di Lucca S.p.A.	Auditor	Current
	Logtainer S.r.l.	Auditor	Current
	Green Hunter Group S.p.A.	Auditor	Current
	YLF S.p.A.	Auditor	Current
	Green Hunter S.p.A.	Auditor	Current
	Banca Cesare Ponti S.p.A.	Auditor	Current
	F2I Ligantia S.p.a.	Auditor	Current
	Azimut financial Insurance S.p.A.	Auditor	Current
	GIP 2.0 S.p.A.	Auditor	Current
	Wansheng Medical Investments (Italy) S.p.A.	Auditor	Current
	F2I Smeralda S.p.A.	Auditor	Current
	Italia di navigazione S.p.A.	Auditor	Terminated
	Abitare Real Estate S.r.l.	Auditor	Terminated
	YLDA S.p.A.	Auditor	Terminated
	Porto turistico internazionale di Rapallo S.p.A.	Auditor	Terminated
	F.lli Iotti S.r.l.	Insolvency Administrator	Terminated
	Banca Carige S.p.A.	Auditor	Terminated
	Esseti S.r.l.	Insolvency Administrator	Terminated
	GFA S.r.l.	Insolvency Administrator	Terminated
	Carige Reoco S.p.A.	Auditor	Terminated
	RB Marinas S.r.l.	Auditor	Terminated
	Mooney S.p.A.	Auditor	Terminated

10.1.3. Main executives

As at the date of the Admission Document, the Group employs 36 managers.

10.1.4. Family relationship between the individuals mentioned at paragraphs 11.1.1, 11.2.1 e 11.1.3

To the best of the Issuer's knowledge, as of the Date of the Admission Document, there are no family relationships between members of the Board of Directors, the Board of Statutory Auditors and/or the main executives of the Issuer.

With the exception of the above, it should be noted that the Chairman of the Board of Directors, Piero Paolo Delprato, is married to Director Silvia Portaluri.

10.2. Conflicts of interest of administrative and supervisory bodies and senior managers

10.2.1. Conflicts of interest between the obligations towards the Issuer and their own private interests and/or other obligations

With the exclusion of what expressly mentioned below, as of the Date of the Admission Document, as far as the Issuer is aware, none of the members of the Board of Directors and the members of the Board of Statutory Auditors of the Issuer has any private interest in conflict with the obligations arising from the performance of their duties in favor of the Issuer.

With the exception of the above, it should be noted that on December 4th, 2019, Racing Force and SAYE, in which Chairman of the Board of Directors, Piero Paolo Delprato, is one of the shareholders, entered into an intercompany loan agreement for the reimbursement by SAYE and in favour of Racing Force of the remaining amount of an interest-bearing shareholders' loan equal to Euro 1,490,000.

On June 30th, 2021, the outstanding due amount was equal to Euro 839,253.

For further information, please refer to Section One, Chapter 16 of the Admission Document.

10.2.2. Agreements or understandings with major shareholders, customers, suppliers of the Issuer or other agreements

To the best of the Issuer's knowledge, none of the members of the Board of Directors and none of the member of the Board of Statutory Auditors has been appointed as a result of agreements or understandings with major shareholders, customers, suppliers or other individuals.

Except for the above, it should be noted that on October 12th, 2021, SAYE and GMP Investment Holdings LTD (***GMP***) have entered into an agreement providing that SAYE undertakes to include one between Mr. Guido Maria Pedone and Mr. Gabriele Pedone in the slate of candidates to compose the Board of Directors of the Company that will be submitted by SAYE, as majority shareholder of Racing Force, each time the shareholders' meeting will be called to appoint a new board of directors (the ***Slate Voting System Agreement***).

The Slate Voting System Agreement shall remain in force until the fifth anniversary following the date of signing (the ***Expiry Date***), it being understood that in the event that - even before the Expiry Date - (i) GMP does not hold any shares in the Company or (ii) SAYE does not hold a controlling interest in the Company, the Slate Voting System Agreement and the provisions thereof shall immediately become null and void.

10.2.3. Restrictions on the disposal and transfer of the Issuer's Shares held by members of the Board of Directors, Board of Statutory Auditors and key personnel of the Issuer

As of the Date of Admission Document, to the best of the Issuer's knowledge there are no restrictions on the possibility to transfer the Shares held by the members of the Issuer's Board of Directors, by the members of the Board of Statutory Auditors and by key personnel.

11. BOARD OF DIRECTORS' PRACTICES

11.1. Expiration date of the current position, if any, and period during which the person has held such position

The Board of Directors was appointed by resolution of the shareholders' meeting held on October 28th, 2021 and shall remain in office until the date of the shareholders' meeting convened for the approval of the financial statements of the Issuer as of December 31st, 2023.

The Issuer's Board of Statutory Auditors was appointed by resolution of the Shareholders' Meeting held on December 6th, 2019, and shall remain in office until the date of the Shareholders' Meeting convened for the approval of the financial statements of the Issuer as of December 31st,2021.

11.2. Information on the employment agreements entered into by the members of the administrative, management or supervisory bodies and the Issuer or its subsidiaries that provide for termination indemnities

As of the Date of Admission Document, there are no agreements with the Issuer providing for the payment of amounts - neither as severance indemnity nor for any other reason - to the members of the Board of Directors and/or the Board of Statutory Auditors in case of termination of their relations with the Company.

11.3. Declaration certifying that the Issuer complies with the rules on corporate governance currently in force in the country of incorporation

On October 15th, 2021, the Issuer's Extraordinary Shareholders' Meeting approved the current version of the By-Laws, effective as of the Admission Date.

Although the Issuer is not required to implement the provisions on corporate governance set out for companies listed on regulated markets, the Issuer applied some provisions to its own corporate governance system, aimed at increasing transparency and protecting minority interests. More specifically:

- the By-Laws provide for the appointment of the members of the Board of Directors by means of the slate vote system;
- the By-Laws provide that the shareholders who, alone or together with other shareholders, hold shares representing at least 10% of the share capital of the Issuer are entitled to submit lists;
- according to the By-Laws, at least one member of the board of Directors shall comply with the independence requirements set out in art. 148, paragraph 3 TUF;
- according to the By-Laws, as of the Trading Start Date, the prior authorization of the Shareholders' Meeting shall be required in the following cases (i) acquisitions of participations or companies or other assets that implement a "reverse takeover" pursuant to the EGM Issuers' Regulations; (ii) disposals of participations or companies or other assets that implement a "substantial change of business" pursuant to the EGM Issuers' Regulations; and (iii) resolutions leading to the exclusion or revocation of the Company's shares from multilateral trading systems

(including, if applicable, resolutions on mergers or spin-offs), remaining understood that, in this particular case, the favorable vote of at least 90% of the shareholders attending the meeting is required;

- according to the By-Laws, shareholders whose participation in the Issuer's share capital reaches, exceeds or falls below one of the thresholds set out in the EGM Issuers' Regulation shall necessarily submit a specific notification;

- according to the By-Laws, as of the Trading Start Date the provisions contained in TUF and concerning listed companies (limited to Articles 106, 108, 109 and 111) shall apply, as long as they are compatible, as well as the regulatory provisions concerning mandatory purchase and exchange offers;

- the Issuer has adopted a specific procedure for the management of transactions with Related Parties;

- the Issuer has adopted a procedure for the management of the disclosure obligation regarding internal dealing;

- the Issuer has approved a regulation for compulsory communications to Euronext Growth Advisor;

- the Issuer has approved a procedure for the management of privileged information;

- the Issuer has appointed Roberto Ferroggiaro as Investor Relations Manager.

11.4. Potentially relevant impacts on corporate governance

As of the date of the Admission Document, no changes in the composition of the Board of Directors, in the composition of any internal committee have been resolved upon by the Issuer's corporate bodies and, in general, no resolution that might have a relevant impact on the corporate governance has been adopted.

12. PERSONNEL

12.1. Number of employees

The following table summarizes the Group's personnel during the year ended as of December 31st, 2020, June 30th, 2021 and as of the Date of the Admission Document.

Category	June 30th, 2021	Date of the Admission Document
Managers	22	36
Employees (*impiegati*)	89	86
Workers (*operai*)	254	274
Total employees	365	396
Collaborators	6	7
Total	***371***	***403***

12.2. Participations in the share capital and stock options

As of the Date of the Admission Document, the members of the Issuer's Board of Directors and Board of Statutory Auditors do not hold - directly and/or indirectly - any share in the Issuer's share capital, except for what described below.

It should be noted that upon the Date of the Admission Document the Chairman of the Board of Directors, Mr. Piero Paolo Delprato, holds a stake equal to 48.20% of the corporate capital of SAYE, which in turn is the majority shareholder of the Issuer.

Furthermore, upon the Date of the Admission Document the Director Guido Maria Pedone, is a shareholder of GMP Investments Holdings Limited, which in turn holds a stake equal to 6.67% in the corporate capital of the Issuer.

Finally, upon the Date of the Admission Document, the Director Stephane Alexandre Cohen is a shareholder of Nehoc Systems Ltd., which in turn holds a stake equal to 5.59% in the corporate capital of the Issuer; in the same way the Director Alexandros Haristos holds a stake equal to 2.38% in the corporate capital of the Issuer.

12.3. Description of any agreement for the participation of employees to the Issuer's share capital

As of the Date of the Admission Document, there are no contractual agreements or statutory provisions according to which the Issuer’s employee are entitled to participate to the share capital and/or the profits of the Issuer.

13. MAIN SHAREHOLDERS

13.1. Major shareholders, other than the members of the administrative, management or supervisory bodies, who hold more than 5% of the Issuer's financial instruments

According to the shareholders' book, as of the Date of the Admission Document, the share capital of the Issuer, equal to Euro 1,925,745.00 and represented by 19,257,450 ordinary shares, without specification of the par value, is held as follows:

Shareholder	*Number of shares*	*% share capital*
SAYE S.p.A.	15,799,590	82%
GMP Investments Holdings Limited	1,283,870	6.7%
Nehoc Systems Limited	1,076,420	5.6%
Alexandros Haristos	458,220	2.4%
Kyle Kietzmann	346,630	1.8%
Lapo Salvadori	222,120	1.1%
Aref Khalil Yazbeck	70,600	0.4%
Total	*19,257,450*	*100%*

As of the Trading Start Date, the Issuer's share capital, assuming the (i) full subscription of the 4,500,000 Shares resulting from the Capital Increase and (ii) the full transfer of the Shares by the Selling Shareholders, will be held as follows (before the exercise of the Greenshoe Option):

Shareholder	*Number of shares*	*% share capital*
SAYE S.p.A.	14,114,401	59.4%
GMP Investments Holdings Limited	1,283,870	5.4%
Nehoc Systems Limited	961,609	4.0%
Alexandros Haristos	458,220	1.9%
Kyle Kietzmann	346,630	1.5%
Lapo Salvadori	222,120	0.9%
Aref Khalil Yazbeck	70,600	0.3%
Market	6,300,000	26.5%
Total	*23,757,450*	*100%*

In the framework of the agreements entered into for the execution of the Private Placement, the Selling Shareholders have granted the Global Coordinator an option to borrow up to a maximum of 630,000

Shares, equal to approximately 10% of the Shares to service to the Private Placement, in order to allow a possible over-allotment in the context of the Private Placement (the "***Over Allotment Option***").

Without prejudice to the provisions set forth below, the Global Coordinator shall return to the Selling Shareholders a number of Shares equal to the total number received upon exercise of the Over Allotment Option within 30 days of the Trading Start Date.

The obligation to return the Shares borrowed on the basis of the Over Allotment Option shall be fulfilled by means of (i) the Shares purchased by the Global Coordinator on the market or (ii) the payment of the price of the Shares deriving from the exercise, in whole or in part, of the Greenshoe Option, as defined below.

Furthermore, in the framework of the agreements entered into for the Private Placement, the Selling Shareholders have granted the Global Coordinator a purchase option, for up to a maximum of 630,000 Shares, amounting to approximately 10% of the number of Shares to service to the Private Placement, in order for the Global Coordinator to fulfill the obligation of returning the Shares borrowed in force of the Over Allotment Option in the context of the Private Placement (the "***Greenshoe Option***").

The Greenshoe Option can be exercised, in whole or in part, within 30 days after the Trading Start Date.

The following table shows the Issuer's shareholding structure assuming (i) the full subscription of 4,500,000 Shares resulting from the Capital Increase, (ii) the full transfer of the Shares by the Selling Shareholders and (iii) the full exercise of the Greenshoe Option.

Shareholder	*Number of shares*	*% share capital*
SAYE S.p.A.	13,524,585	56.9%
GMP Investments Holdings Limited	1,283,870	5.4%
Nehoc Systems Limited	921,425	3.9%
Alexandros Haristos	458,220	1.9%
Kyle Kietzmann	346,630	1.5%
Lapo Salvadori	222,120	0.9%
Aref Khalil Yazbeck	70,600	0.3%
Market	6,930,000	29.2%
Total	***23,757,450***	**100%**

For further information on the dilutive effects deriving from the Private Placement, reference should be made to Section 2, Chapter 7, of the Admission Document.

13.2. Main shareholders’ voting rights

Pursuant to article 5 of the By-Laws, the Issuer's share capital is divided into Ordinary Shares, without specification of the par value and all granting the same voting rights at ordinary and extraordinary Shareholders' Meetings.

13.3. Person controlling the company

As of the Date of the Admission Document, the Issuer is indirectly controlled by Mr. Piero Paolo Delprato.The Company is not subject to management and coordination activities by another company or entity.

For further information on these equity investments, please refer to Section One, Chapter 7, Paragraph 7.1.

13.4. Agreements that may determine a change in the Issuer's control structure

As of the Date of the Admission Document, the Issuer is not aware of any shareholders' agreement or other agreements in force of which a change in the Issuer's control might occur.

14. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are carried out at market values.

A summary of the balances with related parties at June 30th, 2021 and the transaction recorded in the Profit and Loss during the half-year is provided below.

Related party	Relationship	Receivables	Payables	Revenue	Costs
SAYE S.p.A.	A	852,535	-	13,286	-
Racing Spirit Llc	B	272,852	10,858	1,163	355
Racing Spirit Srl	B	84,984	-	-	-
KJK Protective Techologies LLC	C	100,499	30,533	499	-
GMP Consulting	C	-	7,500	-	7,500
Stephane Cohen	C	-	15,688	-	-
Dinamo Srl	D	-	80,003	-	-
Studiomilano	D	106,261	-	-	53,383
Tyrrel Properties Llc	D	-	6,645	-	63,456
B2 Technology Ltd	D	-	-	-	36,000
AXH Managment Bv	D	-	-	-	60,000
MDV Ltd	D	-	19,507	-	43,986

A: parent company; B: associated companies and joint ventures; C: Subsidiaries' shareholders and top managers; D: companies controlled by shareholders or top managers of the consolidated companies.

The balances as of June 30th, 2021, include the following receivables of a financial nature:

i) loan from the parent company SAYE for Euro 839,253 with expiry date on December 31st, 2027 and a 2.5% annual interest rate, in addition to interest accrued and not yet collected at the end of the half-year for Euro 13,282; in this respect, SAYE will repay to the Issuer the remaining amount upon or within the Trading Start Date;

ii) loan to the associated company Racing Spirit LLC for Euro 265,000 at an interest rate of 1.5% per annum, in addition to interest accrued and not yet collected at the end of the half-year for Euro 1,163;

iii) loan to KJK Protective Technologies LLC for Euro 100,000, in addition to interest accrued and not yet collected at the end of the half-year for Euro 499. The collection of the credit, on which interest accrues at the rate of 2% per annum, is expected through 5 annual installments of Euro 20,000 each.

Receivables from Racing Spirit S.r.l. refer to advances paid by Group companies for orders issued for the purchase of employee uniforms, which are expected to be delivered in the second half of 2021.

Tyrrell Properties Llc is the company that provides the facilities where the consolidated company Racing Force USA is based in Miami.

Studiomilano is the consulting company that provided staff and payroll and administrative services to Racing Force USA until December 31st, 2020. Starting from January 1st, 2021, the staff was hired directly by Racing Force USA. The balance at June 30th, 2021, mainly refers to a credit note received at the end of the previous year relating to government grants received by Studiomilano, to be re-credited to Racing Force USA.

Payables to Dinamo S.r.l. refer to the transfer of know-how to the consolidated company Zeronoise Ltd at the end of 2018, upon the establishment of the start-up, net of the reimbursements made in the following years.

B2 Technology Ltd, AXH Management BV and MDV Ltd are companies that provide technical, operational and research and development consulting services, respectively managed by the Chief Executive Officer (CEO) of the subsidiary Bell Racing Helmets International Wll, the Chief Operating Officer (COO) of the Group and the Chief Technical Officer (CTO) of the Group.

All other commercial relations with related parties were concluded under normal market conditions.

15. ADDITIONAL INFORMATION

15.1. Share capital

15.1.1. Issued share capital

As of the Date of the Admission Document, the Issuer's subscribed and paid-in share capital is equal to Euro 1,925,745.00, divided into 19,257,450 ordinary shares without specification of the par value. The shares are nominative, indivisible and dematerialized

15.1.2. Financial instruments not representing the share capital

As at the date of the Admission Document, there are no participating financial instruments not representing the Issuer's capital.

15.1.3. Issuers' own shares

As of the Date of the Admission Documents, the Issued does not hold own Shares.

15.1.4. Convertible and exchangeable shares

As of the Date of the Admission Document, the Issuer has not issued bonds convertible into shares or exchangeable with warrants.

15.1.5. Rights and/or obligations to purchase authorized unissued share capital or commitments to share capital increase

As of the Date of the Admission Document, there are no rights and/or obligations to purchase authorized unissued capital and no commitments to capital increase.

15.1.6. Information regarding the share capital of any members of the Group offered in option

As of the Date of the Admission Document, there are no option offers for the share capital of any company belonging to the Issuer's Group.

15.1.7. Evolution of the share capital

As of the Date of the Admission Document, the Issuer's subscribed and paid-in share capital is equal to a nominal value of Euro 1,925,745.00, divided into 19,257,450 Ordinary Shares without specification of the par value.

On October 15th, 2021, the extraordinary shareholders' meeting of the Issuer resolved to increase the share capital, for payment and in divisible way, for a maximum amount of Euro 25,000,000.00, including the share premium, through the issuance of dematerialized ordinary shares and without indication of the nominal value, with the exclusion of the option right pursuant to art. 2441, paragraph 5, of the Italian Civil Code, as it is reserved for the offer aimed at trading the shares on Euronext Growth Milan, organized and managed by Borsa Italiana, with the term for final subscription set on December 31st, 2021, save for the option of its early closure.

On October 29th, 2021, the Board of Directors, in execution of the powers granted by the Shareholders' Meeting of Racing Force, established, as the range of the issuance price of the Shares, the range between a minimum of Euro 4.20 and a maximum of Euro 5.20 for each Share.

During the meetings held on November 11th, 2021, the Board of Directors, in execution of the powers granted by the Shareholders' Meeting held on October 15th, 2021, resolved to issue 4,500,000 Shares, to be offered for subscription in relation to the Capital Increase and to set at Euro 4.50 per Share the final issuance price of said Shares, of which Euro 0.10 as share capital and the remaining portion of EUR 4.40 as share premium; the Board of Directors has set the total amount of the Capital Increase at Euro 20,250,000.00.

15.2. Articles of incorporation and By-Laws

15.2.1. Issuer's corporate purpose

The Issuer's corporate purpose is

the production of and trade in spare parts, accessories, tyres and consumables for motor vehicles, cycles and motorcycles, boats and watercraft, equipment and sports articles for the automotive, motorcycle and motor-nautical sectors and clothing articles in general.

In order to achieve the corporate purpose, the company may carry out all commercial, industrial and real estate transactions and may also carry out, on a non-prevailing and entirely ancillary and instrumental basis, and in any case with the express exclusion of any activity carried out vis-à-vis the public, financial and securities transactions, grant sureties, endorsements, deposits, guarantees, as well as acquire, solely for the purpose of stable investment and not for placement, both directly and indirectly, shareholdings in Italian and foreign companies with purposes similar, analogous or related to its own.

15.2.2. Description of the rights, privileges and restrictions attached to each existing class of shares

As of the Date of the Admission Document, the Issuer's subscribed and paid-in share capital is equal to Euro 1,925,745.00, divided into 19,257,450 Shares, all without specification of the par value.

The Ordinary Shares are issued in dematerialized form and grant equal rights to their holders; each Share grants the holder one vote at the Issuer's ordinary and extraordinary shareholders' meetings, as well as to other equity and administrative rights, in accordance with the applicable provisions of law and the By-Laws.

The Shares are nominative, indivisible and can be freely transferred by deed between living persons or *mortis causa*, in compliance with the law.

15.2.3. Description of any provisions of the Issuer's By-Laws that might have the effect of delaying, postponing or preventing a change in the control structure of the Issuer

The By-Laws do not contain any provisions that might have the effect of delaying, postponing or preventing a change in the control structure of the Issuer.

15.2.4. Provisions of the Issuer's By-Laws governing the ownership threshold above which the obligation to disclose the percentage of the held shares applies

The By-Laws expressly provide the shareholder’s obligation to notify the Issuer in the case in which the applicable thresholds set forth in the EGM Issuers’ Regulations are reached, exceeded or fallen below.

16. RELEVANT AGREEMENTS

This section contains a summary of the relevant agreements executed by the Issuer and different from the agreements entered into in the ordinary course of business.

Loan agreements with Banca Carige S.p.A.

On September 4th, 2020, Racing Force and Banca Carige S.p.A. (***Carige***) signed no. 2 loan agreements concerning the disbursement, by Carige and in favour of the Issuer, (i) of an amount of Euro 4,175,000.00, aimed at paying salaries, suppliers, services and inventories and (ii) of an amount of Euro 825,000.00, aimed at renegotiating the loans to MLT with an increase of 25% (the ***Carige Loans***).

The duration of the Carige Loans is set at 48 months and the amortisation plan provides for the repayment of the amount financed in 48 deferred monthly instalments (inclusive of interest), the last of which is due on August 31st, 2026. In addition, the amortisation will be preceded by a pre-amortisation period expiring on August 31st, 2022. The Carige Loans bear for an annual nominal interest rate equal to 1.10%.

The Issuer may opt for early repayment at any time, in whole or in part, by paying Carige an amount equal to 3% of the principal amount repaid early. Such fee shall also be paid in all cases in which Carige is entitled to request the immediate repayment of its credit.

If the amount drawn down is at least 1/3 lower, the Carige Loans provide that Racing Force shall pay Carige a "one-off" fee of 1% of the unused amount as commission for non-use.

With reference to the Carige Loan of Euro 4,175,000, Mediocredito Centrale S.p.A. granted a guarantee up to 90% of the amount, i.e. up to Euro 3,757,500.

The Carige Loans include various obligations on Racing Force and/or events, the failure to comply with and/or occurrence of which will entitle Carige to withdraw from the contract and declare Racing Force to be in default with respect to all or part of the payment obligations and to terminate the contract. These include: (i) change of control, (ii) in the event of failure to pay even a single instalment, (iii) failure to comply with the restriction on the use of the loan, (iv) submission of the Issuer to insolvency proceedings, (v) setting up of mortgages on the Issuer's assets, (vi) in the event of withdrawal of the guarantee granted by Mediocredito Centrale S.p.A.

Loan agreement with Banco BPM S.p.A.

On December 10th, 2019, Racing Force and Banco BPM S.p.A. (***BPM***) entered into a loan agreement concerning the disbursement by BPM and in favour of the Issuer of an amount of Euro 4,000,000.00 (the ***BPM Loan***).

The BPM Loan bears a fixed annual nominal interest rate of 2.150%.

The duration of the BPM Loan is 78 months and the amortization schedule provides for the repayment of the amount financed in 26 quarterly instalments in arrears (including interest), the last of which is due on June 30th, 2028. In addition, the amortisation will be preceded by a pre-amortisation period expiring on June 30th, 2020.

The Issuer may opt for early repayment at any time, in whole or in part, by paying BPM a penalty to be calculated on the principal amount repaid early.

The BPM Loan includes various obligations on Racing Force and/or events, failure to comply with which and/or the occurrence of which will entitle BPM to terminate the contract and to declare Racing Force to be in default with respect to all or part of its payment obligations and to terminate the contract. These include: (i) change of control, (ii) failure to pay even a single instalment, (iii) failure to comply with the constraint on the use of the loan, (iv) submission of the Issuer to insolvency proceedings, (v) violation of the prohibition of profit distribution in the event of irregularities in payments by Racing Force.

<u>Loan agreement with Banco BPM S.p.A.</u>

On May 26th, 2021, Racing Force and Banco BPM S.p.A. (***BPM***) signed a loan agreement concerning the disbursement, by BPM and in favour of the Issuer, of an amount of Euro 1,750,000.00 (the ***BPM Loan 2***).

The BPM Loan provides for a fixed annual nominal interest rate of 1.600%.

The duration of the BPM 2 Loan is set at 121 months and the amortisation schedule provides for the repayment of the amount financed in 120 monthly instalments in arrears (including interest), the last of which is due on 31 May 2031. In addition, the amortisation will be preceded by a grace period expiring on 31 May 2021.

The BPM 2 Loan provides for a third mortgage and a substantial first mortgage in favour of BPM on the property owned by Racing Force, located in Ronco Scrivia.

<u>Loan agreement with Crédit Agricole</u>

On May 31st, 2019, Racing Force and Crédit Agricole S.p.A. (***Crédit Agricole***) entered into a financing agreement concerning the disbursement, by Crédit Agricole and in favour of the Issuer, of an amount of Euro 700,000.00 (the ***Crédit Agricole Financing***).

The Crédit Agricole Loan provides for a variable annual nominal interest rate equal to the Euribor 3M rate increased by 0.900%.

The duration of the Crédit Agricole Loan is set at 24 months and the repayment schedule provides for the repayment of the amount financed in 8 quarterly instalments in arrears (including interest), the last of which is due on February 28th, 2023.

The Issuer may opt for early repayment at any time, in whole or in part, by paying to Crédit Agricole a penalty to be calculated on the principal amount repaid early.

In the Crédit Agricole Loan, various obligations have been included for Racing Force and/or events, the failure to comply with and/or the occurrence of which will entitle Crédit Agricole to withdraw from the contract and to declare Racing Force as debarred with respect to all or part of the payment obligations and to terminate the contract. These include: (i) in the event of non-payment, even of a single instalment, (ii) if the Issuer, directors or guarantors are subject to measures restricting personal freedom or become untraceable (iii) the Issuer being subject to insolvency procedures, (iv) non-fulfilment of any obligation by

Racing Force and (iv) the occurrence of any event that could lead to a negative change in the economic, financial or equity situation of Racing Force.

Loan agreement with Simest S.p.A.

On April 19th, 2021, Racing Force and Simest S.p.A. (***Simest***) entered into a financing agreement for the disbursement by Simest and in favour of the Issuer of an amount of Euro 600,000.00, including the disbursement of the portion to be borne by the available funds of the revolving fund established by Law No. 394 of July 29th, 1981, and the disbursement of the "Fondo Perduto" portion, provided for by Decree Law No. 34 of May 19th, 2020 (the "***Decreto Rilancio***") to be used to improve and safeguard the Issuer's capital soundness in order to increase its capital strength (the ***Simest Financing***).

The Simest Financing provides for an annual nominal interest rate of 0.55%.

Racing Force subsequently signed a deed of receipt and acknowledgement of the debt, whereby it issued Simest with a full discharge and acknowledged its indebtedness to Simest for the amount of Euro 360,000.00.

The Simest Financing provides for an amortisation plan, the repayment of the amount financed, of eight deferred half-yearly instalments, each of equal amount, starting on June 30th, 2024 and ending on December 31st, 2027 and, as to the interest on the principal, starting on December 31st, 2021 and ending on December 31st, 2023.

Loan agreement with UBI Banca S.p.A.

On January 13th, 2020, Racing Force and UBI Banca S.p.A. (***UBI***) have entered into a loan agreement for the disbursement, by UBI and in favour of the Issuer, of an amount of Euro 500,000.00 (the ***UBI Loan***).

The UBI Loan bears an annual nominal interest rate of 1.15%.

The duration of the UBI Loan is set at 24 months and the amortisation plan provides for repayment of the amount financed in 8 quarterly instalments in arrears (including interest), the last of which is due on January 13th, 2023.

The Issuer may opt for early repayment at any time, in whole or in part, by paying UBI a penalty to be calculated on the principal amount repaid early.

The BPM Loan includes various obligations to be borne by Racing Force and/or events, failure to comply with which and/or the occurrence of which will entitle UBI to withdraw from the contract and to declare Racing Force to have forfeited the benefit of the term with respect to all or part of the payment obligations and to terminate the contract. These include: (i) failure to pay even a single instalment and (ii) submission of the Issuer to insolvency proceedings.

Loan agreement with Monte dei Paschi di Siena S.p.A.

On December 16th, 2019, Racing Force and Monte dei Paschi di Siena S.p.A. (***MPS***) entered into a loan agreement concerning the disbursement, by MPS and in favour of the Issuer, of an amount of Euro 400,000.00 (the ***MPS Loan***).

The MPS Loan bears an annual nominal interest rate of 1.2%.

The duration of the MPS Loan is set at 24 months and the amortization schedule provides for the repayment of the amount financed in 7 quarterly instalments in arrears (including interest), the last of which is due on September 30th, 2023. In addition, the amortisation will be preceded by a pre-amortisation period expiring on March 31st, 2020.

The Issuer may opt for early repayment at any time, in whole or in part, by paying UBI a penalty to be calculated on the principal amount repaid early.

Under the MPS Loan, Racing Force will be required to comply with the following commercial covenant, which consists in submitting to MPS an amount of commercial flows not less than Euro 480,000 for each six-month term of the loan.

The MPS Loan includes various obligations on Racing Force and/or events, the failure to comply with and/or occurrence of which will entitle MPS to terminate the agreement and to declare Racing Force forfeited in respect of all or part of its payment obligations and to terminate the agreement. These include: (i) failure to comply with the commercial covenant, (ii) failure to pay even a single instalment and (iii) submission of the Issuer to insolvency proceedings.

<u>Loan agreement between Racing Force USA and PNC Bank</u>

On June 28th, 2018, Racing Force USA and PNC Bank, National Association (***PNC***) entered into an loan agreement for the payment by PNC and in favor of Racing Force USA of an amount equal to Dollars 252,000 (the ***PNC Loan***).

The annual interest rate applied on the PNC Loan is 6.19%.

The PNC Loan has a duration of 7 years and the amortization plan provides for the payment of 84 equal monthly instalments in arrears.

The PNC Loan is secured by irrevocable guarantee issued by KJK Protective Technologies LLC and Kyle Kietzmann for the full amount of the loan, which will remain in effect until all obligations to Racing Force USA and in favour of PNC are fulfilled.

The PNC Loan provides that Racing Force USA may opt for early repayment at any time, in whole or in part, by paying PNC a prepayment fee calculated on the amount remaining to be paid.

The PNC Loan includes various obligations on Racing Force USA and/or events, failure to comply with which and/or the occurrence of which will entitle PNC to terminate the contract and to declare Racing Force USA to be in default with respect to all or part of its payment obligations and to terminate the contract. These include: (i) cross-default, (ii) failure to pay even a single instalment, (iii) submission of Racing Force USA to insolvency proceedings.

<u>Loan agreement between Racing Force International and Al Salam Bank</u>

On February 17th, 2020, Racing Force International and Al Salam Bank (***ASB***) entered into a loan agreement concerning the disbursement by ASB and in favour of the Issuer of an amount of Euro 1,000,000.00 (the ***ASB Loan***).

The annual interest rate applied on the ASB Loan is 5,75%.

The ASB Loan has a duration of 36 months including 6 months of grace period until June 10th, 2023 and the amortization plan provides for the payment of 36 equal monthly instalments in arrears.

The ASB Loan is secured by irrevocable guarantee issued by Racing Force for the full amount of the loan, which will remain in effect until all obligations of Racing Force International and in favour of ASB are fulfilled.

The ASB Loan states certain financial covenants, so that Racing Force International shall maintain a current ration of 1.1x and maintain a total equity of no less than Euro 1,200,000. In addition, no dividend payments, share buyback or any other reduction of the equity of the business whatsoever of the annual net profit of the business may be made without the prior written consent of ASB.

The ASB Loan includes various obligations on Racing Force International and/or events, failure to comply with which and/or the occurrence of which will entitle ASB to terminate the contract and to declare Racing Force International to be in default with respect to all or part of its payment obligations and to terminate the contract. These include: (i) failure to pay even a single instalment, (ii) breach of a covenant, (iii) cross-default, (iv) (iii) submission of Racing Force International to insolvency proceedings.

<u>Intra-group loan agreement</u>

<u>Intra-group loan agreement between Racing Force and Racing Force USA</u>

On March 11th, 2021, Racing Force and Racing Force USA entered into an intercompany loan agreement for the payment by Racing Force and in favour of Racing Force USA of an amount equal to Euro 500,000 (the ***Racing Force USA Loan***).

The Racing Force USA Loan carries an annual interest rate of 1.5%.

The Racing Force USA Loan has a duration of 4 years and the amortisation plan provides for the repayment of the amount financed in 4 annual instalments in arrears on December 31st of each year until December 31st, 2024.

Racing Force USA may return all or part of the Racing Force USA Loan early without penalty.

The Racing Force Loan includes various obligations on Racing Force and/or events, the failure to comply with and/or occurrence of which will entitle Racing Force to withdraw from the contract and declare Racing Force to be in default with respect to all or part of the payment obligations and to terminate the contract. These include: (i) non-payment of principal and interest, (ii) state of insolvency.

Furthermore, the Racing Force USA Loan is subordinated to other loans already entered into by Racing Force with third parties.

<u>Intra-group loan agreement between Racing Force and Racing Spirit LLC</u>

On December 1st 2020, Racing Force and Racing Spirit LLC entered into an intercompany loan agreement for the payment by Racing Force and in favour of Racing Spirit LLC of an amount equal to Euro 200,000 (the ***Racing Spirit LLC Loan***).

The Racing Spirit LLC Loan carries an annual interest rate of 1.5%.

The Racing Spirit LLC Loan has a duration of 1 year.

Racing Spirit LLC may return all or part of the Racing Spirit LLC Loan early without penalty.

The Racing Spirits LLC Loan includes various obligations on Racing Spirit LLC and/or events, the failure to comply with and/or occurrence of which will entitle Racing Force to withdraw from the contract and declare Racing Spirits LLC to be in default with respect to all or part of the payment obligations and to terminate the contract. These include: (i) non-payment of principal and interest, (ii) state of insolvency.

Furthermore, the Racing Spirits LLC Loan is subordinated to other loans already entered into by Racing Spirit LLC with third parties.

Intra-group loan agreement between Racing Force and 2SM Inc.

On March 11th, 2021, Racing Force and 2SM Inc. entered into an intercompany loan agreement for the payment by Racing Force and in favour of 2SM Inc. of an amount equal to Euro 150,000 (the ***2SM Loan***).

The 2SM Loan carries an annual interest rate of 1.5%.

The 2SM Loan has a duration of 3 years and the amortisation plan provides for the repayment of the amount financed in 3 annual instalments in arrears on December 31st of each year until December 31st, 2023.

2SM Inc. may return all or part of the 2SM Loan early without penalty.

The 2SM Loan includes various obligations on 2SM Inc. and/or events, the failure to comply with and/or occurrence of which will entitle Racing Force to withdraw from the contract and declare 2SM Inc. to be in default with respect to all or part of the payment obligations and to terminate the contract. These include: (i) non-payment of principal and interest, (ii) state of insolvency.

Furthermore, the 2SM Loan is subordinated to other loans already entered into by 2SM Inc. with third parties.

Intra-group loan agreement between Racing Force and Racing Spirits LLC

On April 19th, 2021, Racing Force and Racing Spirits LLC entered into an intercompany loan agreement for the payment by Racing Force and in favour of Racing Spirits LLC of an amount equal to Euro 65,000 (the ***Racing Sprits LLC Loan 2***).

The Racing Spirits LLC Loan 2 carries an annual interest rate of 1.5%.

The Racing Spirits LLC Loan 2 has a duration of 1 year and shall be due and payable within December 31st, 2021.

Racing Spirits LLC may return all or part of the Racing Sprits LLC Loan 2 early without penalty.

The Racing Spirits LLC Loan 2 includes various obligations on Racing Spirits LLC and/or events, the failure to comply with and/or occurrence of which will entitle Racing Force to withdraw from the contract and declare Racing Spirits LLC to be in default with respect to all or part of the payment obligations and to terminate the contract. These include: (i) non-payment of principal and interest, (ii) state of insolvency.

Furthermore, the Racing Spirits LLC Loan 2 is subordinated to other loans already entered into by Racing Spirits LLC with third parties.

Intra-group loan agreement between Racing Force and SAYE

On December 4th, 2019, Racing Force and SAYE entered into an intercompany loan agreement for the reimboursement by SAYE and in favour of Racing Force of the remaining amount of an interest-bearing shareholders' loan equal to Euro 1,490,000 (the ***Repayment Agreement***).

The Repayment Agreement the amortisation plan provides for the repayment of the amount financed in 8 annual instalments in arrears of a fixed amount or alternatively 16 semi-annual instalments in arrears of a fixed amount until December 31st, 2027.

The Repayment Agreement carries an annual interest rate of 2.5%.

On June 30th, 2021, the outstanding amount was equal to Euro 839,253.

On October 27th, 2021, Racing Force and SAYE entered into an addendum to the Repayment Agreement whereby SAYE undertook to repay to Racing Force the amount outstanding on the date of commencement of trading of Racing Force's ordinary shares on Euronext Growth Milan and in any event at the same time as SAYE receives the proceeds from the sale of SAYE's shares, as provided for in the Offer relating to Racing Force's IPO process.

Bell trademark license agreements

License agreement for the use of Bell trademark (North America, South America and New Zealand)

On July 29th, 2010, Head Protection Technologies LLC (***HPT***), Bell Sports Inc. (***BSI***), Easton Bell Sports Inc. and Bell Racing Company entered into an agreement for the exclusive licence to use Bell trademarks by Bell Sports Inc. in favor to HPT solely on and in connection with the manufacturing, packaging, advertising, promoting, selling and distributing of auto and kart racing, in the territory of North America, South America and New Zealand. Moreover, the licensed products shall also include the right to sell or provide at no charge promotional goods with the Bell marks to retailers and other parties related to the auto racing business, so long as sales of such promotional goods do not exceed 3% of the net sales (the ***Bell License 1***).

Under the Bell License 1, HPT may sublicense its rights to the Bell trademark to other subsidiaries of HPT and provided that HPT warrants that its subsidiaries will properly perform their obligations under the agreement.

The Bell License 1 also provides that BSI will assign to HPT the 2 (two) sponsorship agreements it has signed with car racers.

For the license of the Bell brand, HPT shall pay as royalties an amount equal to a fixed percentage calculated based on the net sales of the licensed products as of January 1st, 2011. However, it is understood that the minimum royalty amount shall be paid for each year of the license term.

The Bell License 1 includes various obligations on HPT and/or events, the failure to comply with and/or occurrence of which will entitle BSI to terminate the contract and buy back the rights granted.

BSI shall provide written notice to HPT of its intention to exercise its Buy-Back option at least a defined multi-years period in advance of the effective date of the buy-back.

In the event that BSI fails to cure a material breach of any provision of the Bell License 1 within 30 days of receipt of written notice of such material breach, the minimum royalty shall be reduced pro rata for any actual decrease in sales caused by the material breach until such material breach is cured.

The Bell License 1 provides that BSI shall have an option to terminate the agreement and buy back the Bell license. In the event, BSI exercises its option it shall pay a fee for the buy-back and early termination of the agreement equal to 23% of the total net sales of licensed product for the final three years of the agreement. The buy-back fee might be adjusted in case of discount for the sale of licensed products. In addition, BSI shall purchase the existing inventory of HPT at standard cost up to a maximum of one half of the total net sales for the prior twelve months.

On August 12th, 2010, HPT, pursuant to the dispositions set out in the Bell License 1, sublicensed the Bell brand to Bell Racing USA, LLC (now merged in Racing Force USA).

License agreement for the use of Bell trademark (Rest of the World)

US companies Bell Racing Company and Bell Sports Inc (the Licensor) have entered into a License Agreement, dated July 3rd, 1999, as amended pursuant to Amendment No. 1 dated as of January 10th, 2000, and Amendment No. 2 dated as of June 8th, 2000 (collectively, ***License Agreement***).

This License Agreement has been assigned by Bell Racing Company (US) to Bell Racing Europe SA (now High Protection Systems) (Belgium) (previous name S.P.O.R.T.S. EUROPE SA), under the terms of which High Protection Systems has been granted by Bell Racing Company (US) a license by owner to use the Bell licensed trademarks.

A Settlement Agreement and Mutual Release (***SAMR***) has been executed on March 6th,2008.

A side letter to the License Agreement (***Side Letter***) has been executed on March 6th, 2008.

The Agreements provide that High Protection Systems shall be granted a exclusive perpetual, royalty free license and rights to use the Bell trademarks on and in connection with the manufacture, packaging, advertising, marketing, promotion, sale and distribution of licensed products for solely auto and kart racing in the countries of Europe, Asia and Africa. The licensed products are defined as automobile racing helmets, karting helmets and other high performance safety helmets for vehicles exceeding speeds of 50mph, as well as their accessories. Soft Goods are also included such as automobile racing equipment, racing accessories, replicas, miniatures and collectors' items. The Licensors kept the rights to use the trademarks for products not specifically included in the License Agreement.

On December 23rd, 2019, High Protection Systems and Racing Force International entered into an agreement for the assignment of the License Agreement, SAMR and Side Letter (the ***Bell License Agreement 2***) in favor of Racing Force International.

On April 20th, 2020, pursuant to the dispositions set out in the Bell License Agreement 2, High Protection Systems notified that it assigned the Bell License Agreement 2 to Racing Force International, in return for the payment of valuable consideration.

Bell Trademark license agreement for Soft Goods

On October 4th, 2021, BSI and HPT entered into an agreement for the right to use exclusively the Bell trademarks worldwide in favor of HPT and its affiliates Racing Force USA and Racing Spirits LLC (the ***Assignees***) on and in connection with the manufacture, promotion and sale of soft goods products, such as gloves, suits, shoes, underwear, seats, seat belt (the ***Bell License Agreement 3***).

The Bell License Agreement 3 provides that the royalty rate, which shall be paid by the Assignees to BSI, calculated on the net sales sold by the Assignees during each quarter and states a guaranteed minimum royalty which increase every year (the ***Guaranteed Minimum Royalty***). In being understood, the Parties agreed that royalty shall not accrue or apply for certain products sold into certain Europe countries.

In the event of a material default by the Assignees, BSI shall have the right to terminate the Bell License Agreement 3.

Without limitation, the parties agreed that any of the following events shall constitute a material default by Assignees and just cause for termination: (i) Assignees fails to continuously sell licensed products for 3 consecutive quarters; (ii) Racing Force undergoes a change of more than 50% of its ownership as a result of an initial public offering of its stock and BSI reasonably objects to the new controlling shareholder(s) for reasons which may include but are not limited to acquisition of a controlling interest by a competitor or competitors of BSI; (iii) HPT and/or any of its affiliates including Racing Force USA and Racing Spirit, LLC, undergo a change of more than 50% ownership such that they are no longer controlled by Racing Force.

Transactions with related parties

Share sale and purchase agreement between Racing Force and Racing Force International

On December 23rd, 2020, Racing Force and Racing Force International entered into a share sale and purchase agreement for the sale of the entire corporate capital of Zeronoise Ltd. to Racing Force International for a fixed amount (***Zeronoise Agreement***).

The Zeronoise Agreement provides that the consideration shall be paid in 10 (ten) deferred annual instalments until December 31st, 2030.

The Zeronoise Agreement provides for an annual interest rate of 1.5%.

Investment agreement with Kyle Kietzmann

On February 18th, 2021, Racing Force, Racing Force USA, 2SM Inc., KJK Protective Technologies LLC and Kyle Kietzmann entered into an investment for:

(i) the sale of Protective Technologies LLC' membership shares:
    - held into Bell Racing USA, LLC to Racing Force; and
    - held into Head Protection Technologies, LLC and Head Pro Tech, LLC to 2SM Inc.

(ii) followed by the acquisition by KJK Protective Technologies LLC of n. 34,663 shares of Racing Force representing the 1,80% of the entire corporate capital (the ***KK Investment Agreement***).

The KK Investment Agreement provides for a price to be paid by Racing Force for the sale of KJK's membership shares and for the price for the purchase of Racing Force Shares to be paid by KJK Protective Technologies LLC (the ***Racing Force Price***).

The parties agreed that the Racing Force Price shall be paid partly on the closing date and for the remaining part by deferred payment in 5 annual instalments of a fixed amount bearing an annual interest rate of 2%.

<u>Racing Force credit towards Racing Force Holdings Sàrl</u>

On December 24th, 2019, following the acquisition by Racing Force of the entire corporate capital of Tahru S. à r.l. (now Racing Force Holdings Sàrl), the Issuer accumulated a credit towards Tahru S. à r.l. for a amount equal to Euro 5.800.047,85 (the ***Credit***). Starting from January 1st, 2020, Racing Force shall apply an annual interest rate of 1.5% to the Credit.

On June 30th, 2021, the amount still due from Racing Force is equal to Euro 6,105,050.

<u>Framework agreement for the provisions of services between Racing Force and Racing Force International</u>

On December 17th, 2020, Racing Force and Racing Force International entered into an agreement for the provision of services by Racing Force in favor of Racing Force International in exchange for a fee (the ***Contract***).

The Contract has as its object the carrying out by Racing Force of research and development activities at its Pisa headquarters with its own specialised personnel for the development of the Driver's Eye. The Issuer will also guarantee the necessary assistance through specially dedicated personnel at any event indicated by Racing Force International, without any territorial limits. Finally, Racing Force is committed to provide Racing Force International with an adequate number of prototypes of Driver's Eye and spare parts according to the agreements entered into by the same with the championship promoters.

The Contract has a duration of 5 (five) years, until December 31st, 2025, with the provision of automatic renewal, unless cancelled to be communicated within 6 months of the expiry date.

Furthermore, the Contract provides for the right of Racing Force to terminate in the event of repeated breaches by Racing Force International that make it impossible to continue the contract.

<u>Lease agreement between Tyrell Properties LLC and Racing Force USA</u>

On May 20th, 2013, Tyrell Properties LLC and Racing Force USA entered into an agreement for the rent of the showroom sited in Miami 244 NE 62nd Street (the ***USA Lease Agreement***).

The USA Lease Agreement has a duration of five years, until May 31st, 2018.

The USA Lease Agreement provides that Racing Force USA shall pay Tyrell Properties LLC a monthly rent which increase of 3% each year.

On June 1st, 2018, the Parties renewed the USA Lease Agreement until May 31st, 2023.

On October 1st, 2020, the parties amended the USA Lease Agreement by extending the rentable space and consequently by increasing the rent.

Lease agreement between Bahrain International Circuit and High Protection Systems

On April 4th, 2014, Bahrain International Circuit (***BIC***) and High Protection Systems (***HPS***) entered into a lease agreement for the build of an industrial factory by BIC and in favor of HPS, to be made available for a fee and an agreed period of 16 years, with October 1st, 2014, starting date (the ***Lease Agreement***).

The Lease Agreement provides that, in the event of earlier termination of the lease, the non-occupancy or limited occupancy of the factory or the early termination of the Lease Agreement, for any reason whatsoever, or the use for a purpose not agreed of the property, shall automatically produce the immediate and irrevocable assignment of all HPS's rights over the property and its occupancy to BIC.

On April 1st, 2015, BIC with an assignment letter assigned the lease of the property to HPS.

On December 13th, 2015, the parties entered into an addendum to the Lease Agreement providing that (i) starting from March 1st, 2017, and for 14 years period thereafter, the monthly rent shall be of a certain amount, (ii) the rent has to be paid for 180 months at a minimum, and that the earlier termination shall automatically subject the HPS to a compensatory fee, (iii) HPS shall not sublet, alienate or somehow make available or use as a guarantee the factory to any third party or affiliated company without BIC's express written approval.

SECTION TWO

NOTES

1. Responsible Persons.

1.1. Persons responsible for the information

For detailed information on the persons responsible, please refer to Section One, Chapter 1, Paragraph 1.1 of the Admission Document.

1.2. Declaration of responsibility

For detailed information on the persons responsible, please refer to Section One, Chapter 1, Paragraph 1.2 of the Admission Document.

1.3. Opinion or reports written by experts

For the purposes of the Admission Document, no statements or reports have been issued by any expert.

1.4. Information from third parties

The information contained in the Admission Document come from third parties only where expressly indicated.

With regard to the latter information, the Issuer confirms that such information have been faithfully reproduced and that, as far as the Issuer knows or is able to ascertain on the basis of information published by such third parties, no facts have been omitted that could make such information inaccurate or misleading. The sources of said information are specified in the specific sections of the Admission Document where such information is reported.

2. RISK FACTORS

2.1. Risk factors associated with the financial instruments of the Issuer

For a detailed description of the risk factors associated with the financial instruments offered by the Issuer, please refer to Section One, Chapter 4 of the Admission Document.

3. RELEVANT INFORMATION

3.1. Declaration of the working capital

After the completion of all the necessary investigations, the Issuer's directors – according to the definition of working capital – as the means by which the Issuer obtains the financial resources to be used to meet its obligations – contained in the Recommendations "ESMA update of the CESR recommendations, The consistent implementation of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive" of 20 March 2013 (former CESR Recommendation 05-054b of 10 February 2005), believe that the Issuer's working capital is sufficient for its current needs, i.e. for a period of at least twelve months from the Admission Date.

3.2. Reasons for the offer and use of the proceeds

The Company believes that the listing of the ordinary Shares on Euronext Growth Milan will allow it to obtain further visibility on the reference markets. The proceeds from the Capital Increase will be used to provide the Issuer with additional financial resources, in order to support its growth strategy, as described in Section One, Chapter 6, Paragraph 6.4 of this Admission Document, and to contribute to strengthen its equity and financial structure.

4. INFORMATION CONCERNING THE FINANCIAL INSTRUMENTS TO BE OFFERED/ADMITTED TO TRADING

4.1. Description of the type and class of financial instruments offered to the public and/or admitted to trading

The Financial Instruments for which the Admission has been requested are the Issuer's Common Shares.

Shares

The ISIN code assigned to the Shares traded on Euronext Growth Milan is IT0005466963.

4.2. Law governing the issuance of the Shares

The Shares have been issued according to the laws of Italy.

4.3. Characteristics of the Shares

The Shares are individual, indivisible, freely transferable and issued in dematerialized form, held in centralized deposit system managed by Monte Titoli S.p.A. and have regular dividend entitlement.

The co-ownership of the Shares is regulated by the law. Consequently, as long as the Shares are held in centralized deposit system managed by Monte Titoli S.p.A. by Monte Titoli S.p.A., the transfer of the Shares and the exercise of the related rights can take place exclusively by means of the intermediaries belonging to the centralized management system of Monte Titoli S.p.A.

4.4. Currency of the Shares

The Issuer's Shares are issued in Euro.

4.5. Description of the right connected to the Shares and exercise of such rights

All the Shares shall have the same characteristics and shall grant the same rights as the Company's ordinary shares.

4.6. Indication of the resolutions and authorizations by means of which the financial instruments have been or will be created and/or issued

For information on the decisions of the extraordinary shareholders' meeting of the Issuer relating to the issuance of the Shares please refer to Section One, Chapter 15, Paragraph 15.1.7 of the Admission Document.

4.7. Expected date of issuance of the Shares

Upon payment of the subscription price, the newly issued Shares shall be made available to the entitled parties as of the Trading Start Date, in dematerialized form, by registering the Shares in a deposit account held with Monte Titoli.

4.8. Limitations to the Free Transferability of the Shares

There are no limitations to the free transferability of the Shares pursuant to the law and the By-Laws.

SAYE, Nehoc Systems Ltd, Aref Khalil Yazbek, Alexandros Haristos and Kyle Kietzmann have undertaken towards to Equita and the Issuer, which in turn has undertaken towards Equita, certain lock-up commitments related to the transfer of their Shares for a period of 12 (twelve) months starting from the Trading Start Date.

For further information on lock-up commitments, please refer to Section Two, Chapter 5, Paragraph 5.2 of the Admission Document.

4.9. Rules regarding residual obligations for takeover bids and/or offers for sale in relation to the Shares

Article 13 of the By-Laws provides that, from the moment in which the Shares are admitted to trading on Euronext Growth Milan, and until similar rules are enforced by law, the provisions dictated for listed companies by articles 106, 108, 109 and 111 TUF and concerning mandatory takeover bids and exchange offers shall apply, also with reference to Consob implementing regulations and the guidelines issued by Consob on the subject (hereinafter, jointly, the "**TUF**").

It is understood that the offer obligation set out in art. 106, paragraph 3, letter b) TUF shall not apply, under the conditions set out in paragraph 3-quater of the same provision, until the date of the shareholders' meeting called to approve the financial statements as of the fifth financial year following the admission of the Issuer’s Shares to Euronext Growth Milan.

Unless otherwise provided for by law or regulation, in the case in which TUF or Regulation 11971/1999 provide that Consob has to determine the price for the exercise of the obligation and the right to purchase referred to in Articles 108 and 111 TUF, such price shall be determined by the Board of Directors of the Issuer, after consulting the Board of Statutory Auditors, by applying the same methods provided for by TUF.

In the case in which the threshold provided for in art. 106, paragraph 1, TUF is exceeded (also following any increase in voting rights) and is not followed by the communication to the Board of Directors of the Issuer and the submission of a public offer for the entire Issuer’s share capital within the terms provided by TUF, the voting right on the exceeding participation shall be suspended.

For further information, please refer to article 13 of the By-Laws available on the Issuer's website www.racingforce.com.

4.10. Previous takeover bids or exchange offers on the Shares

During the current and the past financial year, the Shares have not been the subject of any takeover bid or exchange offer.

4.11. Tax rules applicable to the Shares

The tax regulations of the country of the investor and the tax regulations of the country of incorporation of the Issuer may have an impact on the incomes generated by the Shares.

Therefore, investors should consult their advisors in order to assess the tax regime applicable to the purchase, holding and transfer of the Shares, also considering the tax regulations applicable in the country of the investor in the case in which the latter does not reside in Italy.

As of the Date of the Admission Document, the proposed investment is not subject to a specific tax regime.

4.12. Stabilization

The Specialist might carry out stabilization activities on the Shares in compliance with current regulations. Such activity might be performed from the Trading Start Date and for 30 days after such date. There is no certainty that the above-mentioned stabilization activities will be actually performed and, in any case, they may be interrupted at any time. Stabilization activities, if undertaken, could result in the market price being higher than it would otherwise be.

5. SELLING HOLDERS OF FINANCIAL INSTRUMENTS

5.1. Holders who offer their Shares for sell

The Placement will be realized in part through the offer of the Shares issued in the context of the Capital Increase and in part by the sale of a certain number of Shares by the Selling Sahreholders.

In case of transfers of Shares in favor of the Global Coordinator in the context of the exercise of the Over Allotment Option and the Greenshoe Option, please refer to Section One, Chapter 13, Paragraph 13.1 of the Admission Document.

5.2. Lock up agreements

Except for the limitations set forth below, there are no limitations on the transferability of the Shares.

On November 12th, 2021, SAYE, Nehoc Systems Ltd, Aref Khalil Yazbek, Alexandros Haristos, Kyle Kietzmann and the Issuer have (collectively referred to as the "***Restricted Shareholders***") entered into a lock-up agreement with the Issuer itself and Equita.

Pursuant to the lock-up agreement, the Issuer and the Restricted Shareholders irrevocably undertake, for a period of 12 months following the Trading Start Date (the "***Lock-Up Period***"), the following obligations:

(i) not to carry out, directly or indirectly, any sale, transfer, deed of disposition or other transaction whose object or effect is, directly or indirectly, the allocation or transfer to third parties (including the granting of option rights, the establishment of pledges or other encumbrances or the lending of securities), for any reason and in any form whatsoever, of the Restricted Shares (or of other financial instruments of Racing Force, including participatory ones, granting the right to purchase, subscribe, convert into, or exchange for, Shares of the Company or other financial instruments, including participatory ones, granting rights inherent in or similar to such shares or financial instruments), except for transactions necessary for the execution of the Capital Increase;

(ii) not to propose or resolve on operations to increase the Company's share capital, nor issue new Shares, nor place (including through third parties) on the market equity securities, either directly or in the context of the issue of bonds convertible into Shares by the Company or by third parties, and/or in the context of the issue of warrants by the Company or by third parties, or in any other manner, except for any capital increases carried out pursuant to Articles 2446 and 2447 of the Italian Civil Code, up to the threshold necessary to comply with the legal limit, with the exception of the Capital Increase;

(iii) not to issue and/or place on the market bonds convertible into or exchangeable for the Company's Shares or into vouchers for the purchase or subscription of the Company's Shares, or other financial instruments, including participatory ones, which grant rights inherent to or similar to such Shares or financial instruments;

(iv) not to make, without having previously informed Equita, any change to the size and composition of its capital (including capital increases), as well as to the corporate structure of Racing Force;

(v) not to approve and/or carry out transactions on derivative instruments, which have the same effects, even if only economic, as the transactions referred to above.

The commitments undertaken by Racing Force and the Restricted Shareholders may only be waived with the prior written consent of Equita, which consent shall not be unreasonably withheld. The provision set forth above does not apply to the following cases: (i) in compliance with legal or regulatory obligations; or (ii) following the issuance of measures or requests by competent Authorities; or (iii) in compliance with a public purchase or exchange offer on the Company's shares and addressed to all the holders of the Company's financial instruments, it being understood that, should the public purchase or exchange offer on the Company's ordinary shares be unsuccessful, the restrictions contained in this Lock-Up Agreement shall become effective again until their natural expiration; or (iv) for the pledge or assignment of the Restricted Shares on the strict condition that the same shall have the right to vote, it being understood that any enforcement of the pledge by the pledgee shall be considered as a breach of the prohibitions of alienation set forth in point (i) above.

6. COSTS ASSOCIATED WITH THE ADMISSION AND THE OFFER

6.1. Total net proceeds and estimated total expenses associated with the issuance/offer

The net proceeds deriving from the Private Placement, excluding the costs related to the listing process of the Issuance on Euronext Growth Milan, (including listing fees) amount to approximately Euro 28,4 million.

The Issuer estimates that the costs and expenses related to the admission process of the Issuer's Shares, including advertising expenses and including the listing fees, will amount to approximately Euro 2,8 million. Such costs shall be fully sustained by the Issuer.

For further information on the allocation of the proceeds of the Capital Increase, please refer to Section Two, Chapter 3, Paragraph 3.2, of the Admission Document.

7. DILUTION

7.1. Amount and percentage of the immediate dilution resulting from the Offer

The equity value per share in relation to the Issuer's financial statements for the year ended June 30th, 2021 amounted to Euro 5.32, calculated on the basis of the 1,925,745 Shares existing prior to the split share resolved by the Shareholders' Meeting, in extraordinary session, on October 15th, 2021, which took place in the ratio of 10 new Shares for each existing Share, bringing the number of Shares to 19,257,450, and therefore Euro 0.53 per Share post-split. In the context of the Placement, the Shares were offered for subscription to third parties at a placement price of Euro 4.50 per Share.

The following chart shows a comparison between the equity value per Share as of the date of the last balance sheet prior to the Capital Increase and the subscription price per Share in the context of the Capital Increase.

Therefore, assuming (i) the full subscription of the 4,500,000 Shares resulting from the Capital Increase, (ii) the full transfer of the Shares of the Selling Shareholders and (iii) the full exercise of the Greenshoe Option, a high dilutive effect might be experienced by the previous shareholders.

For further information on the shareholders' participation in the share capital of the Issuer's in case of full subscription of the 4,500,000 Shares resulting from the Capital Increase, and assuming the transfer of the Shares of the Selling Shareholders as well the full exercise of the Greenshoe Option, please refer to Section One, Chapter 13, Paragraph 1 of the Admission Document.

8. ADDITIONAL INFORMATION

8.1. INFORMATION ON THE ADVISORS

The advisors who take part to the transaction are summarized in the following table:

Advisor	*Role*
Racing Force S.p.A.	Issuer
Equita SIM S.p.A.	Euronext Growth Advisor, Global Coordinator and Specialist
Emintad Italy S.r.l.	Financial Advisor
LCA Studio Legale	Issuer's legal advisor
KPMG S.p.A.	Audit Company
Studio Castelli	Tax consultant

8.2. Disclosure of other information in the Securities Note that has been audited or reviewed by statutory auditors

Section Two of the Admission Document does not contain any additional information, other than that contained in Section One, that has been subject to a full or limited audit.

8.3. Places where the Admission Document is available

This Admission Document will be available to the public for consultation, as from the Admission Date, at the registered office of the Issuer (via Bazzano n. 5, 16019, Ronco Scrivia (GE) and in the Investor Relations section of the Issuer's website www.racingforce.com.

8.4. Appendix

The following documents are annexed to the Admission Document:

(i) the consolidated financial statements of the Group ended December 31st, 2020;

(ii) the consolidated interim financial statement of the Group ended June 30th, 2021.

OMP Racing Group

Consolidated financial statements
as at and for the year ended 31 December 2020

(with independent auditors' report thereon)

KPMG S.p.A.

14 May 2021

KPMG

KPMG S.p.A.
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Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the Shareholders of
OMP Racing S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the OMP Racing Group (the "group") at 31 December 2020, comprising the balance sheet, income statement, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the OMP Racing Group as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of OMP Racing S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The parent's directors are responsible for the preparation of the group's directors' report at 31 December 2020 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the group's consolidated financial statements at 31 December 2020 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the group's consolidated financial statements at 31 December 2020 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Genoa, 14 May 2021

KPMG S.p.A.

Andrea Carlucci

Andrea Carlucci
Director of Audit

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Board of Directors' Report on the Operations and Situation of the OMP Racing Group in the year ending December 31, 2020

General Information

The consolidated financial statements as of December 31, 2020 of OMP Racing S.p.A (hereinafter the Group) were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the Regulation no. 1606/2002, art. 6, of the European Parliament and subsequent updates.

All estimates and valuations have been made on the basis of business continuity and are the result of the best possible assessment by management. If in the future these estimates and valuations should differ from the actual data, they would be modified in the same period in which the changes were recorded.

This report is presented together with the Consolidated Financial Statements and the Notes in order to provide management insights on the economic and financial results for the year 2020, as well as historical data and prospective evaluations.

Group structure

The companies that form the Group operate in the production of safety equipment for racing and motorsports industry or conduct business activities which are essentially complementary to or in line with these activities.

The Group structure as of December 31, 2020 is the result of the acquisitions made at the end of December 2019, when OMP Racing S.p.A. acquired the control of Bell Racing Helmets Group and Zeronoise Ltd, and the subsequent transactions completed in 2020, with the purposes of i) simplifying the Group's structure, obtaining cost savings by reducing the number of the companies; ii) achieving greater efficiency and effectiveness in the management of activities by reducing decision-making levels and strengthening strategic and operational integration of the Group companies.

In detail, the following events took place during 2020.

On September 10, 2020, within the completion of the reorganization of its subsidiaries, OMP Racing S.p.A. acquired from the shareholder Stephane Alexandre Cohen no. 3,072 shares of the company Bell Racing Helmets International Wll, equal to 24.50% of the entire share capital.

The subsidiary Tahru Sarl changed its name to Bell Racing Holdings Sarl, following the shareholders' meeting on August 3, 2020.

The investments in Bell Racing Europe SA and 2SM Inc. have been transferred from 2SM Europe Sprl to Bell Racing Holdings, then 2SM Europe Sprl was liquidated on December 15, 2020.

Bell Racing Holdings Sarl (ex Tahru Sarl) purchased 0.38% interest in Bell Racing Helmets International Wll by previous shareholder Mrs. Martine Kindt.

ZN Europe Srl transferred its business to OMP Racing S.p.A. and then was liquidated on December 22, 2020.

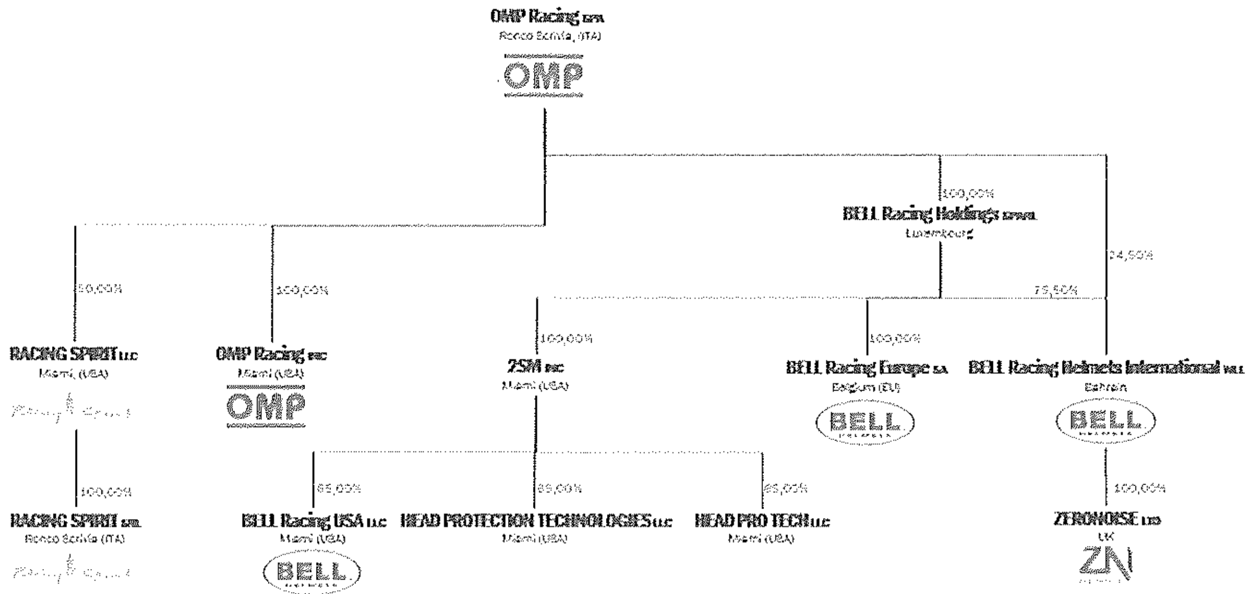
The investment in Zeronoise Ltd, previously directly 100% owned by OMP Racing S.p.A., has been sold to Bell Racing Helmets International Wll.

Bell Racing USA LLC, Head Protection Technologies LLC and Head Pro Tech LLC - still incorporated in Delaware by law- moved their offices and business, including the warehouse, from Champaign to Miami, where the subsidiary OMP Racing Inc. has its headquarters.

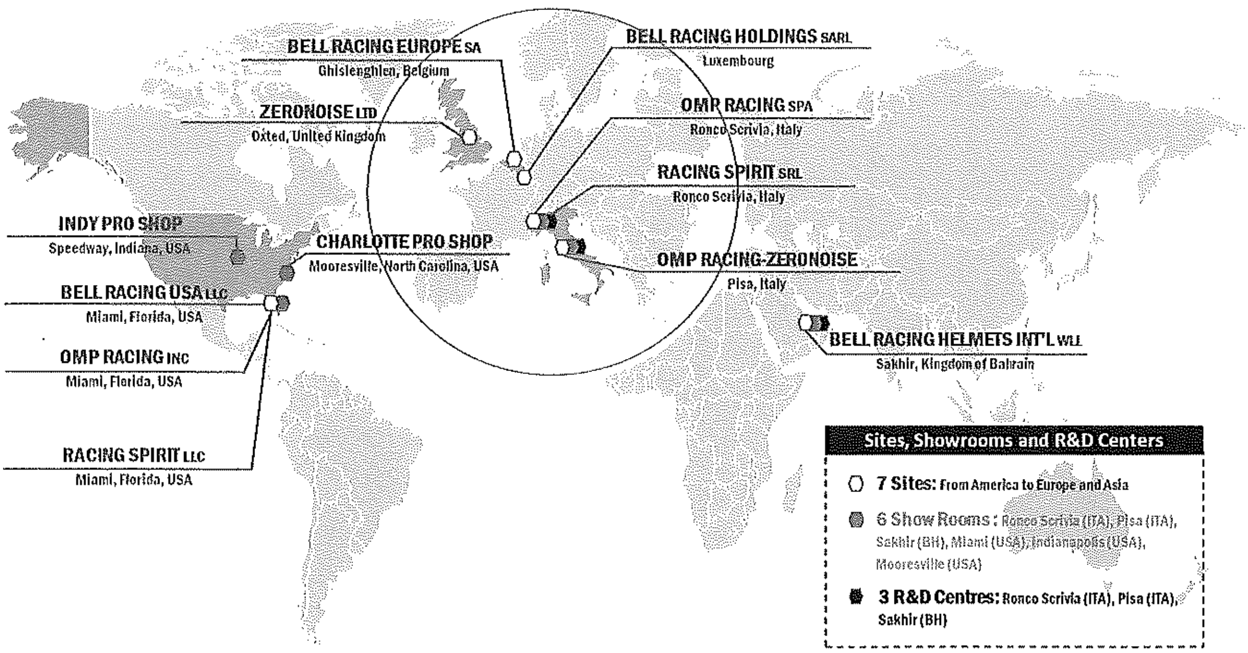
OMP Racing S.p.A. is subject to the management and coordination activity of the company SAYE S.p.A. These activities have not produced particular effects on the Group and its results in 2020 that require to indicate the reasons and interests affected.

The structure of the Group at the end of fiscal year 2020, with the indication of the location of the various entities and a brief description of the main features of each brand, is reported below.

Organizational Group structure



Group's sites and locations



OMP RACING

OMP Racing is an Italian company, established in Genoa in 1973 and now headquartered in Ronco Scrivia (Genoa). OMP is a world leader in the design and manufacture of racing safety equipment for racing drivers (suits, gloves, boots, etc.) and race cars (seats, safety belts, steering wheels, rollbars, etc.).

Today, OMP products are used by drivers and teams in world racing championships including Formula 1, World Rally Championship – WRC, World Endurance Championship - WEC, Rally Cross World Championship - RX, Formula E, IndyCar, NASCAR. OMP is one of a very few industry suppliers in the world able to offer a complete range of safety and performance products dedicated to race car and driver, with over 2.000 products in its catalog with the majority homologated to industry standards including FIA, CIK-FIA, SFI and Snell.

Since 2003 OMP has been operating a branch in Miami (USA), specifically dedicated to the distribution of products in America.

BELL RACING HELMETS

Created in 1954, Bell Racing is the world premier auto racing and karting helmet manufacturer.

Throughout its history, the company has pioneered key innovations including the first energy absorbing liner, Snell certified helmet, full-face helmet, fire retardant helmet, aerodynamic helmet and FIA "super helmet". Today the brand produces technically superior racing helmets incorporating advanced materials and the latest manufacturing techniques.

Positioned as a premium brand, Bell is the helmet of choice of World Champions such as Lewis Hamilton, multiple Formula 1 world champion.

In 2020, 11 out of 20 Formula One drivers wear Bell Helmets. Bell is a technical partner of Ferrari and other F1 teams and car manufacturers.

Bell manufactures and markets helmets for professional and amateur racers for all forms of racing from Formula 1 to Karting through Rally and Road Racing.

All products comply with or exceed the industry's most demanding helmet safety standards including FIA and Snell.

ZERONOISE

Zeronoise is a British company that develops and manufactures technology for the racing industry.

The technologies that were developed under the Zeronoise™ brand are focused on audio communication and video.

The communication devices, such as intercoms, known for their unique design and high performance, are used by professional teams in top rally and rally-raid series.

Moreover, Zeronoise developed the world first in-helmet camera for real-time TV broadcasting homologated by FIA: it is the *Driver's Eye*, which made its debut in Formula E in 2020.

B2 HELMETS

B2 Helmets specializes in the development, manufacturing and distribution of protective helmets for auto racing, motorized activities and industrial applications. The B2 brand was developed to address the helmet safety needs of sporting and service professionals that require a higher level of head protection at an affordable price.

B2 helmets incorporate the same technology and advanced manufacturing techniques developed for auto racing helmets design for professionals competing in the highest levels of motorsports, featuring advanced technology, innovative design, value & performance.

SPORTS MINI LINE

Sports Mini Line launched the concept of creating a half scale exact replica of famous racing drivers.

Mini helmets are designed and produced by recognized leaders in the racing helmet industry who use the same manufacturing techniques and engineering excellence to produce authentic and detailed half-scale representations of the full size racing helmet, hand made by a team of highly skilled craftsmen. The mini helmet including the shell, interior and visor is made with similar materials and components as the real racing helmet.

Today, Sports Mini Line is specializing in producing custom made series for race teams, sponsors and drivers.

RACING SPIRIT

Racing Spirit was established in 2012 by OMP Racing S.p.A., with the vision of making car racing specific clothing that strives to incite those who love the sport with beauty, design technology and functionality. Racing Spirit combines maximum wearer comfort with top performance by meeting every requirement in terms of function and style. Racing Spirit is the first premium racing inspired apparel brand, where craftsmanship, quality and attention to detail are setting Racing Spirit apart from all others.

Performance of operating activities

Despite all the events connected to the epidemiological emergency of the Coronavirus Covid-19 that have shaken the entire world economy, fiscal year 2020 has confirmed the important phase of consolidation of the Group as one of the main worldwide player within the motorsport business, mainly due to the following reasons: i) the continuous research for innovation and the offer of new products, ii) the constant improvement of existing products, as required by the ultimate homologation parameters and iii) the completeness of the range of products offered by the Group, following the acquisition of Bell Racing Helmets Group and Zeronoise.

Today OMP Group can offer the best and most complete range of Motorsport Safety Products used by professional athletes worldwide, from F1 to World Rally Championship, Karting and Rally-Raid, with more than 60 FIA World Championship titles won in the last 10 years. The catalogs of the brands distributed by the Group offer a complete range of more than 2.000 safety and performance products designed for race cars, drivers and amateurs.

During 2020, the Group significantly increased its sales (+ 31.2% compared to 2019, equal to +8.0 million Euro) and its margins, mainly as a result of the sales of products under the Bell brand, not included in the income statement of the Group in the previous year. EBITDA increased by 34.1% compared to 2019, thanks also to constant and careful planning and control of expenses in all Group companies, amounting to 15.9% of revenues.

Nevertheless, due to the issues related to the pandemics that have destabilized the entire world economy and product demand, the process of integration of the entities acquired during the previous year could not exploit all the synergies and its full potential.

In this scenario, the Group has been able to further increase its presence in the motorsport business, thus becoming one of the undisputed leaders in the world: the commercial agreements signed with leading market partners, teams and car manufacturers, have granted a greater visibility and consolidation of turnover and margins. The products of the Group, which are now considered the state of the art in the motorsport safety equipment market, have been used by the winners of all the six FIA world titles in 2020.

Summary of consolidated financial data

The 2020 consolidated financial statements are the first financial statements of the Group pursuant to Legislative Decree no. 127/1991 (modified by Legislative Decree no. 139/2015); therefore, it is noted that the comparative data considered in the management report are derived from a 2019 consolidated financial statements prepared for internal purposes only by the Group and that these data are provided for the sole purpose of explaining the Group's 2020 performance in detail.

The comparative data for 2019 do not include the costs and revenues of the companies of the Bell Racing Helmets group and of Zeronoise, as they were acquired near the end of the previous year.

Financial data for the fiscal year

	01.01.2020 12.31.2020	% of Revenue	01.01.2019 12.31.2019	% of Revenue	Variance
Revenue	33,733,308		25,702,100		8,031,207
Gross profit	20,135,374	59.7%	12,313,819	47.9%	7,821,555
EBITDA	**5,362,679**	**15.9%**	**4,000,413**	**15.6%**	**1,362,266**
Bad Debt and write offs	212,002	0.6%	243,140	0.9%	(31,138)
Depreciation	2,304,893	6.8%	1,269,084	4.9%	1,035,808
EBIT	**2,845,784**	**8.4%**	**2,488,189**	**9.7%**	**357,595**
Finance income/(loss)	(699,668)	2.1%	(323,162)	1.3%	(376,506)
Taxes	709,030	2.1%	675,231	2.6%	33,798
Net result	**1,437,087**	**4.3%**	**1,489,796**	**5.8%**	**(52,709)**
					-
Cash flow from operations	**2,366,490**	**7.0%**	**5,301,267**	**20.6%**	**(2,934,776)**
Dividends paid to Shareholders and NCIs	**21,250**	**0.1%**	**2,036,843**	**7.9%**	**(2,015,593)**

Financial data at year end

	12.31.2020	12.31.2019	Variance
Total Assets	**44,154,689**	**42,749,949**	**1,404,741**
Fixed Assets	18,610,800	19,506,571	(895,770)
Net Working Capital	9,776,135	8,770,251	1,005,884
	-	-	
less LT & Accrued provisions	4,359,456	5,045,047	(685,591)
Net Invested Capital	**24,027,480**	**23,231,775**	**795,705**
Net Financial Position	15,541,642	13,284,426	2,257,217
Group Equity	8,187,408	6,463,428	1,723,980
NCIs	298,430	3,483,922	(3,185,492)
Financial Sources	**24,027,480**	**23,231,775**	**795,705**

Net Financial Position

	12.31.2020	12.31.2019	Variance
Debts with banks (A)			
- Short term	5,126,914	8,682,157	(3,555,243)
- Long term	11,904,728	5,722,104	6,182,625
Finance active loans (B)			
Short term loan to NCIs (net)	-	504,835	(504,835)
Long term loan to the Parent company	1,490,000	1,490,000	-
Net Financial position: A) - B)	**15,541,642**	**12,409,426**	**3,132,217**

Main financial KPIs

	2020	2019
Coverage of Fixed Assets		
(Net Group Equity + LT debt) / Fixed Assets	1.00	0.55
Coverage of Net Working Capital		
ST debt / Net Working Capital	0.52	0.93
Debt - Equity ratio		
(Current liabilitis + Non current liabilities) / Net Group Equity	4.36	5.08
Net Financial position / Net Group Equity	1.90	1.92
Capitalization		
Net Group Equity / Total Assets	0.19	0.15
Net Group Equity / Net Invested Capital	0.34	0.28
Liquidity ratio		
Working Capital / Current operating Liabilities	1.92	1.63
Financial performance		
Net Financial position / Net invested capital	0.65	0.57
Net Financial position / Revenue	0.46	0.48
Net Financial position / EBITDA	2.90	3.32
ROIC		
NOPAT / Net Invested Capital	8.89%	7.80%
ROI		
EBIT / Total Assets	6.45%	5.82%
ROS		
EBIT / Revenue	8.44%	9.68%
ROA		
Net Profit / Total Assets	3.25%	3.48%

During 2020, the Group achieved and EBITDA of approximately 5,363 thousand Euro (4,000 thousand Euro in 2019), with a margin of 15.9% on sales (15.6% in 2019). This very positive result is due both to the performance of OMP Racing S.p.A and its American subsidiary OMP Racing Inc. and, primarily, to the contribution in terms of sales and margins of the Bell Racing Helmets Group and, although to a lesser extent, of Zeronoise.

Net profit for the year was 1,437 thousand Euro (1,490 thousand Euro in 2019), with a margin on sales of 4.3% (5.8% in 2019), after depreciation and write-offs for 2,517 thousand Euro (1,512 thousand Euro in 2019), net finance expenses for 700 thousand Euro (323 thousand Euro in 2019) and taxes for 709 thousand Euro (675 thousand Euro in 2019).

The cash flow from operations was 2,366 thousand Euro (5,301 thousand Euro in 2019). This amount was used, together with the increase in bank loans amounting to 5,801 thousand Euro and the increase of share capital by the parent company of 500 thousand Euro, to meet the cash requirements of the transactions carried out during the fiscal year, including the acquisition of the minority interest in Bell Racing Helmets Group and the investments in fixed assets.
The Group's overall net financial indebtedness has increased from 12,409 thousand Euro to 15,542 thousand Euro at the end of 2020. For a detailed analysis see the consolidated Cash Flow Statement.

Risk factors and uncertainty
The Group operates in a free market and it is therefore exposed to risk factors and uncertainty.
Main risks faced by the management are:
- credit risk: arising from commercial transactions
- liquidity risk: related to the availability of cash and financial resources;
- market risk: arising from operations involving risks connected with fluctuations in exchange and interest rates.

The Group has set up mechanisms and procedure at the level of each consolidated entity for the constant monitoring of the foregoing risks, so as to avoid potential negative effects and implement any actions required to contain those risks. In this connection, below is a more detailed qualitative and quantitative analysis of each type of risk.

Credit risk
The financial activities of the Group are to be considered as of good credit quality.
Customers are selected after being carefully evaluated under a commercial and financial standpoint. Many of the Group's top customers are historical and loyal partners, with a good financial capacity and a demonstrated track in terms of reliability and timing of payments. For these reasons, the risk of bad debt is well below the normal standards deemed physiological by the bank system for any commercial enterprise. The current size of the bad debt provision is in fact such as to cover all the positions considered to be of possible risk. Based on these elements, the Group has evaluated not to proceed with credit risk hedging actions with any insurance tools.

Liquidity risk
The liquidity risk is related to the ready availability of sufficient cash and financial resources when needed to meet commitments associated with financial instruments and carry out operations and planned investments.
The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the reputation of any of the Group's entities.
There are no significant risk factors for the Group, considering that the credit lines granted by the banks are largely adequate for the current business needs.

Market risk
The specific market risks to which the Group is exposed are those arising from fluctuations in exchange and interest rates.

As regards the interest rate risk, the Group has covered its exposure on medium-long term debt positions recurring to fixed interest rates. Therefore, based on the current composition of debts, the Group did not deem it necessary to resort interest rate risk hedging instruments.

As for the exchange rate risk associated with commercial relations with foreign customers and suppliers, for which transactions are not regulated in the functional currency of each of the consolidated entities, the risk is mitigated by the fact that the total volumes of transactions in foreign currency are lower than the volumes made in functional currency. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly. Under these circumstances, the Group did not consider it necessary and / or appropriate to enter into financial hedging instruments.

There are no further significant risk factors or uncertainties for the Group.

Environmental information
The activities of the Group and of the consolidated entities do not have a significant impact on the environment. All waste management activities, even if reduced to the minimum and non-polluting, have been entrusted to consulting companies that manage all the obligations under environmental matters with specific reference to the regulation on waste management.

Research and development activities
The Group constantly carries out development activities on various materials, commonly used in production and aimed primarily at innovation and improvement of the technical characteristics of the products offered to the customers.

The research and development activity carried on by the Group is aimed at continuous product innovation through the implementation of studies, projects and prototypes of new products to be launched on the market.

Data protection
The Group is compliant with the regulations in terms of data protection and privacy. Specifically, where it is applicable, the consolidated entities ensure compliance with the General Data Protection Regulation 2016/679 on data protection and privacy in the European Union and the European Economic Area.

Transactions with related parties
Transactions with related parties are carried out at market values. For details, please refer to the explanatory Notes.

Significant events in the fiscal year
On 10 September 2020, the parent company OMP Racing S.p.A., as part of the completion of the reorganization of its subsidiaries, acquired from the shareholder Stephane Alexandre Cohen n. 3,072 shares of the subsidiary Bell Racing Helmets International Wll, equal to 24.50% of the entire share capital.

During the 2020 financial year, the following changes also occurred on the subsidiaries included in the consolidation area:

- The subsidiary Tahru Sarl changed its name to Bell Racing Holdings Sarl, following the shareholders' meeting on August 3, 2020.
- The investments in Bell Racing Europe SA and 2SM Inc. were transferred from 2SM Europe Sprl to Bell Racing Holdings Sarl, then 2SM Europe Sprl was liquidated on December 15, 2020.
- In January 2020, Bell Racing Holdings Sarl (formerly Tahru Sarl) acquired the 0.38% stake in Bell Racing Helmets International Wll from the previous shareholder Martine Kindt.
- ZN Europe Srl sold its business to OMP Racing S.p.A. and was subsequently liquidated on December 22, 2020.
- The investment in Zeronoise Ltd, previously directly owned by OMP Racing S.p.A., was sold to Bell Racing Helmets International Wll.
- Bell Racing USA LLC, Head Protection Technologies LLC and Head Pro Tech LLC moved their offices and operations from Champaign to Miami, where the subsidiary OMP Racing Inc. is based.

By resolution passed on December 23, 2020, the shareholders' meeting of the parent company OMP Racing S.p.A. approved the share capital increase from 1,425,745 Euro to 1,925,745 Euro; the aforementioned increase, signed and paid by all the shareholders on the same date, was aimed at the subsequent acquisition of the company PIER s.r.l., owner of the property in Ronco Scrivia (Genoa) headquarters of the parent company. The acquisition of PIER s.r.l. was completed in February 2021.

The health emergency deriving from the Coronavirus - Covid-19, which emerged in Italy towards the end of February 2020 and spread to the rest of the countries where the Group operates in the following weeks and months, unfortunately still ongoing, had a limited impact on the Group's activities in 2020, with only marginal negative effects on the supply chain, distribution chain, customer relations, liquidity.

During the emergency period, the parent company OMP Racing S.p.A., as well as the other consolidated companies, was able to continue to operate, simultaneously adopting all the necessary safety measures.

2021 Outlook
The results of the first three months of the year in terms of sales were better than those of last year, before the lockdown measures adopted from March 2020 on following the epidemiological emergency of COVID-19. The protraction of the global emergency linked to the pandemics continued until the end of 2020 and it is still affecting the whole economy worldwide in the first months of 2021. With the launch of the vaccination campaigns all around the world, the various governments are assuming optimistic forecasts for the second part of the current year.
OMP Group, despite still suffering the effects of this global emergency, has started the current year with a considerable growth in orders, which leads to forecast a new financial year with significantly positive results.

Consolidated Financial Statements
at December 31, 2020

Consolidated Balance Sheet at December 31, 2020

	Note	12.31.2020
NON CURRENT ASSETS		
Property, plant and equipment	9	2,843,545
Right of use assets	10	4,066,278
Intangible assets	11	5,993,994
Goodwill	11	5,662,557
Investments booked at Equity method	12	44,426
Due from related parties -non current	13	1,490,000
Tax receivables - non current	37	211,952
Deferred tax assets	37	245,716
Other non current assets	14	89,238
		20,647,706
CURRENT ASSETS		
Cash and cash equivalents	15	4,254,877
Trade receivables	16	6,240,014
Inventories	17	11,277,118
Due from related parties - current	18	106,163
Tax receivables - current	37	686,808
Other current assets	19	942,003
		23,506,983
TOTAL ASSETS		**44,154,689**
EQUITY		
Share capital		1,925,745
Additional paid in capital		1,632,150
Legal reserve		398,931
Translation reserve		(363,124)
Retained earning (losses)		3,045,913
Other reserve		192,507
Net Result		1,355,286
Equity attributable to owners of the parent Company	**20**	**8,187,408**
Non-controlling interests	20	298,430
TOTAL EQUITY		**8,485,838**
NON CURRENT LIABILITIES		
Long term loans - non current	22	11,904,728
Lease liabilities - non current	10	3,405,469
Employee benefits	23	753,987
Provisions	24	200,000
		16,264,184
CURRENT LIABILITIES		
Short term Loan	25	6,251,825
Trade payables	26	7,667,696
Long term loans - current portion	22	3,129,966
Lease liabilities - current	10	782,078
Due to related parties	27	157,043
Tax payables	37	109,161
Other payables	28	1,306,899
		19,404,668
TOTAL LIABILITIES AND EQUITY		**44,154,689**

Consolidated Income Statement for the year ended December 31, 2020

	Notes	2020
Revenue		33,733,308
Cost of sales		(13,597,933)
Gross profit	**29**	**20,135,374**
Other income	**30**	1,484,745
Selling and distribution expenses	**31**	(4,967,655)
General and administrative expenses	**32**	(10,823,049)
Other expenses	**33**	(466,737)
Gross operating profit (EBITDA)		**5,362,679**
Bad Debt and write offs	**34**	(212,002)
Depreciation	**35**	(2,304,893)
Net operating profit (EBIT)		**2,845,784**
Finance income	**36**	236,425
Finance costs	**36**	(936,093)
Net income (loss) before taxes		**2,146,116**
Taxes	**37**	(709,030)
Total net income (loss) after taxes		**1,437,087**
Income (loss) attributable to:		
Owners of the parent Company	**20**	1,355,286
Non-controlling interest	**20**	81,801

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020

	Note	2020
Total net income (loss) after taxes		**1,437,087**
Other Comprehensive Income (Loss)		
Items that will not be reclassified through the Statements of Income		
Remeasurements of post-employment benefit obligations	**23**	(14,947)
Related tax impact		3,587
Remeasurements of artefacts at fair value	**9, 20**	271,529
Items that may be reclassified through the Statements of Income		
Changes in foreign currency translation adjustment	**20**	(391,496)
Total Other Comprehensive Income		(131,327)
Total Comprehensive Income		**1,305,760**
Income (loss) attributable to:		
Owners of the parent Company		1,248,548
Non-controlling interest		57,212

Consolidated statement of changes in Equity for the year ended December 31, 2020

	Note	Share Capital	Share premium reserve	Legal reserve	Translation reserve	Retained earnings (losses)	Other Reserves	Net Group result for the period	Group Equity	Non-controlling interest	Total Equity
Balance at January 01, 2020		**1,425,745**	**1,632,150**	**398,931**	**28,372**	**3,045,913**	**(67,662)**		**6,463,450**	**3,483,900**	**9,947,349**
Share capital increase	20	500,000							500,000		500,000
Difference from translation of financial statements of foreign companies	20				(391,496)				(391,496)		(391,496)
Fair value remeasurement IAS 16	20						271,529		271,529		271,529
Actuarial gains and (losses)	20						(11,359)		(11,359)		(11,359)
Profit for the year 01.01.2020 - 12.31.2020	20							1,355,286	1,355,286	81,801	1,437,087
Distribution to minority shareholders	20									(21,250)	(21,250)
Changes in the consolidation area	20									(3,246,021)	(3,246,021)
Balance at December 31, 2020		**1,925,745**	**1,632,150**	**398,931**	**(363,124)**	**3,045,913**	**192,507**	**1,355,286**	**8,187,408**	**298,430**	**8,485,838**

Consolidated statement of cash flow

	Note	2020
A. Cash flow from operating activities		
Net profit for the year		1,437,087
Income taxes	37	709,030
Interest expenses/(interest income)	36	699,668
1. Profit (loss) for the year before income taxes, interests, dividends and capital gains/losses on disposal of assets		**2,845,784**
Adjustments for non-monetary items that had no impact on the net working capital		
Accruals for provisions	34	212,002
Depreciation and amortization	35	2,304,893
Other adjustments for non-monetary items	12	10,824
2. Cash flow before variances in net working capital		**5,373,503**
Variances in net working capital		
Decrease/(increase) in inventory	17	301,038
Decrease/(increase) in receivables from customers	16	13,560
Increase/(decrease) in payables to suppliers	26	(1,387,984)
Decrease/(increase) in accruals and prepayments		(715,486)
Other variances in net working capital		131,772
3. Cash flow after variations in net working capital		**3,716,404**
Received/(paid) interests		(534,970)
(Paid income taxes)		(654,991)
(Use of accrued provisions)		(159,952)
Cash flow from operating activities (A)		**2,366,490**
B. Cash flows from investing activities		
Tangible fixed assets: (cost of purchase) / sale price	9, 10	(608,129)
Intangible fixed assets: (cost of purchase) / sale price	11	(540,289)
Financial fixed assets: (cost of purchase) / sale price		-
Acquisition of non-controlling interests	20	(3,246,021)
Cash flow from investing activities (B)		**(4,394,439)**
C. Cash flows from financing activities		
Debt		
Increase (decrease) in short-term bank loans	25	103,087
Increase (decrease) in loans	22	5,800,927
Increase (decrease) in leases	10	(686,688)
Equity		
Share capital increase	20	500,000
(Paid dividends)	20	(21,250)
Differences from translation and other reserves	20	(391,496)
Cash flow from financing activities (C)		**5,304,580**
Increase (decrease) in cash and cash equivalent (A ± B ± C)		**3,276,632**
Cash and cash equivalent at the beginning of the year		**978,245**
Cash and cash equivalent at the end of the year		**4,254,877**

Notes to Group Financial Statements

Basis of Preparation

1. Company preparing the Financial Statements

OMP Racing S.p.A. (the "Company") is based in Italy. The address of the Company's registered office is in Via Bazzano 5, Ronco Scrivia, Genoa, Italy. The consolidated financial statements include the financial statements of the Company and its subsidiaries (together, the "Group"). OMP Racing S.p.A. is controlled by the company SAYE S.p.A., with registered office in Genoa, Via Gabriele D'Annunzio nr. 2/104, which prepares the consolidated financial statements.

The Group is mainly active in the production and distribution of safety products and components for car racing.

2. Accounting framework

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS Standards). These consolidated financial statements were authorized for publication by the Company's Board of Directors on May 7, 2021.

As this is the first consolidated financial statements of the Group prepared pursuant to Legislative Decree no. 127/1991 (amended by Legislative Decree 139/2015), the financial statements do not include the comparative data referring to the fiscal year 2019.

3. Consolidation Area

The Group financial statements include the results of the OMP Racing S.p.A., the Group parent company, and its controlled subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All significant intra-Group balances and transactions are eliminated in consolidation.

The consolidation area as of December 31, 20120 includes the financial statements of OMP Racing S.p.A. and of the following companies, directly and indirectly owned at that date:

	Registered office	Activity	Shareholding % in consolidated FS
Direct shareholdings			
OMP Racing Inc.	Miami (US)	Commercial	100.00%
Bell Racing Holdings Sarl	Luxembourg	Sub-holding	100.00%
Bell Racing Helmets International WLL	Sakhir (Bahrain)	Production, R&D, commercial	24.50%
Indirect shareholdings			
Bell Racing Helmets International WLL	Sakhir (Bahrain)	Production, R&D, commercial	75.50%
Zeronoise Ltd	London (UK)	Commercial	100.00%
Bell Racing Europe SA	Ghislenghien (Belgium)	Commercial	100.00%
2SM Inc.	Miami (US)	Sub-holding	100.00%
Bell Racing USA LLC	Miami (US)	Commercial	65.00%
Head Protection Technologies LLC	Miami (US)	Commercial	65.00%
Head Pro Tech LLC	Miami (US)	Commercial	65.00%

The financial statements of OMP Racing S.p.A. and all the consolidated companies are those prepared locally, in accordance with the legislation in force in the countries where the companies are registered, appropriately adjusted to be compliant with IFRS.

The financial statements of the parent company and its subsidiaries used in the preparation of the consolidated financial statements have the same reporting date.

The following changes to the consolidation area occurred during the financial year:

- In January 2020 Bell Racing Holdings Sarl (formerly Tahru Sarl) purchased a further 0.38% interest in the subsidiary Bell Racing Helmets International Wll from the previous minority shareholder Mrs. Martine Kindt, coming to achieve 75.50% of the company.
- In August 2020 OMP Racing S.p.A. purchased n. 3.072 shares, equal to 24.50% of the whole share capital of the subsidiary Bell Racing Helmets International Wll from the previous shareholder Mr. Stephane Alexandre Cohen.

Following the aforementioned transactions, the Group acquired 100% of the shares in the subsidiary Bell Racing Helmets International Wll.

Other changes occurred in the Group structure are listed below:

- the transfer of the company ZN Europe Srl to OMP Racing S.p.A.; following the company transfer, ZN Europe Srl was dissolved and put into liquidation; the liquidation procedure was completed in 2020 and the company was therefore cancelled from the Pisa Company Register on December 22, 2020;

- the subsidiary Tahru Sarl changed its name to Bell Racing Holdings Sarl, following the shareholders' meeting on August 3, 2020;

- the sale of the investments in Bell Racing Europe SA and 2SM INC. from 2SM Europe Sprl to Bell Racing Holdings Sarl. Subsequently, 2SM Europe Sprl was liquidated on 15 December 2020;

- the transfer by OMP Racing S.p.A. of the investment held in Zeronoise LTD to Bell Racing Helmets International Wll;

- Bell Racing USA LLC, Head Protection Technologies LLC and Head Pro Tech moved their offices and business from Champaign to Miami, where the subsidiary OMP Racing Inc. has its headquarters.

The aforementioned transactions were implemented with a view to simplifying the Group's shareholding structure, obtaining cost savings by reducing the number of its subsidiaries, achieving greater efficiency in the management of activities by reducing decision-making levels and strengthening strategic and operational integration.

The acquisition of the minority shareholders of Bell Racing Helmets International Wll during 2020 took place at the conditions already agreed between the parties already at the end of 2019. Since the minority interests referred to Bell Racing Helmets International Wll within Equity were booked accordingly at the fair value in prior year consolidated financial statements, the net result from the subsidiary is fully reported within Group's profit and loss accounts in 2020.

The acquisition of the equity interests held by the minority shareholders of Bell Racing Helmets International Wll resulted in the reduction of minority interests in the consolidated shareholders 'equity, as reported in the Statement of changes in shareholders' equity for the year ended December 31, 2020 and in the Cash Flow Statement.

The other operations described above have not produced any effects on the balance sheet and income statement of the consolidated financial statements, as they were carried out between companies within the consolidation area.

4. Functional and presentational currency

These consolidated financial statements are presented in Euro, the functional currency of the Group.

5. Going concern basis

These consolidated financial statements have been prepared on a going concern basis, assuming that the Group will be able to extinguish its liabilities.
In 2020, the Group recorded a profit after tax of 1,437 thousand Euro and generated cash flows from operating activities for 2,366 thousand Euro, despite the health emergency deriving from Covid-19 which affected the entire world economy starting from the first months of the year. The outbreak of the pandemic and the measures adopted by the governments of the various countries to mitigate its spread did not have a significant impact on the Group.
The level of capitalization, the availability of credit lines and loans granted by the banking system are considered suitable by the Group's management to guarantee adequate resources to continue operating in the near future.

6. Use of estimates

As part of the preparation of the consolidated financial statements, the Group's management had to formulate estimates and assessments that affect the application of accounting principles and the amounts of assets, liabilities, costs and revenues recognized in the financial statements. However, it should be noted that, since these are estimates, the results obtained will not necessarily be the same as those shown in these financial statements.
These estimates and the underlying assumptions are regularly reviewed. Any changes deriving from the revision of the accounting estimates are recognized prospectively.

Impairment of goodwill

The impairment of goodwill is verified by comparing the book value of the cash generating units and their recoverable value; the latter is represented by the greater of the fair value less the costs related to the sale and the value in use of the same unit. This complex evaluation process implies, among other procedures, the use of methods such as the discounting of expected cash flows, with the related assumptions on the estimate of cash flows. The recoverable amount in the discounted cash flow model depends significantly on the discount rate used, as well as on the expected future cash flows and the growth rate used for the calculation.

Impairment of intangible and tangible assets

At each balance sheet date, the Group checks whether there are indicators that both tangible and intangible assets may have suffered a reduction in value. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset require management to make significant estimates and assumptions regarding the determination of the discount rate to be applied, the useful life and the residual value of resources.

Allowance for bad debt

The recoverability of receivables is assessed taking into account the risk of bad debt, their age and the losses on receivables recorded in the past for similar types of receivables.

Inventory obsolescence fund

Provisions are recorded for raw materials, finished products, spare parts and other obsolete and slow-moving inventories, based on their expected future use and their realizable value. The net realizable value is the estimated sales price in the normal course of business, less the estimated completion costs and the estimated sales and distribution costs.

Provisions, potential liabilities and employee benefits

Provisions for contingent liabilities require a significant level of estimates. The provisions relating to personnel, in particular to defined benefit obligations, are determined on the basis of actuarial assumptions.

Deferred tax assets

The assessment of the recoverability of prepaid taxes takes into account the estimate of future taxable income and is based on prudent tax planning.

7. Significant accounting policies

Unless otherwise specified, the accounting principles described below have been applied consistently for all periods included in these consolidated financial statements.

A. Consolidation criteria

i. Business combinations

The Group accounts for business combinations by applying the acquisition method when the set of activities and assets acquired meets the definition of business and the Group obtains control. In determining whether a certain set of activities and assets represents a business, the Group assesses whether that set includes, at a minimum, a factor of production and a substantial process and if it has the ability to generate production.

The Group has the right to carry out a "concentration test" which makes it possible to ascertain with a simplified procedure that the acquired set of activities and assets is not a company asset. The concentration test, which is optional, is positive if almost all the fair value of the gross assets acquired is concentrated in a single identifiable asset or in a group of identifiable assets with similar characteristics.

The consideration transferred and the identifiable net assets acquired are usually recognized at fair value. The book value of any goodwill is subjected to impairment testing annually to identify any losses due to impairment. Any profits deriving from a purchase at favorable prices are immediately recognized in profit / (loss) for the year, while costs related to the combination, other than those relating to the issue of debt securities or equity instruments, are recognized as expenses in profit / (loss) for the year when incurred.

Amounts relating to the termination of a pre-existing relationship are excluded from the consideration transferred. Normally these amounts are recognized in profit / (loss) for the year.

The contingent consideration is recognized at fair value on the acquisition date. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not subject to subsequent valuation and the future settlement is recognized directly in equity. Other contingent payments are measured at fair value at each year-end date and changes in fair value are recognized in profit / (loss) for the year.

In the event that the incentives recognized in the share-based payment (substitutive incentives) are exchanged for incentives owned by employees of the acquiree (acquiree's incentives), the value of those substitutive incentives of the acquirer is fully or partially included in the evaluation of the consideration transferred for the business combination. This evaluation takes into account the difference in the market value of the substitutive incentives compared to the value of the acquiree's incentives and the proportion of substitutive incentives that refers to the provision of services prior to the aggregation.

ii. Subsidiaries

Subsidiaries are those entities in which the Group holds control, or when the Group is exposed to variable returns deriving from its relationship with the entity, or has rights to such returns, being capable at the same time to influence them by exercising its power over the entity itself. The financial statements of subsidiaries are included in the consolidated financial statements from the moment in which the parent company begins to exercise control until the date in which such control ceases.

iii. Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in the loss of control are accounted for as transactions carried out between parties as shareholders.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

vi. Operations eliminated in the consolidation process

In the preparation of the consolidated financial statements, the balances of intra-group transactions, as well as the unrealized revenues and costs (excluding exchange differences) are eliminated. Unrealized profits resulting from transactions with subsidiaries accounted for using the equity method are eliminated in proportion to the Group's stake in the entity. Unsupported losses are eliminated in the same way as unrealized profits, to the extent that there are no indicators that can give evidence of a reduction in value.

B. Foreign currency

i. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate in effect on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

However, the exchange differences deriving from the translation of the following elements, if present, are recognized among the other components of the comprehensive income statement: i) equity securities designated to FVOCI (excluding losses due to impairment, in which case the exchange differences recognized among the other components of the comprehensive income statement have been reclassified to profit / (loss) for the year); ii) financial liabilities designated to hedge the net investment in a foreign operation to the extent that the hedge is effective; and iii) cash flow hedges to the extent that the hedge is effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from the acquisition, are translated into Euro using the exchange rate recorded at the closing date of the financial year. The revenues and costs of foreign entities operations are converted into Euro using the average exchange rate for the year, which approximates the exchange rates in force at the date of the operations.

Exchange differences are recognized among the other components of the comprehensive income statement and included in the translation reserve, with the exception of exchange differences that are attributed to NCI.

C. Revenues from contracts with customers

Revenues are valued based on the consideration specified in the contract with the customer. The Group recognizes revenues when it transfers control of goods or services.

For the sale of goods, the transfer of control, and therefore the recognition of revenues, generally corresponds to the date on which the goods are made available to the customer, or when the goods are released to the carrier responsible for their transport to the customer.

Revenues from services are recognized once the service is provided. If a service is provided on an ongoing basis over time, the related revenue is recorded pro rata on an accrual basis.

D. Employee benefits

The net obligation of the Group deriving from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current and previous years; this benefit is discounted and the fair value of any plan assets are deducted from the liabilities.

The calculation is performed by an independent actuary using the projected unit credit method. If the calculation generates a benefit for the Group, the amount of the recognized asset is limited to the present value of the economic benefits available in the form of repayments from the plan or reductions in future contributions from the plan. In order to establish the present value of the economic benefits, the minimum financing requirements applicable to any plan of the Group are considered.

Actuarial gains and losses, returns from plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) that emerge following the revaluation of the net liability for defined benefit plans are recognized immediately in the other components of the comprehensive income statement. Net interest for the year on the net liability / (asset) for defined benefits is calculated by applying to the net liability / (asset) the discount rate used to discount the defined benefit obligation, determined at the beginning of the year, considering any changes in the net liability / (asset) for defined benefits that occurred during the year following the contributions received and the benefits paid. Net interest and other costs relating to defined benefit plans are instead recognized in profit / (loss) for the year.

When changes are made to the benefits of a plan or when a plan is curtailed, the portion of the economic benefit relating to past service or the profit or loss deriving from the plan curtailment are recognized in the profit / (loss) of the exercise when the adjustment or reduction occurs.

E. Grants

The grants that offset the costs incurred by the Group are recognized in profit / (loss) for the year, with a systematic criterion, to set them against the costs that the grant intends to offset in the same period, unless the conditions for receiving the contribution are not satisfied after the relevant costs have been recognized. In this case, the contribution is recognized when it becomes due.

F. Costs

Costs are recognized on the basis of their function in the income statement. Costs for purchases of goods are recognized when control of products is transferred. For services, the cost is recognized once the service is provided. In the event of a service provided over time, the related cost is accounted for pro rata on an accrual basis.

G. Financial income and expenses

The Group's financial income and expenses are recognized on an accrual basis and include interest income, interest expense, dividends.

Interest income and expense are recognized in profit / (loss) for the year on an accrual basis. Dividend income is recognized when the Group's right to receive payment is established.

H. Income taxes

The tax charge for the year includes current and deferred taxes recognized in profit / (loss) for the year, except for those relating to business combinations or items recognized directly in equity or among other components of the comprehensive income statement.

The Group has determined that the interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* as they do not meet the definition of income taxes.

i. Current taxes

Current taxes include the estimate of the amount of income taxes due or to be received, calculated on taxable income or tax loss for the year as well as any adjustments to previous year taxes. The amount of taxes due or to be received, determined on the basis of the tax rates in force or substantially in force at the end of the financial year, also includes the best estimate of any amount to be paid or received which is subject to factors of uncertainty. Current taxes also include any taxes relating to dividends.

Current tax assets and liabilities are offset only when certain criteria are met.

ii. Deferred taxes

Deferred taxes are recognized with reference to the temporary differences between the book values of the assets and liabilities recorded in the financial statements and the corresponding values recognized for tax purposes. Deferred taxes are not recognized for:

- temporary differences relating to the initial recognition of assets or liabilities in a transaction other than the business combination that does not affect either the accounting profit (or loss) or taxable income (or tax loss);
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the cancellation of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not reverse; and
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses and tax credits, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which such assets can be used. The future taxable income is defined on the basis of the offsetting of the relative deductible temporary differences. If the amount of the taxable temporary differences is not sufficient to fully recognize a deferred tax asset, the future taxable income is taken into account, adjusted for the offsetting of the existing temporary differences, provided for by the business plans of the individual subsidiaries of the Group. The value of deferred tax assets is reviewed at each year-end date and is reduced to the extent that it is no longer likely that the related tax benefit will be realized. These reductions must be reinstated when the probability of generating future taxable income increases.

Unrecognized deferred tax assets are reviewed at the closing date of each financial year and are recognized to the extent that it has become probable that the Group will achieve a future taxable profit sufficient for their use.

Deferred taxes are valued using the tax rates that are expected to be applicable to temporary differences in the year in which they will be reversed on the basis of the tax rates established by provisions in force or substantially in force at the end of the year and reflect any uncertainties relating to income taxes.

The valuation of deferred taxes reflects the tax effects that arise from the ways in which the Group expects, at the closing date of the financial year, to recover or extinguish the book value of the assets and liabilities. The presumption that the book value of real estate investments measured at fair value will be fully recovered through a sale transaction has not been refuted.

Deferred tax assets and liabilities are offset only when certain criteria are met.

I. Inventories

Inventories include raw materials, semi-finished and finished products.

Inventories are initially entered at purchase or production cost and subsequently valued at the lower of cost and the corresponding realizable value inferable from the market.

Purchase cost means the actual purchase price plus ancillary charges. The purchase cost of the materials includes, in addition to the price of the material, also the costs of transport, customs, other taxes and other costs directly attributable to that material. Returns, commercial discounts, allowances and bonuses are brought down to costs.

Production cost means all direct costs and indirect costs for the portion reasonably attributable to the product relating to the period of manufacture and up to the time from which the asset can be used, considered on the basis of normal production capacity.

The cost calculation method adopted for fungible assets is the weighted average cost.

A provision is made for raw materials, finished products, spare parts and other obsolete or slow-moving inventories based on their expected future use and their realizable value, if this is lower than the book value. The realizable value is the estimated sale price in the normal course of business, net of the estimated completion costs and the estimated sales and distribution costs.

J. Property, plant and equipment

Tangible fixed assets are initially recognized at cost and include the purchase price, any costs directly attributable to bringing the assets to the place and conditions necessary to be able to operate in the manner intended by management and any initial estimate of the costs of dismantling and removal of the asset and the estimate of the costs of restoring the site where it is located. Internally generated assets are initially recognized at production cost. Subsequent expenses and the cost of replacing parts of an asset are capitalized only if the future economic benefits incorporated in that asset increase. All other expenses are charged to the income statement when incurred. When replacement costs are capitalized, the book value of the parts that are replaced is charged to the income statement.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life using the following depreciation rates:

Property, Plant & Equipment	Depreciation period
Plant, Machinery and Equipment	6-7 years
Furniture, fixtures and office equipment	5-7 years
Other tangible assets	4-5 years

The depreciation methods, useful lives and residual values are verified at the closing date of the financial year and adjusted where necessary.

Some particular types of assets, such as historical helmets, are accounted for according to their fair value at the date of the measurement, net of any subsequent accumulated depreciation and any subsequent loss due to accumulated impairment.

Remeasurements are made regularly and kept up to date. The redetermination increases are recognized in the other components of the comprehensive income statement and accumulated in the shareholders' equity, unless they offset a previous decrease in a revaluation of the same asset previously recognized in the income statement. If the book value of an asset has decreased following a restatement, the decrease must be recognized in the income statement. However, the decrease must be recognized in the statement of the other components of the comprehensive income statement as a revaluation surplus to the extent that there are any credit balances in the revaluation reserve with reference to this asset. The decrease recognized in the statement of the other components of the comprehensive income statement reduces the amount accumulated in equity under the item revaluation reserve.

If the intended use of a property is transformed from instrumental to real estate investment, the property is valued at fair value and reclassified among real estate investments. Any increase resulting from this assessment is attributed to the profit / (loss) for the year to the extent that it rectifies a previous loss due to the reduction in value of that property. Any excess portion of the increase is recognized directly among the other components of the comprehensive income statement and presented in the net equity restatement reserve. Any loss is recognized directly in the profit / (loss) for the year. In addition, if an amount has been recognized in the revaluation reserve for this property, the loss is recognized in the other components of the comprehensive income statement as a reduction of the equity reserve until this amount is zeroed.

K. Intangible assets and goodwill

Goodwill arising from the acquisition of subsidiaries is valued at cost net of accumulated impairment losses. For the evaluation of goodwill, the full goodwill method is used as required by IFRS 3. Full goodwill is calculated on the entire business and not only on the share acquired by evaluating at fair value also the investment held by minority shareholders at the acquisition date.

Research expenses are recognized in the profit / (loss) of the year in which they are incurred.

Development expenses are capitalized only if the cost attributable to the asset during its development can be reliably assessed, the product or process is feasible in technical and commercial terms, future economic benefits are probable, and the Group intends and has sufficient resources to complete its development and to use or sell the asset. Other development expenses are recognized in profit / (loss) for the year at the time they are incurred. Capitalized development expenses are recognized at cost net of accumulated depreciation and any accumulated impairment losses.

Other intangible assets, including commercial relationships with customers, patents and trademarks, acquired by the Group, which have a defined useful life, are recognized at cost net of amortization and any accumulated impairment losses.

Subsequent costs are capitalized only when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs, including those relating to goodwill and internally generated trademarks, are charged to the profit / (loss) for the year in which they are incurred.

Intangible assets are initially recognized at cost and subsequently valued at cost net of accumulated amortization.

Depreciation is calculated on a straight-line basis as follows:

Intangible Assets	Amortization period
Development costs	5 years
Software	5 years
Patents, Licences	based on contract period
Other intangible assets	lower than useful life and contract period

An intangible asset with an indefinite useful life (for example, a perpetual license) is not amortized, but is checked annually, or whenever there is an indication that it has not suffered a reduction in value.

At the end of the fiscal year, it is assessed whether there is evidence that a particular asset may have suffered a loss in value. In this case, an estimate of the recoverable value of the asset is made on the basis of the greater between the fair value and its value in use. If the recoverable value of an asset is lower than its book value, this lower value of the asset is recognized and the difference is recognized in the income statement.

When an intangible asset is sold, the profit or loss from the disposal is included in the income statement.

L. Financial instruments

i. Recognition and measurement

Trade receivables and debt securities issued are recognized at the time they originate. All other financial assets and liabilities are initially recognized on the trade date, i.e. when the Group becomes a contractual party to the financial instrument.

With the exception of trade receivables that do not contain a significant financing component, financial assets and liabilities are initially measured at fair value plus or minus, in the case of financial assets or liabilities not measured at FVTPL, the costs of the transaction directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are valued at their transaction price.

ii. Classification and subsequent measurement

Financial assets

At the time of initial recognition, a financial asset is classified according to its valuation: amortized cost; fair value recognized in the other components of the comprehensive income statement (FVOCI) - debt security; FVOCI - equity security; or at fair value recognized in profit / (loss) for the year (FVTPL).

Financial assets are not reclassified after their initial recognition, unless the Group changes its business model for the management of financial assets. In this case, all the financial assets involved are reclassified on the first day of the first financial year following the change in the business model.

A financial asset must be valued at amortized cost if both of the following conditions are met and it is not designated to the FVTPL: i) the financial asset is owned as part of a business model whose objective is to own the financial assets for the purpose of the collection of the related contractual financial flows; and ii) the contractual terms of the financial activity provide for financial flows at certain dates represented solely by payments of capital and interest on the amount of capital to be repaid.

A financial asset must be valued at the FVOCI if both of the following conditions are met and it is not designated at the FVTPL i) the financial asset is owned as part of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets; ii) the contractual terms of the financial activity provide for financial flows at certain dates represented solely by payments of capital and interest on the amount of capital to be repaid.

Upon initial recognition of an equity security not held for trading purposes, the Group can make the irrevocable choice of presenting subsequent changes in fair value in the other components of the comprehensive income statement. This choice is made for each activity.

All financial assets not classified as valued at amortized cost or at FVOCI, as indicated above, if any, are valued at FVTPL. All derivative financial instruments are included. Upon initial recognition, the Group can irrevocably designate the financial asset as measured at fair value through profit / (loss) for the year if by so doing it eliminates or significantly reduces an accounting asymmetry that would otherwise result from the valuation of the asset financial at amortized cost or to FVOCI.

Financial assets: evaluation of the business model

The Group evaluates the objective of the business model under which the financial asset is held at the portfolio level as it best reflects the manner in which the business is managed, and the information communicated to the company management. This information includes:

- the criteria set out and the objectives of the portfolio and the practical application of these criteria, including, inter alia, if the management strategy is based on obtaining interest income from the contract, on maintaining a certain interest rate profile interest, on the alignment of the duration of the financial assets to that of the related liabilities or on the expected cash flows or on the collection of cash flows through the sale of the assets;

- the methods for evaluating the performance of the portfolio and the methods for communicating the performance to the Group's executives with strategic responsibilities;

- the risks affecting the performance of the business model (and of the financial assets held under the business model) and the way these risks are managed;

- the methods of remuneration of company executives (for example, if the remuneration is based on the fair value of the assets managed or on the contractual cash flows collected); and

- the frequency, value and timing of sales of financial assets in previous years, the reasons for the sales and expectations regarding future sales.

The transfers of financial assets to third parties in the context of transactions that do not involve derecognition are not considered sales for the purpose of evaluating the business model, in line with the Group's maintenance of these activities in the financial statements.

Financial assets - evaluation to establish whether the contractual financial flows are represented solely by payments of principal and interest

For valuation purposes, "principal" is the fair value of the financial asset at the time of initial recognition, while "interest" constitutes the consideration for the time value of money, for the credit risk associated with the amount of capital to be repaid during a given period of time and for other basic risks and costs related to the loan (for example, liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows are represented solely by payments of principal and interest, the Group considers the contractual terms of the instrument. Therefore, it evaluates, among others, whether the financial asset contains a contractual clause that changes the timing or amount of the contractual cash flows such as not to satisfy the following condition. For the purposes of the assessment, the Group considers:
- contingent events that would change the timing or the amount of financial flows;
- clauses that could adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specific assets (for example, non-recourse elements).

A prepayment feature is in line with the criterion of "cash flows represented solely by payments of principal and interest" when the amount of the advance payment substantially represents the unpaid amounts of principal and interest accrued on the amount of the capital to be repaid, which may include reasonable compensation for early termination of the contract. Furthermore, in the case of a financial asset acquired with a significant premium or discount on the contractual nominal amount, an element that allows or requires an advance payment equal to an amount that substantially represents the contractual nominal amount plus the contractual interest accrued (but not paid) (which may include a reasonable compensation for early termination of the contract) is accounted for in accordance with this criterion if the fair value of the prepayment element is not significant at the time of initial recognition.

Financial assets: subsequent measurement and profits and losses

Financial assets valued at FVTPL: These assets are subsequently measured at fair value. Net profits and losses, including dividends or interest received, are recognized in profit / (loss) for the year.

Financial assets valued at amortized cost: These assets are subsequently measured at amortized cost in accordance with the effective interest criterion. The amortized cost is decreased by the losses due to value reduction. Interest income, exchange gains and losses and impairment losses are recognized in the profit / (loss) for the year as well as any profits or losses from elimination.

Debt securities valued at FVOCI: These assets are subsequently measured at fair value. Interest income calculated in accordance with the effective interest method, exchange gains and losses and losses due to impairment are recognized in profit / (loss) for the year. Other net gains and losses are recognized in the other components of the comprehensive income statement. At the time of derecognition, the profits or losses accumulated in the other components of the comprehensive income statement are reclassified in the profit / (loss) for the year.

Equity securities valued at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized in profit / (loss) for the year unless they clearly represent a recovery of part of the investment cost. Other net profits and losses are recognized in the other components of the comprehensive income statement and are never reclassified in profit / (loss) for the year.

Financial Liabilities - Classification, Subsequent measurement and Profits and Losses

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified at the FVTPL when it is held for trading, represents a derivative instrument or is designated as such at the time of initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognized in profit / (loss) for the year. The other financial liabilities are subsequently measured at amortized cost using the effective interest criterion, except for trade payables that do not contain a significant financing component. Interest expense and exchange gains / (losses) are recognized in profit / (loss) for the year, as well as any profits or losses resulting from the derecognition.

M. Impairment losses

i. Financial instruments and assets deriving from contracts

The Group recognizes bad debt provisions for expected credit losses relating to financial assets measured at amortized cost, any debt securities valued at FVOCI and assets deriving from the contract.

In addition, the Group recognizes the bad debt provision under trade receivables and other receivables for expected losses over the entire duration of the receivables implicit in leasing contracts.

The Group evaluates the bad debt provision at an amount equal to the expected life-long losses of the credit, except as indicated below, for the following twelve months:

- debt securities with low credit risk at the balance sheet date; and
- other debt securities and bank current accounts whose credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not significantly increased after initial recognition.

Provisions for bad debts for trade receivables (including those relating to leasing) and for assets deriving from contracts are always measured at an amount equal to the expected losses over the entire life of the credit.

In order to determine whether the credit risk relating to a financial asset has increased significantly after initial recognition and to estimate expected credit losses, the Group considers reasonable and demonstrable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analyzes, based on the historical experience of the Group, on the credit assessment as well as on information indicative of expected developments ("forward-looking information").

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are the present value of all non-collections (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted using the criterion of the effective interest of the financial asset, unless the effects of such discounting are negligible compared to the nominal value.

The gross book value of a financial asset is written down (in part or entirely) to the extent that there is no real prospect of recovery.

ii. Non-financial assets

At each year-end closing date, the Group checks whether there is objective evidence of impairment with reference to the book values of its non-financial assets, with the exception of biological assets, property investments, inventories, assets deriving from the contract and deferred tax assets. If on the basis of the verification it emerges that the assets have actually suffered a reduction in value, the Group estimates their recoverable value. On the other hand, the recoverable value of goodwill is estimated annually.

For the purpose of identifying any losses due to impairment, the assets are grouped into the smallest identifiable group of assets that generate financial flows that are largely independent from the financial flows generated by other assets or groups of assets (the "CGU" or "cash- generating unit "). The goodwill acquired through a business combination is allocated to the group of CGUs which envisages the benefit of the synergies of the combination.

The recoverable value of an asset or a CGU is the greater of its value in use and its fair value less the costs of disposal. To determine the value in use, the estimated expected cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the time value of money and the specific risks of the CGU's business.

When the book value of an asset or a CGU exceeds the recoverable value, an impairment loss is recognized.

Losses due to impairment are recognized in profit / (loss) for the year. Those relating to the CGU are first attributed to a reduction in the carrying amount of any goodwill allocated to the CGU, then proportionately to a reduction in the other assets that make up the CGU.

Losses due to impairment of goodwill cannot be reversed. For other assets, impairment losses recognized in previous years are reinstated up to the book value that would have been determined (net of depreciation) if the impairment loss on the asset had never been recognized.

N. Accrued provisions

Provisions for risks and charges include provisions for current obligations (legal or implicit) deriving from a past event, for the fulfillment of which it is probable that an use of resources may be required, the amount of which can be reliably estimated. The changes in the estimate are reflected in the income statement for the year in which the change occurred. If the effect of the discounting is significant, the funds are shown at their current value.

O. Leasing

At the beginning of the contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for a consideration, it transfers the right to control the use of an identified asset for a period of time.

At the beginning of the contract or the modification of a contract that contains a leasing component, the Group assigns the consideration of the contract to each leasing component on the basis of its separate price. However, in the case of leasing of buildings, the Group has decided not to separate the non-leasing components from the leasing components and to account for the leasing and non-leasing components as a single component.

On the effective date of the lease, the Group recognizes the asset for the right of use and the liability of the lease. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for the payments due for the lease made on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs that the lessee will have to incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site where it is located, net of leasing incentives received.

The asset for the right of use is subsequently amortized on a straight-line basis from the effective date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or, considering the cost of the asset for the right of use, it is expected that the Group will exercise the purchase option. In this case, the asset for the right of use will be amortized over the useful life of the underlying asset, determined on the same basis as that of property, plant and machinery. In addition, the asset for the right of use is regularly decreased by any losses due to impairment and adjusted to reflect any changes resulting from subsequent valuations of the lease liability.

The Group evaluates the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to determine this rate easily, the Group uses the marginal loan rate. Generally, the Group uses the marginal borrowing rate as the discount rate.

The Group's marginal financing rate is calculated on the basis of the interest rates obtained from various external financing sources, making some adjustments that reflect the conditions of the lease and the type of asset being leased.

The payments due for the lease included in the measurement of the lease liability include:

- fixed payments (including substantially fixed payments);
- the variable payments due for the lease that depend on an index or a rate, initially valued using an index or a rate at the effective date;
- the amounts expected to be paid as a guarantee on the residual value; and
- the exercise price of a purchase option that the Group has the reasonable certainty of exercising, the payments due for the lease in an optional renewal period if the Group has the reasonable certainty of exercising the renewal option, and the penalty for early termination of the lease, unless the Group is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest criterion and is remeasured in the event of a change in the future payments due for the lease resulting from a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or otherwise of a purchase option, extension or termination or in the event of a revision of the payments due for the leasing fixed in substance .

When the lease liability is remeasured, the lessee proceeds to a corresponding modification of the asset for the right of use. If the book value of the asset for the right of use is reduced to zero, the lessee recognizes the change in the profit / (loss) for the year.

In the statement of financial position, the Group shows the assets for the right of use that do not meet the definition of real estate investments in the item "right of uses assets" and the leasing liabilities among the "financial liabilities".

Short-term leasing and leasing of small value assets

The Group has decided not to recognize the assets for the right of use and the leasing liabilities relating to assets of modest value and short-term leases, including IT equipment. The Group recognizes the related payments due for the lease as a cost on a straight-line basis over the lease term.

P. Fair value measurement

The "fair value" is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators in the main (or most advantageous) market at which the Group has access at that time. The fair value of a liability reflects the effect of a risk of default.

Various accounting principles and some disclosure obligations require the Group to evaluate the fair value of financial and non-financial assets and liabilities.

Where available, the Group evaluates the fair value of an instrument using the listed price of that instrument in an active market. A market is active when transactions relating to the asset or liability occur with a frequency and volumes sufficient to provide useful information for determining the price on an ongoing basis.

In the absence of a listed price in an active market, the Group uses valuation techniques by maximizing the use of observable input data and minimizing the use of unobservable input data. The valuation technique chosen includes all the factors that market participants would consider when estimating the transaction price.

The best proof of the fair value of a financial instrument at the time of initial recognition is usually the transaction price (i.e. the fair value of the consideration given or received). If the Group notes a difference between the fair value at the time of initial recognition and the transaction price and the fair value is not determined either by using a price listed in an active market for identical assets or liabilities, or by means of a valuation technique whose unobservable input data are considered insignificant, the financial instrument is initially measured at fair value, adjusted in order to defer the difference between the fair value at the time of initial recognition and the transaction price. Subsequently, this difference is recognized in the profit / (loss) for the year over the life of the instrument with an appropriate method, but no later than the time when the valuation is fully supported by observable market data or the transaction is concluded.

8. Adoption of new or revised accounting standards

Accounting Standards and interpretations issued by IASB and adopted by the EU for the financial years beginning on or after 1 January 2020

- EU Regulation 2019/2075 of November 29, 2019 adopted the amendments of references to the *IFRS Conceptual Framework*. The amendments aim to update existing references to the previous Conceptual Framework in various accounting standards and interpretations, replacing them with references to the revised Conceptual Framework. The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the Board in developing IFRS Standards and it helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard directly applies to a particular transaction, and more broadly, helps stakeholders to understand and interpret the Standards.
- EU Regulation 2019/2014 of November 29, 2019 adopted the amendments to *IAS 1 - Presentation of Financial Statements* and *IAS 8 - Accounting Policies, Changes in Accounting Estimates*, clarifying the definition of materiality to aid its application.
- EU Regulation 2020/34 of January 15, 2020 adopted the amendments to *IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement*, and *IFRS 7 - Financial Instruments: Disclosures*, aimed at resolving issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate, dealing with the implications for specific hedge accounting requirements.
- EU Regulation 2020/551 of April 21, 2020 adopted the amendments *to IFRS 3 Business Combinations: Definition of a Business*, aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.
- EU Regulation 2020/1434 of October 12, 2020, concerning the *Concessions on fees connected to Covid-19 (Amendment to IFRS 16)*, in order to provide for optional and temporary operational support connected to the pandemic, for tenants who benefit from suspension of payments due for leasing.
- EU Regulation 2020/2097 of December 15, 2020, which resulted in an amendment to IFRS 4. In particular, the amendments to IFRS 4 extend the expiry of the temporary exemption from the application of IFRS 9 until 2023 in order to align the date of entry into force of IFRS 9 with the new IFRS 17 and thus remedy the temporary accounting consequences that could occur in the event of the entry into force of the two standards on different dates.

These amendments did not have a significant impact on the Group's financial statements.

Accounting Standards and interpretations issued by IASB but not adopted by the EU yet

- In May 2017, the IASB issued *IFRS 17, Insurance Contracts* ("IFRS 17"), which replaces *IFRS 4 - Insurance Contracts*. IFRS 17 requires all insurance contracts to be accounted for in a consistent manner and insurance obligations to be accounted for by using current values, instead of the historical cost. The new standard requires current measurement of the future cash flows and the recognition of profit over the period in which services are provided under the contract. Pursuant to IFRS 17 entities are also required to submit insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses and an entity is required to make an accounting policy choice of whether to recognize all insurance finance income or expenses in profit or loss or to recognize some of those income or expenses in other comprehensive income. The standard is effective for financial years beginning on or after January 1, 2023 with earlier adoption permitted.
- In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*, which affects the requirements in IAS 1 for the presentation of liabilities, including clarifications of one of the criteria for classifying a liability as non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier adoption permitted.
- In August 2020, the IASB published *Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*, with the aim to address the accounting issues that arise for financial instruments referring to Interbank Offered Rate (IBORs) upon transition to nearly risk-free rates (RFRs). The effective date is for annual periods beginning on or after 1 January 2021, but earlier application is permitted.

In May 2020, the IASB also published the following amendments to the IFRS, which will all enter into force on 1 January 2022.

- Amendments to *IFRS 3 - Business combinations*: they update the reference mentioned in IFRS 3 to the *Conceptual Framework* in the revised version, without changes to the provisions of the standard.

- Amendments to *IAS 16 - Property, plant and equipment*: it does not allow the amount received from the sale of goods produced before the asset was ready for use to be deducted from the cost of fixed assets. These sales revenues and the related costs will be recognized in the income statement.

- Amendments to *IAS 37 - Provisions, contingent liabilities and contingent assets*: it clarifies which cost items must be considered to assess whether an agreement will be an onerous contract.

- Annual improvements: amendments are made to *IFRS 1 - First adoption of International Financial Reporting Standards*, to *IFRS 9 - Financial instruments*, to *IAS 41 - Agriculture* and to the *Illustrative Examples* accompanying *IFRS 16 - Leasing*.

We are still evaluating the impacts that these changes will have on our consolidated financial statements, however we do not expect them to have a significant impact.

9. Property, Plant and Equipment

12.31.2020	01.01.2020	Variations + (-)
2,843,545	2,712,345	131,200

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Plant, machinery and equipment	Furniture, fixtures and office equipment	Assets held at fair value	Other tangible assets	Total
Book value at the beginning of the year					
Cost	5,273,154	1,499,190	850,670	1,314,430	**8,937,443**
Accumulated Depreciation	(3,904,674)	(1,198,565)	-	(1,121,860)	**(6,225,099)**
Net Book Value	**1,368,480**	**300,625**	**850,670**	**192,570**	**2,712,345**
Movements of the year					
Cost					
Additions	473,285	69,391	-	121,343	**664,019**
(Disposals)	(878)	(9,990)	-	(12,203)	**(23,071)**
Remeasurement at fair value IAS 16	-	-	271,529	-	**271,529**
Exchange rate impact	(169,778)	(57,446)	(54,413)	(30,650)	**(312,288)**
Accumulated Depreciation					
Depreciation	527,592	117,174	-	66,460	**711,226**
Exchange rate impact	124,737	66,651	-	24,006	**215,394**
Other movements	-	26,843	-	-	**26,843**
Book value at the end of the year					
Cost	5,575,782	1,501,145	1,067,786	1,392,920	**9,537,632**
Accumulated Depreciation	(4,307,528)	(1,222,244)	-	(1,164,314)	**(6,694,087)**
Net Book Value	**1,268,254**	**278,900**	**1,067,786**	**228,606**	**2,843,545**

During the year, in accordance with the planning, the Group proceeded to make the necessary investments to renew plants, machinery, equipment and other depreciable assets, in order to guarantee the highest standards of production.
Some assets, of immaterial unit value, were expensed in the year in which they were purchased; the decision not to capitalize the value of these assets finds an economic reason in the fact that these are goods of small value, whose duration is very limited and difficult to determine.
Maintenance costs of an incremental nature are accounted for as an increase in the assets to which they refer; the incremental expenses do not assume independent relevance with respect to the asset they refer to and, therefore, the calculation of the depreciation takes place in a unitary and indistinct way both as regards the cost on which the depreciation is calculated, and as regards the relative percentage of depreciation.

The assets held at fair value refer to original helmets and replicas of historic Bell branded racing helmets, whose value at the end of the year is determined on the basis of an appraisal provided by an independent expert. Fair value was determined based on a market approach that reflects recent transaction prices for similar assets.

10. Right of use assets and lease liabilities

The Group owns factories, warehouses and shops through leasing agreements. The duration of these leases varies from 2 to 15 years, with the possibility of renewal. Lease payments are renegotiated periodically to reflect market rents. Some leases provide for additional payments that depend on local variations in the price index.

The Group also leases IT equipment (printers), whose duration is between 3 and 5 years, and cars, with a duration between 3 and 4 years.

Other leasing contracts, if short-term and / or if referring to assets of modest value, are not recognized among assets and liabilities for the right of use.

Right of use assets

12.31.2020	01.01.2020	Variations + (-)
4,066,278	4,814,886	(748,608)

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Buildings	Other assets	Total
Book value at the beginning of the year			
Cost	5,315,233	255,488	**5,570,721**
Accumulated Depreciation	(687,405)	(68,430)	**(755,835)**
Net Book Value	**4,627,827**	**187,059**	**4,814,886**
Movements of the year			
Cost			
Additions	208,746	39,286	**248,032**
(Disposals)	(60,084)	-	**(60,084)**
Other movements	(149,629)	(1,088)	**(150,716)**
Accumulated Depreciation			
Depreciation	699,444	86,396	**785,840**
Book value at the end of the year			
Cost	5,314,266	293,687	**5,607,953**
Accumulated Depreciation	(1,386,850)	(154,826)	**(1,541,676)**
Net Book Value	**3,927,417**	**138,861**	**4,066,278**

In compliance with IFRS 16, buildings include the value of the rights of use relating to premises subject to leasing contracts in which the entities of the Group carry out their activities; other tangible assets mainly relate to printers and leased vehicles.

The additions for the year mainly refer to the new rental contracts for the branch in Pisa (which replaced the existing one) and the Indianapolis pro-shop, in addition to the new lease contracts for company cars.

The other movements mainly reflect the changes in the exchange rates of the lease contracts of the consolidated foreign companies.

The impact of leasing transactions on the balance sheet, income statement and cash flow statement are shown below:

Income Statement	**2020**
General and administrative expenses	(829,316)
EBITDA	829,316
Depreciation	785,840
EBIT	43,475
Finance loss and taxes	109,052
Net Result	(65,576)
Balance Sheet	
Right of use assets	4,066,278
Net invested capital	(121,269)
Net Equity	(76,167)
Cash Flow	
Cash flow from operations	829,316
Cash flow from investments	187,948
Cash flow from financial operations	(686,688)
Increase (decrease) in cash and cash equivalent	-

Lease liabilities

12.31.2020	01.01.2020	Variations + (-)
4,187,547	4,874,234	(686,688)

The details of the right-of-use assets and leasing liabilities, including current and long-term portions, are shown in the following table:

A) Value of assets	
Finance leases, net of total depreciation, at the beginning of the fiscal year	4,814,886
+ Assets acquired on finance leases during the year	248,032
- Assets on finance leases redeemed during the year	
- Lease agreements terminated during the year	(60,084)
- Share of depreciation for the year	(785,840)
+/- Adjustments/increases in finance leases	(150,716)
Finance leases, net of total depreciation, at the end of the fiscal year	**4,066,278**

B) Current value of unexpired lease payments	
Current value of unexpired lease payments calculated using the interest rate of the lease contract	4,187,547
of which:	
- Payable within one year	782,078
- Long term	3,405,472

C) Financial changes for the year	
Financial charges for the year calculated using the applicable interest rate	109,052

Payables for long-term leases include 2,468 thousand Euro with a maturity between one and five years and 937 thousand Euro with a maturity over five years.

The expiry dates of the contracts on the basis of which the current value of the unexpired lease payments was determined are those indicated on the contracts, unless the Group has the reasonable certainty of exercising the renewal option.

11. Intangible Assets and Goodwill

Intangible assets

12.31.2020	01.01.2020	Variations + (-)
5,993,994	6,261,532	(267,538)

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Development costs	Licences, patents and trademarks	Work in progress and advances	Other tangible assets	Total
Book value at the end of the year					
Cost	3,826,263	5,296,448	817,573	2,369	**9,942,653**
Accumulated Depreciation	(2,679,545)	(1,001,103)	-	(474)	**(3,681,122)**
Net Book Value	**1,146,718**	**4,295,345**	**817,573**	**1,895**	**6,261,531**
Movements of the year					
Cost					
Additions	311,050	61,945	416,479	-	**789,474**
Reclassifications	739,602	-	(739,602)	-	**-**
Exchange rate impact	(20,794)	(199,682)	(61,007)	-	**(281,483)**
Accumulated Depreciation					
depreciation	495,143	310,788	-	1,895	**807,827**
Exchange rate impact	20,162	12,136	-	-	**32,298**
Book value at the end of the year					
Cost	4,116,519	5,158,711	1,173,045	2,369	**10,450,645**
Accumulated Depreciation	(3,154,527)	(1,299,755)	-	(2,369)	**(4,456,651)**
Net Book Value	**961,992**	**3,858,957**	**1,173,045**	**-**	**5,993,994**

Development costs mainly refer to expenses for technical, laboratory and homologation tests for the Group's products, incurred by OMP Racing S.p.A. for OMP brand products and, starting from November 2020, also for Zeronoise branded products, and in the subsidiary Bell Racing Helmets International for Bell branded helmets.

Development costs are recognized under intangible assets since they are considered recoverable, as they relate to specific development projects that can be carried out and for which the Group has the necessary resources. These costs, in fact, relate to a product or process that is clearly defined as well as identifiable and measurable.

The increase in development costs during the year is due to the recognition among intangible assets of the expenses incurred during the year for the homologation of new OMP and Bell brand products. The reclassifications from work in progress to development costs, equal to 740 thousand Euro, refer entirely to projects of Bell branded helmets for pilots, which were in progress at January 1, 2020 and which were completed during the year.

The item licenses, patents and trademarks includes the trademarks owned by the group, the value of the licenses for the sale of Bell branded products and the international patent for the technology called In-Helmet Camera IHC (video camera inside the helmet) which integrates the so-called *Driver's Eye.*

The values of the Zeronoise brand and the *Driver's Eye* patent were recognized during the acquisition and first consolidation of Zeronoise Ltd at the end of the previous year, based on the projections of the Business Plan made by the Group's management. Operating cash flows were discounted using the Unlevered Discounted Cash Flow method.

Work in progress include the costs relating to the implementation of the new ERP system in OMP Racing S.p.A. and the costs recognized in the consolidated company Bell Racing Helmets International for projects under development referred to Bell branded helmets for pilots.

Goodwill

12.31.2020	01.01.2020	Variations + (-)
5,662,557	5,662,557	0

Below is a table summarizing the composition of the goodwill recorded in the Consolidated Financial Statements:

Goodwill	12.31.2020
Bell Racing Helmets International Llc	3,717,556
OMP Racing Inc.	1,345,001
OMP Racing S.p.A.	600,000
	5,662,557

Goodwill represents the excess of the fair value of the consideration paid in a business combination over the fair value of net tangible and intangible assets separately identifiable at the time of the acquisition.

The amount related to Bell Racing Helmets International Wll arises from the consolidation of the balances at year end of the previous year, following the acquisitions completed in December 2019.

The values of goodwill at December 31, 2020 have been all subject to the assessment and evaluation by the Group's management, based on the projection of the discounted operating cash flows for each cash generating unit (impairment test).

The impairment tests were performed on the basis of the projections of the 2021-2025 Business Plan prepared by the management of each consolidated company, considered as separate cash generating units for the purposes of the valuations. For the calculations in the impairment test, the Unlevered Discounted Cash Flow method was used.

The operating cash flows expected for future years have been discounted using the weighted average cost of capital or WACC (Weighted Average Cost of Capital), which adjusts the expected cash flows depending on the monetary value of time, the risk of the company, the sector and country. The discount rate is used to homogenize cash flows referring to different periods and to take into account their volatility based on the riskiness of the various cash generating units.

Below is a summary of the main assumptions used:

- WACC: 11.43% for Bell Racing Helmets International Wll; 9.30% for OMP Racing Inc.; 12.27% for OMP Racing S.p.A., determined on the basis of the rate of return of risk-free assets and the market premium in the various countries and increased, prudentially, by an additional risk component.
- Beta equal to 1.40 (Source Damodaran - Beta Auto Parts Sector) for all CGUs.
- Growth rate beyond the explicit projection period equal to 3% for all CGUs.

A sensitivity analysis was carried out for each assessment, keeping the other inputs constant, based on: i) an increase in the WACC equal to 1%; ii) a reduction of operating flows expected for the period 2021-2025 equal to 5%; iii) an expected growth rate beyond the explicit projection period equal to zero. These changes would not have had any effect on the result for the year.

Based on the above analysis, the management has confirmed there are no impairment losses to record at the date of December 31, 2020.

12. Investments booked at Equity method

12.31.2020	01.01.2020	Variations + (-)
44,426	55,250	(10,824)

The list of investments in not consolidated companies is reported below:

	Balance at 01.01.2020	Variations for the period: Equity method evaluation	Variations for the period: Increases / (Decreases)	Balance at 12.31.2020	%
Associates and Joint Ventures					
Racing Spirit Llc	54,217	(10,824)		43,393	50.0%
Other companies					
MSC Motorsport Safety Council	1,033	-	-	1,033	-
	55,250	(10,824)	0	**44,426**	

Racing Spirit Llc is a 50% owned entity based in Miami (USA) that was established on March 23, 2018, with a paid-in share capital of 200 thousand USD. The company designs, manufactures and distributes clothing and accessories inspired by racing.

Below is the main information on the company as at December 31, 2020:

Entity	Headquarters	Share capital in Euro	2020 Net result in Euro	Total Equity in Euro	% share owned by the Group	Net book value in consolidated FS
Racing Spirit Llc	Miami (USA)	162,986	(21,809)	86,786	50%	43,393

MSC Motorsport Safety Council is a consortium, with registered office in Genoa (Italy), operating with the purpose of coordinating the various bodies of motorsports in relation to safety regulations and product homologation standards.

13. Due from related parties - non current

12.31.2020	01.01.2020	Variations + (-)
1,490,000	1,490,000	-

The balance is related to the financial loan granted to the parent company SAYE S.p.A., with expiry date on December 31, 2027 and a 2.5% annual interest rate. The portion over 5 years amounts to 373 thousand Euro. There were no changes during the year. Complete information on transactions with related parties is provided in the section Other information - Transactions with related parties, to which reference should be made.

14. Other non current assets

12.31.2020	01.01.2020	Variations + (-)
89,238	124,532	(35,294)

The item mainly refers to guarantee deposits.

15. Cash and cash equivalents

12.31.2020	01.01.2020	Variations + (-)
4,254,877	978,245	3,276,632

Variations for the period are detailed as follows:

	Balance at 01.01.2020	Variations for the period	Balance at 12.31.2020
Bank deposits	967,361	3,254,950	4,222,311
Cash and cash on hand	10,884	21,682	32,566
	978,245	**3,276,632**	**4,254,877**

Bank deposits, cash and other cash on hand are not restricted and are fully available.
For the analysis of cash variations, please refer to the consolidated cash flow statement.

16. Trade receivables

12.31.2020	01.01.2020	Variations + (-)
6,240,014	6,250,410	(10,396)

Trade receivables are shown net of the allowance for bad debt.

	Balance at 01.01.2020	Variations for the period	Balance at 12.31.2020
Trade receivables	6,313,023	(13,560)	6,299,463
Bad debt allowance	(62,613)	3,164	(59,449)
	6,250,410	(10,396)	**6,240,014**

Trade receivables are classified as current, since they are collectable by the end of the following fiscal year and do not include any significant past due balance for which the collection is at risk, except for those positions considered within the bad debt allowance. The bad debt provision is calculated on the basis of the principles set out in these explanatory notes, to which reference should be made.

The ageing of trade receivables at December 31, 2020 is reported below.

	Not Due	Due 1 - 30 days	Due 31 - 90 days	Due 91 - 180 days	Due 181 - 365 days	Due > 1 year	Total
Trade receivables	4,675,756	859,950	297,100	104,442	227,662	134,552	**6,299,463**

The breakdown of trade receivables by area, before the bad debt provision, is as follows:

Area	12.31.2020
Italy	1,539,378
Europe (exl. Italy)	3,520,109
Rest of the World	1,239,976
	6,299,463

The Group sells its products in around 80 countries. Only 3 countries (Italy, United Kingdom and United States) individually exceed 10% of the total receivables booked as at December 31, 2020.

The table below shows the breakdown of the balance of trade receivables, before the bad debt provision, by type of customer.

Type	12.31.2020
Dealers	2,962,157
Team and car manufacturers	1,521,448
Other	1,815,858
	6,299,463

Group management assumes that there are no risks associated with a particular geographical area, or to the concentration of receivables. For more information, see paragraph 38 on risk management.

17. Inventories

12.31.2020	01.01.2020	Variations + (-)
11,277,118	11,578,156	(301,038)

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Balance at 01.01.2020	Variations for the period	Balance at 12.31.2020
Raw materials	2,794,658	381,179	3,175,837
Semi-finished goods	1,467,323	(14,531)	1,452,792
Finished products	7,376,176	(667,722)	6,708,454
Obsolescence Fund	(60,000)	36	(59,964)
	11,578,156	**(301,038)**	**11,277,118**

Balances as at December 31, 2020 are reported net of the elimination of the intragroup margin on the sale of goods between the companies that fall within the consolidation area, as regards the products still in stock at the end of the year.
The obsolescence fund reflects the obsolescence rate and the timing of inventory turnover.

18. Due from related parties - current

12.31.2020	01.01.2020	Variations + (-)
106,163	918,012	(811,849)

Receivables from related parties are composed as follows:

Due from related parties	12.31.2020
STUDIOMILANO	94,760
Racing Spirit Llc	6,827
KJK Protective Techologies LLC	4,575
	106,163

A complete disclosure of transactions with related parties is provided under the section Other Information – Relationships with related parties, to which we refer.

19. Other current assets

12.31.2020	01.01.2020	Variations + (-)
942,003	893,898	48,105

The detail of the other current assets is shown in the following table:

Other current assets	12.31.2020
Prepaid expenses	928,427
Other receivables	13,576
	942,003

Prepayments mainly refer to costs connected to long-term contracts incurred for technical partnerships with teams and car manufacturers and sponsorships, related to the following fiscal year.

20. Net Equity

Share capital

12.31.2020	01.01.2020	Variations + (-)
1,925,745	1,425,745	500,000

On 23 December 2020, the shareholders' meeting of the parent company OMP Racing S.p.A. approved the resolution for the increase of the share capital for an amount of Euro 500,000 and therefore from Euro 1,425,745 to Euro 1,925,745. The share capital increase was subscribed and fully paid up by all shareholders.

Additional paid-in capital

12.31.2020	01.01.2020	Variations + (-)
1,632,150	1,632,150	-

Additional paid-in capital is the share premium reserve which includes the excess of the issuing price of the shares compared to their nominal value. This share premium was generated in 2019 with the in-kind contribution of the company Zeronoise Ltd.
There were no changes in the year.

Legal reserve

12.31.2020	01.01.2020	Variations + (-)
398,931	398,931	-

The legal reserve is required by Italian law and must be set aside until reaching 20% of the share capital of the company to which it refers, the minimum annual provision is equal to 5% of the net profit for the year.
There were no changes in the year.

Translation reserve

12.31.2020	01.01.2020	Variations + (-)
(363,124)	28,372	(391,496)

The translation reserve is generated by the conversion into Euro of the financial statements of subsidiaries that have a functional currency other than the Euro. The change in the year is mainly due to the exchange rate trend with the Bahraini Dinar, functional currency of the subsidiary Bell Racing Helmets International Wll.

Retained earnings (losses)

12.31.2020	01.01.2020	Variations + (-)
3,045,913	3,045,913	-

Retained earnings / (losses) are related to the results for the year that the Group has decided not to distribute or allocate to a specific reserve.
There were no changes in the year.

Other reserves

12.31.2020	01.01.2020	Variations + (-)
192,507	(67,662)	260,169

Other reserves include 271,529 Euro for the fair value remeasurement of the assets recorded in the subsidiary Bell Racing Helmets International Wll, as described in the note on Property, plant and equipment and the negative reserve deriving from the actuarial valuation of defined benefit obligations in accordance with the accounting standard IAS 19, net of the related tax impact, for 79,022 Euro.
The movements are detailed in the Statement of changes in equity for the year ended December 31, 2020.

Non-controlling interest

12.31.2020	01.01.2020	Variations + (-)
298,430	3,483,900	(3,185,470)

Non-controlling interests as at December 31, 2020 constitute the portion of the minority shareholders' equity. The change in the year is mainly due to the acquisition during the year of the remaining 24.89% in the company Bell Racing Helmets International Wll, 100% owned as of December 31, 2020.
During the year, moreover, dividends were distributed to the minority shareholders of Bell Racing USA LLC for 21,250 Euro.

Statement of agreement between OMP Racing S.p.A. shareholders' equity and result and Group consolidated shareholders' equity and result

	Shareholders' equity	Net income for the period
Amounts as per OMP Racing S.p.A. financial statements ITA GAAP	**9,057,821**	**1,558,688**
Impact IAS 19	(79,022)	-
Impact IFRS 3, IFRS 10	108,150	108,150
Impact IFRS 16	(15,416)	(13,801)
Amounts as per OMP Racing S.p.A. Financial Statements IAS-IFRS	**9,071,533**	**1,653,037**
Net Equity and income from consolidated subsidiaries	5,066,228	1,491,184
Elimination of consolidated investments	(10,896,590)	(659,531)
Goodwill (IFRS 3, IFRS 10)	6,625,057	(231,975)
Intangible assets depreciation (IFRS 3, IAS 38)	(109,316)	(109,316)
Elimination of intra-group dividend	-	(65,451)
Elimination of intra-group margin	(1,139,571)	(726,528)
Acturial gains and losses (IAS 19)	(60,751)	(27,350)
Lease Accounting (IFRS 16)	(363,124)	-
Cumulative translation reserve	(6,059)	31,216
Net Equity and result of the Group	**8,187,408**	**1,355,286**
Non-controlling interest	298,430	81,801
Amounts as per consolidated financial statements	**8,485,838**	**1,437,086**

21. Capital management

The Group's capital management policies provide for the maintenance of an adequate level of capital in order to maintain a relationship of trust with shareholders, creditors and the market, also allowing for future development of the business. In addition, the Group's management monitors the return on capital and the level of dividends to be distributed to the shareholders.
The Board of Directors tries to maintain a balance between obtaining higher returns through the use of a higher level of debt and the advantages and safety offered by a solid financial situation. In particular, the Group monitors its exposure in terms of net financial position (short and long-term bank debt, net of cash and cash equivalents and financial receivables from the parent company) and gross operating margin (EBITDA).

22. Long term loans

12.31.2020	01.01.2020	Variations + (-)
15,034,695	9,233,768	5,800,927

The breakdown of long-term loans between current and non-current portion is as follows:

	12.31.2020
Current	3,129,966
Non current	11,904,728
	15,034,695

The portion of long-term loans maturing within one year is classified under current liabilities.
The details of long-term loans to banks as at December 31, 2020 including the current portion, are shown in the following table:

Bank	Currency	Original amount in currency	Starting date	Maturity date	Interest base rate	Outstanding debt at December 31, 2020 in Euro	Current portion in Euro	Long term portion in Euro
Banca Carige	EUR	5,000,000	9/4/2020	8/31/2026	1.10%	5,000,000	-	5,000,000
Credit Agricole	EUR	700,000	5/31/2019	8/31/2022	0.90%	438,974	174,998	263,976
Intesa SanPaolo	EUR	500,000	10/30/2018	1/30/2022	1.38%	251,292	167,239	84,052
Banco Popolare	EUR	600,000	6/23/2017	10/31/2023	1.90%	287,094	60,454	226,640
Banco Popolare	EUR	350,000	4/19/2018	7/19/2022	1.33%	128,096	58,884	69,212
Banco Popolare	EUR	4,000,000	12/11/2019	6/30/2028	2.15%	4,000,000	266,233	3,733,767
Banco Popolare	EUR	500,000	11/21/2018	8/31/2022	0.88%	313,563	133,971	179,592
Monte dei Paschi di Siena	EUR	350,000	5/30/2018	12/31/2022	1.20%	175,000	58,333	116,667
Monte dei Paschi di Siena	EUR	400,000	12/16/2019	3/31/2023	1.20%	400,000	114,286	285,714
Banca Nazionale del Lavoro	EUR	1,000,000	5/31/2019	3/31/2022	1.00%	500,000	500,000	-
Credito Valtellinese	EUR	400,000	6/10/2019	5/4/2025	1.35%	383,761	48,937	334,823
Credito Valtellinese	EUR	500,000	10/25/2018	5/4/2023	0.96%	335,624	83,041	252,583
Credito Valtellinese	EUR	250,000	12/21/2019	2/21/2022	0.90%	166,916	125,093	41,823
Credito Emiliano	EUR	400,000	11/29/2017	6/30/2024	1.48%	243,522	39,839	203,682
UBI	EUR	500,000	1/13/2020	4/13/2023	1.15%	500,000	123,938	376,062
Intesa SanPaolo	EUR	800,000	3/31/2020	9/30/2021	1.00%	600,749	600,749	-
PNC	USD	252,000	6/28/2018	6/28/2025	6.19%	151,485	26,893	124,592
Bahrain Development Bank	BD	300,000	11/26/2015	7/26/2021	2.19%	72,295	72,295	-
Bahrain Development Bank	BD	150,000	3/30/2016	2/28/2021	2.17%	12,026	12,026	-
Bahrain Development Bank	BD	200,000	8/20/2016	7/20/2021	5.50%	14,052	14,052	-
Bahrain Development Bank	BD	50,000	8/20/2016	7/20/2021	2.17%	56,208	56,208	-
ASB	EUR	1,000,000	6/10/2020	6/10/2023	3.00%	1,004,039	392,497	611,542
Total						15,034,695	3,129,966	11,904,728

The maturity dates of the loans shown in the table, where applicable, are those restated following the extended terms granted by the banks in Italy and Bahrain.

The loans granted by Bahrain Development Bank, falling due within the following year, are guaranteed by the assets of the company Bell Racing Helmets International Wll up to the residual value of the debt (mainly machinery and industrial equipment).

23. Employee benefits

12.31.2020	01.01.2020	Variations + (-)
753,987	692,697	61,290

The increase compared to the previous year is mainly due to the changes in the liability set aside by the subsidiary Bell Racing Helmets International Wll for the staff employed in Bahrain, which constitutes a defined contribution plan.

The balance as at December 31, 2020 includes 469,540 Euro of defined benefit obligations related to the personnel employed in Italy by OMP Racing S.p.A., accounted for according to IAS 19 (470,499 Euro as of January 1, 2020).
The amount of the benefit to which each employee is entitled to is paid upon leaving the Group and is calculated on the basis of the period of employment and the taxable income of each employee. Under certain conditions, the amount can be partially advanced to an employee during his working life.
The Italian legislation ruling this subject was amended by Law 296 of December 27, 2006 and subsequent decrees and regulations issued in 2007. With these changes, companies with at least 50 employees were obliged to transfer the accrued defined obligation to the "Treasury Fund" managed by social security institution of the Italian State ("INPS") or complementary pension funds. Before the aforementioned legislation, the employee severance indemnity (TFR) of all Italian companies could be managed by the company itself. Subsequently, the obligation of the Italian companies towards INPS and the contributions to complementary pension funds take the form of defined contribution plans pursuant to IAS 19 - Employee benefits, while the amounts recorded as TFR up to December 31, 2006 maintain the nature of a defined benefit plan, determined in existence and amount but uncertain in its manifestation.
The amount of the defined benefit obligation is calculated and certified annually by an independent external actuary based on the "Projected unit credit" method, based on specific financial, actuarial and demographic assumptions. Actuarial gains and losses are recognized on an accrual basis directly within Equity.

The changes in defined benefit obligations for fiscal 2020 were as follows:

Present value of obligations at January 01, 2020	470,499
Service cost	-
Interest	3,623
Benefits paid	(31,877)
Other changes	12,349
Actuarial loss/(gain)	14,947
Present value of obligations at December 31, 2020	**469,540**

The main assumptions of the model are the following:

- the discount rates used to measure the obligation related to the Italian TFR are based on the yields of high-quality fixed income securities (rating AA), on the "10+" maturity, which is the maximum available maturity currently listed and which is the one closest to the duration of the OMP Racing S.p.A. severance pay liability.

For this plan, the weighted average discount rate reflecting the timing and estimated amount of future benefit payments for 2020 was 0.34%;

- a prospective inflation rate of 1% was used;

- the annual revaluation rate is equal to 75% of inflation plus one and a half percentage points;

- annual rates of increase in salaries were used according to the qualifications of the employees: managers 2.00%, middle managers / clerks / blue-collar workers 0.50%;

- the 2016 ISTAT survival table of the Italian population was used to estimate the mortality phenomenon within the collective of employees subject to the assessment. An INPS table differentiated according to age and sex was used to estimate the phenomenon of disability within the group of employees subject to the assessment;

- achievement of the minimum requirements of the Compulsory General Insurance (AGO) in line with the criteria defined by the Monti-Fornero law;

- the annual frequency of access to the right of anticipation (3% per annum) and the frequency of turnover (3% per annum) have been inferred from historical experiences. For the purposes of this estimate, the last five years of data were considered to be significant. Instead, a zero probability of early retirement was considered.

The discount rate is one of the valuation parameters that certainly has the greatest impact on the dimensioning of defined benefit obligations ("DBO"). According to the revised version of the standard (the so-called IAS19R) and with a view to providing an analysis of the sensitivity of the DBO to changes in the discounting interest rate, the recent evolution of the yield of securities that may fall within the definition of High-Quality Corporate Bonds included in the IAS standard has been analyzed.

Due to the volatility of the period under analysis (January 2019-December 2020), in order to provide a monetary quantification of the sensitivity of the DBO to the discount rate, a further assessment was made by introducing a shock of -50bp compared to the iBoxx AA Corporate return 10+. As expected, the lowering of the rate leads to an increase in the BOD equal to 6.43%.

24. Provisions

12.31.2020	01.01.2020	Variations + (-)
200,000	200,000	-

The provisions as at December 31, 2020 include the liabilities set aside to cover the losses deriving from any commercial disputes and tax claims.

There were no movements during the year.

Provisions	12.31.2020
Tax Claims	60,000
Other accrued liabilities	140,000
	200,000

The provision for tax claims concerns the prudential provision made by the Group in relation to the appeals pending before the C.T.R. of Liguria relating to the tax audit carried out for VAT purposes on the 2010-2012 tax years and the tax dispute relating to the 2008 financial year whose judgment is currently pending in the Court of Cassation.

The other accrued liabilities refer to a single dispute that originated in 2012 with a commercial counterparty, which is still ongoing.

25. Short Term Loans

12.31.2020	01.01.2020	Variations + (-)
6,251,825	6,148,737	103,087

The item refers to short-term loans, current account overdrafts and advances on invoices in relation to credit lines granted, with original maturity within twelve months.
The Group has credit lines with a plurality of financial institutions, such as to allow the adequacy of the financial resources that it requires. The summary of the short-term credit lines and balances at December 31, 2020 is shown below:

Bank	Currency	Interest rate	ST credit lines limits in currency as of 12.31.2020	ST credit lines limits in Euro as of 12.31.2020	ST debt as of 12.31.2020
BNL	EUR	Euribor + spread	1,050,000	1,050,000	202,959
Unicredit	EUR	Euribor + spread	1,750,000	1,750,000	498,182
Carige	EUR	Euribor + spread	1,100,000	1,100,000	382,809
Banco BPM	EUR	Euribor + spread	2,000,000	2,000,000	804,109
Credit Agricole	EUR	Euribor + spread	650,000	650,000	205,562
Intesa SanPaolo	EUR	Euribor + spread	1,600,000	1,600,000	471,699
Credem	EUR	Euribor + spread	950,000	950,000	599,174
Deutsche Bank	EUR	Euribor + spread	1,200,000	1,200,000	710,069
Monte dei Paschi di Siena	EUR	Euribor + spread	1,000,000	1,000,000	364,338
Credito Valtellinese	EUR	Euribor + spread	1,000,000	1,000,000	473,490
UBI	EUR	Euribor + spread	900,000	900,000	483,741
PNC	USD	3.25%	248,200	202,266	198,191
ASB	BHD	5.75%	450,000	976,139	835,408
TOTAL			**13,898,200**	**14,378,404**	**6,229,731**

In addition to the amounts reported in the table above, the balance of short-term bank loans at December 31, 2020 also includes 22,094 Euro of interest to Bahrain Development Bank.

26. Trade payables

12.31.2020	01.01.2020	Variations + (-)
7,667,696	9,055,680	(1,387,984)

The variation compared to the previous year is mainly due to lower purchases made in 2020 following the delays suffered by suppliers in the delivery of goods due to the restrictions related to the Covid-19 emergency.

The breakdown of trade payables by geographical area is as follows:

Area	12.31.2020
Italy	5,402,660
Other EU	1,224,095
Extra EU	1,040,941
	7,667,696

Only two countries (Italy and Bahrain) individually account for more than 10% of the total trade payables recorded as of December 31, 2020.

The breakdown of the balance at the end of the year by age group is shown below:

	Not Due	Due 1 - 30 days	Due 31 - 90 days	Due 91 - 180 days	Due 181 - 365 days	Due > 1 year	Total
Trade payables	5,222,558	1,073,218	517,647	80,483	335,002	438,788	**7,667,696**

27. Due to related parties

12.31.2020	01.01.2020	Variations + (-)
157,043	963,676	(806,633)

Payables to related parties at December 31, 2020 are composed as follows:

Due to related parties	12.31.2020
Racing Spirit Llc	10,858
Dinamo Srl	120,000
Stephane Cohen	1,200
Gabriele Pedone	3,673
GMP Consulting	9,200
Tyrrell Properties Llc	12,111
	157,043

A complete disclosure of transactions with related parties is provided under the section Other Information – Relationships with related parties.

28. Other payables

12.31.2020	01.01.2020	Variations + (-)
1,306,899	1,375,572	(68,673)

Other payables at December 31, 2020 are detailed in the table below:

Other payables	12.31.2020
Payable to personnel	701,513
Social Security payables	258,808
Deferred income	106,499
Other accrued payables	240,079
	1,306,899

29. Gross profit

	2020
Revenue	**33,733,308**
Cost of sales	**(13,597,933)**
Gross profit	**20,135,374**

Group's revenues are mainly due to the sales of finished products to dealers, distributors, teams, car manufacturers and individual customers. The products made by the Group consist of safety components for pilots (fireproof and anti-abrasive suits, helmets, intercoms, gloves, shoes and more) and for racing cars (seats, seat belts, steering wheels, roll bars, fire extinguishers and other car components), which are marketed under the OMP, Bell, Zeronoise and B2 brands. In addition, Sports Mini Line is the line dedicated to the sale of mini-helmets.

The breakdown of revenue by geographical area is as follows:

Area	2020
Italy	4,852,787
Europe (excl. Italy)	17,033,783
Rest of the World	11,846,738
	33,733,308

Group's revenues are generated in approximately 80 countries. Of these, only three countries (Italy, the United Kingdom and the United States) individually exceed the 10% threshold of the Group's total revenues.

The breakdown of the cost of goods sold by nature of expenditure is shown below:

	2020
Raw materials and semi-finished goods	12,226,675
Change in inventory	(208,187)
Trasport and duties on purchases	1,032,911
Other costs related to purchases	546,534
	13,595,946

Other costs include production waste, packaging and other minor purchases.

30. Other income

	2020
Other income	1,484,745

Other income includes sales of materials to suppliers (316 thousand Euro) and other income generated during the fiscal year, including 191 thousand Euro of government grants received by the subsidiary Bell Racing Helmets International Wll, linked to the Covid-19 pandemic, and 520 thousand Euro from the waiver of credits by the minority shareholder Mr. Stephane Cohen in favor of the companies of the Group, as agreed between the parties within the acquisition by the Group of the minority shares in Bell Racing Helmets International Wll.

31. Selling and distribution expenses

	2020
Selling and distribution expenses	(4,967,655)

Expenses in 2020 are detailed as reported below:

Selling and distribution expenses	2020
Technical partnerships and sponsorhips	3,239,582
Freight out	1,122,356
Commissions and other cost on sales	605,716
	4,967,655

Technical partnerships mainly refer to contracts signed with leading car manufacturers and teams. Sponsorships include advertising and promotional expenses.

32. General and administrative expense

	2020
General and administrative expenses	(10,823,049)

Expenses in 2020 are detailed as reported below:

General and administrative expenses	2020
Personnel	7,148,057
Professional fees	1,340,051
Compensation to BoD	787,795
Utilities	384,471
Repair & maintenance	295,794
Other G&A	866,880
	10,823,049

Personnel costs include wages and salaries for employees of Group companies for 5,469 thousand Euro in addition to social security and other personnel expenses for 1,679 thousand Euro.
Professional fees mainly include the amounts paid to the company Studiomilano (US company, related party) which provides personnel and payroll and administrative services to the consolidated company OMP Racing Inc.
The other general costs mainly refer to bank charges and commissions for the use of credit cards, travel expenses incurred by Group employees during the year, consumables and other general and administrative costs. In addition, the item includes 31,500 Euro of fees for the board of statutory auditors of the parent company OMP Racing S.p.A.

33. Other expenses

	2020
Other expenses	(466,737)

Other expenses mainly refer to costs for research incurred during the year and development costs not meeting the requirements for capitalization for 255 thousand Euro, to costs recognized in 2020 referring to previous years for 160 thousand Euro, in addition to taxes other than income taxes for 22 thousand Euro and other charges for 30 thousand Euro.

34. Bad Debt and write-off

	2020
Bad Debt and write off	(212,002)

The balance is due to 119 thousand Euro bad debt provision and 93 thousand Euro accrual for stock obsolescence.

35. Depreciation

	2020
Depreciation	(2,304,893)

The breakdown of depreciation by consistent categories of assets is provided in the comment to the items relating to intangible and tangible assets. The detail of depreciation by category of asset is provided below:

Type	2020
Intangible Assets	807,827
Right of use assets	785,840
Property, Plant & Equipment	711,226
	2,304,893

36. Finance income and costs

	2020
Finance income	236,425
Finance costs	(936,093)
Net Finance result	**(699,668)**

Financial income and costs are recorded on an accrual basis during the fiscal year.

The composition of finance income and costs is detailed in the tables below:

Finance income	2020
Interest with SAYE S.p.A.	37,048
Other interest income	199,378
	236,425

Other financial income includes 126 thousand Euro arising from the transaction with the ING bank concluded during the year, since the consolidated company 2SM Europe Sprl paid off the existing loan for an amount lower than the residual debt value.

Finance costs	2020
Banks	492,692
Interest IFRS 16	109,052
Foreign exchange loss	281,073
Interest IAS 19	3,623
Racing Spirit Llc equity method evaluation	21,215
Other finance costs	28,438
	936,093

The net foreign exchange rate loss is due to 77,785 Euro realized loss and 203,288 Euro unrealized loss booked during the fiscal year.

37. Taxes

Income taxes recognized in profit / (loss) for the year

	2020
Taxes	(709,030)

The composition of the balance as at December 31, 2020 is as follows:

Taxes	2020
Current income taxes	634,136
Deferred taxes	74,894
	709,030

Current taxes refer to income taxes for the year, calculated analytically by each company in the Group.

Deferred taxes concern positive or negative income components respectively subject to taxation or deduction in years other than the current fiscal year.

Reconciliation of the effective tax rate

		2020
Net profit before taxes		2,146,116
Income tax using the Italian tax rate	24.0%	515,068
Impact from different tax rate in other countries	3.0%	63,406
Impact from non deductible expenses	2.4%	51,403
Impact from non taxable income	(0.8%)	(17,506)
Other	0.9%	19,986
Effective tax rate	29.5%	632,357
IRAP		76,672
Total taxes for the fiscal year		709,030

IRAP is excluded from the calculation of the effective tax rate, as it is calculated on a taxable basis other than the net profit before taxes.

Changes in current taxes during the year

	12.31.2020	01.01.2020	Variations + (-)
Tax receivables			
current	686,808	479,317	207,491
non current	211,952	213,785	(1,833)
Total tax receivables	**898,761**	**693,103**	**205,658**
Tax payables			
current	109,161	258,234	(149,073)
Total tax payables	109,161	**258,234**	**(149,073)**

Tax credits are mainly due to VAT credit and payments of advances for income taxes paid in Italy.

Tax payables refer to income taxes that are payable at the end of the financial year by the consolidated companies in the various countries.

Changes in deferred taxes during the year

	31.12.2020	01.01.2020	Variations + (-)
Deferred tax assets	245,716	317,022	(71,306)

Deferred tax assets are calculated using the current tax rates applicable in each country.

Below is the breakdown of the movements in deferred tax assets in 2020:

Deferred Tax Assets	12.31.2020	01.01.2020	Variations + (-)
Intra-group margin in stock	146,057	159,832	(13,775)
Goodwill	61,225	88,350	(27,125)
Defined benefit plan under IAS 19	24,955	21,368	3,587
Other differences	13,479	47,472	(33,993)
	245,716	**317,022**	**(71,306)**

The breakdown of taxes by type is shown below:

Type	Amount 12.31.2020	Deferred Tax Assets 12.31.2020
Intra-group margin in stock	523,501	146,057
Goodwill	219,444	61,225
Defined benefit plan under IAS 19	103,978	24,955
Other differences	56,163	13,479
	903,087	**245,716**

The main amount at the end of the year relates to deferred tax assets resulting from the elimination of the intra-group unrealized margin on the sales of OMP Racing S.p.A. to the American subsidiary OMP Racing Inc., with reference to the products recorded in the subsidiary's inventories at the end of the year.

38. Risk Management

Main risks faced by the Group are:

- credit risk: arising from commercial transactions
- liquidity risk: related to the availability of cash and financial resources;
- market risk: arising from operations involving risks connected with fluctuations in exchange and interest rates.

The Group has set up mechanisms and procedures at the level of each consolidated entity for the constant monitoring of the foregoing risks, so as to avoid potential negative effects and implement any actions required to contain those risks. In this perspective, below is a more detailed qualitative and quantitative analysis of each type of risk.

Credit risk

The financial assets of the Group must be considered to have good credit quality.

Customers are selected after being carefully evaluated under a commercial and financial standpoint. Many of the Group's top customers are historical and loyal partners, with a good financial capacity and a demonstrated track in terms of reliability and timing of payments. For these reasons, the risk of bad debt is well below the normal standards deemed physiological by the bank system for any commercial enterprise. The current size of the bad debt provision is in fact such as to cover all the positions considered to be of possible risk. Based on these elements, the Group has evaluated not to proceed with credit risk hedging actions with any insurance tools.

Liquidity risk

The liquidity risk is related to the ready availability of sufficient cash and financial resources when needed to meet commitments associated with financial instruments and carry out operations and planned investments.

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the reputation of any of the Group's entities.

There are no significant risk factors for the Group, considering that the credit lines granted by the banks are largely adequate for the current business needs.

Market risk

The specific market risks to which the Group is exposed are those arising from fluctuations in exchange and interest rates.

As regards the interest rate risk, the Group has covered its exposure on medium-long term debt positions recurring to fixed interest rates. Therefore, based on the current composition of debts, the Group did not deem it necessary to enter into interest rate risk hedging instruments.

As for the exchange rate risk associated with commercial relations with foreign customers and suppliers, for which transactions are not regulated in the functional currency of each of the consolidated entities, the risk is mitigated by the fact that the total volumes of transactions in foreign currency are lower than the volumes made in functional currency. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly. Under these circumstances, the Group did not consider it necessary and / or appropriate to enter into financial hedging instruments.

There are no further significant risk factors or uncertainties for the Group.

39. Other Information

Personnel

The following table shows the number of employees of the Group at December 31, 2020 and the average for the year, broken down by homogeneous categories.

Headcount	12.31.2020	Average 2020
Managers	19	19
Employees (office)	80	78
Warehouse / Production	210	205
Total	**309**	**302**

Fees to Directors and Statutory Auditors

	2020
Board of Directors	787,795
Statutory Auditors	31,500

Fees paid to the Board of Directors refer to the parent company OMP Racing S.p.A. and to other consolidated companies, where applicable.

The fees to the statutory auditors are those referred to the parent company OMP Racing S.p.A.

Fees to Independent Auditors

	2020
KPMG Italy	36,000
KPMG Bahrain	6,065
Total	**42,065**

Fees to KPMG reported in the previous table relate, as regards the values attributed to KPMG Italia, to the audit of the financial statements of OMP Racing S.p.A. for 22 thousand Euro and the consolidated financial statements of the Group for 14 thousand Euro and, as regards the values attributed to KPMG Bahrain, the audit of the Bell Racing Helmets International Wll financial statements. These values do not include monetary revaluation and expenses.

Donations and contributions

There are no disbursements to be disclosed for the fiscal year.

Commitments, guarantees and contingent liabilities

There are no commitments, guarantees or contingent liabilities not resulting from the balance sheet, except for the guarantees on bank loans granted by Bahrain Development Bank to the consolidated entity Bell Racing Helmets International Wll, as detailed under the note for Long term debt.

Derivative financial instruments

The Group did not invest in derivative financial instruments.

Relationships with related parties

All the balances with related parties at year end are disclosed throughout the Notes to these Financial Statements.

A summary of the balances with related parties at December 31, 2020 and the transaction recorded in the Profit and Loss during the fiscal year is provided below.

Related party	Relationship	Receivables	Payables	Revenue	Costs
SAYE S.p.A.	A	1,490,000	-	-	43,047
Racing Spirit Llc	B	6,827	10,858	5,033	18,689
Stephane Cohen	C	-	1,200	528,633	-
Gabriele Pedone	C	-	3,673	-	-
KJK Protective Techologies LLC	C	4,575	-	-	-
Stephan Kindt	C	-	-	26,000	-
GMP Consulting	C	-	9,200	-	19,200
Dinamo Srl	D	-	120,000	-	-
Studiomilano	D	94,760	-	-	704,095
Tyrrel Properties Llc	D	-	12,110	-	125,423

A: parent company; B: associated companies and joint ventures; C: Subsidiaries' shareholders and top managers; D: companies controlled by shareholders or top managers of the consolidated companies.

Receivables at December 31, 2020 include the active loan to the parent company SAYE S.p.A. for 1,490,000 Euro.

Revenues from Stephane Cohen (former minority shareholder of Bell Racing Helmets International Wll) relate to the waiver of the receivables due to Group companies, following the agreements stipulated between the parties within the acquisition by OMP Racing S.p.A. of the remaining 24.5% stake in the share capital of Bell Racing Helmets International Wll.

Payables to Dinamo Srl refer to the transfer of know-how to the consolidated company Zeronoise Ltd at the end of 2018, upon the constitution of the start-up, net of the reimbursements made in 2020.

Tyrrell Properties Llc is the company that provides the facilities in which the consolidated company OMP Racing Inc. is based, while Studiomilano is the consultancy company that provides personnel and payroll and administrative services to OMP Racing Inc.

All other commercial relations with related parties were concluded under normal market conditions.

Material events arising after the balance sheet date

Events occurring after the end of the financial year that highlight conditions already existing at the reporting date and requiring changes to the values of assets and liabilities, in accordance with the relevant accounting standard, are recognized in the financial statements, in accordance with the postulate of accrual, to reflect the effect that such events have on the financial situation and on the economic result at the end of the financial year.

Events occurring after the end of the financial year that indicate situations arising after the balance sheet date, which do not require changes in the balance sheet values, in accordance with the provisions of the relevant accounting standard, as they pertain to the following year, are not recognized in the financial statements but are illustrated in the explanatory notes, if deemed material for a more complete understanding of the situation of the Group.

With reference to the ongoing health emergency connected to Coronavirus - Covid-19, given the solidity of the fundamentals of both the value chain and the economic and financial structure of the consolidated companies and the Group as a whole, no significant effects are expected on operating results for the current year.

Among the significant events that occurred after the end of the year, it should be noted that on February 19, 2021, the parent company OMP Racing S.p.A. has acquired the entirety of the share capital of PIER S.r.l., owner of the property located in Ronco Scrivia rented by OMP Racing S.p.A.; subsequently, on March 10, 2021, after filing the related merger projects, the shareholders' meeting of OMP Racing S.p.A. approved the merger by incorporation of the subsidiary - merged PIER S.r.l. into the parent company - incorporating OMP Racing S.p.A.

Finally, at the end of March 2021, the Group increased its share in the companies Bell Racing USA LLC, Head Protection Technologies LLC and Head Pro Tech LLC, acquiring the remaining 35% of the share capital from the previous shareholder, reaching a 100% ownership in the three companies.

Financial statements of the Company that performs management and coordination activity

The Group is subject to the management and coordination activity of the company SAYE S.p.A. of which summarized data related to the Balance Sheet at December 31, 2019 and the Profit and Loss account for 2019 fiscal year are reported in the following tables.

Summarized Balance Sheet

	12.31.2019
Fixed Assets	13,409,237
Working Capital	1,241,705
Prepayments	5,880
Total Assets	**14,656,822**
Net Equity	**11,471,425**
End of service	33,715
Payables	3,150,897
Deferred income	785
Total Liabilities and Net Equity	**14,656,822**

Summarized Profit and Loss account

	2019
Revenue	369,091
Cost of Sale	654,309
Finance income/(loss)	2,861,369
Net result	**2,576,151**

KPMG

Racing Force Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2021

(with auditors' report on review thereof)

KPMG S.p.A.

28 October 2021

KPMG

KPMG S.p.A.
Revisione e organizzazione contabile
Piazza della Vittoria, 15 int. 11
16121 GENOVA GE
Telefono +39 010 564992
Email it-fmauditaly@kpmg.it
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Report on review of condensed interim consolidated financial statements

To the shareholders of
Racing Force S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Racing Force Group (the "group"), comprising the condensed consolidated statement of financial position, the condensed consolidated statement of profit and loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and notes thereto, as at and for the six months ended 30 June 2021. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Racing Force Group as at and for the six months ended 30 June 2021 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matter

The condensed interim consolidated financial statements of the Racing Force Group as at and for the six months ended 30 June 2020 have not been neither audited nor reviewed.

Genoa, 28 October 2021

KPMG S.p.A.

Andrea Carlucci
Director of Audit

RACINGFORCEGROUP

CONSOLIDATED INTERIM FINANCIAL REPORT

AS OF JUNE 30, 2021

Racing Force S.p.A.

Registered office: Via Bazzano 5, Ronco Scrivia (Genoa)
F.C. and registration number: 02264760105
Member of REA - CCIAA of Genoa nr. 260454
Share capital: Euro 1,925,745.00 fully paid-up
VAT number: 02264760105

Subject to the management and coordination activity of the company SAYE S.p.A.

Contents

Board of Directors' Report on the Operations and Situation of the Group in the period ending June 30, 2021

Board of Directors' Report on the Operations and Situation of the Group in the period ending June 30, 2021

General Information

The condensed interim consolidated financial statements as of June 30, 2021 of Racing Force Group (formerly OMP Racing Group)[1], hereinafter the Group, were prepared in accordance with IAS 34 – Interim Financial Reporting. Since they don't include all the information required by the IFRS in the preparation of the annual financial statements, the consolidated financial statements as of June 30, 2021 must be read together with the financial statements for the year ended 31 December 2020. The estimation processes and assumptions were maintained in continuity with those used for the preparation of the annual financial statements. For comparative purposes, the consolidated statements are compared with the consolidated balance sheet figures of the financial statements as at December 31, 2020 and with the consolidated economic data as at June 30, 2020.

All estimates and valuations have been made on the basis of business continuity and are the result of the best possible assessment by management. If in the future these estimates and valuations should differ from the actual data, they would be modified in the same period in which the changes were recorded.

This report is presented together with the Consolidated Financial Statements and the Notes in order to provide management insights on the economic and financial results for the first half of 2021, as well as historical data and prospective evaluations.

Group structure

The companies that form the Group operate in the production of safety equipment for racing and motorsports industry or conduct business activities which are essentially complementary to or in line with these activities.

The Group structure as of June 30, 2021 is the result of the acquisitions made at the end of December 2019, when the parent company Racing Force S.p.A. acquired the control of Bell Racing Helmets Group and Zeronoise Ltd, and the subsequent transactions completed in 2020 and in the first half of 2021, with the purposes of simplifying the Group's structure and obtaining i) cost savings by reducing the number of the companies; ii) greater efficiency and effectiveness in the management of activities by reducing decision-making levels and strengthening strategic and operational integration of the Group companies.

In detail, the following events took place during 2021 first half:

- In February 2021 Racing Force S.p.A. acquired 100% of the shares of the company Pier S.r.l., owner of the building located in Ronco Scrivia where the company is based, for 3 million Euro.

- Subsequently, on May 14, 2021, Pier S.r.l. was merged by incorporation into Racing Force S.p.A.

Following this operation, Racing Force S.p.A. reported a difference from the merger of 188,739 Euro, allocated to the value of the building.

- At the end of March 2021, the Group acquired the remaining 35% of the minority stakes in the following companies based in the United States, as summarized in the following table:

Target Entity	Buyer	Purchase Price (in USD)
Bell Racing USA LLC	Racing Force USA Inc.	570,236
Head Protection Technologies LLC	2SM Inc.	128,327
Head Pro Tech LLC	2SM Inc.	48,157

After these transactions, all the companies included in the consolidation area are 100% controlled by the Group.

In accordance with IAS 27, these transactions have been accounted for as transactions between owners in equity, without any profit or loss recognized in the income statement. The difference between the fair value of the

[1] On August 31, 2021, the extraordinary Shareholders' Meeting of Racing Force S.p.A. approved the change of company name from OMP Racing S.p.A. to Racing Force S.p.A.

consideration paid and the existing book value of the minority interests was recognized directly in the shareholders' equity attributable to the Group (386,685 Euro).

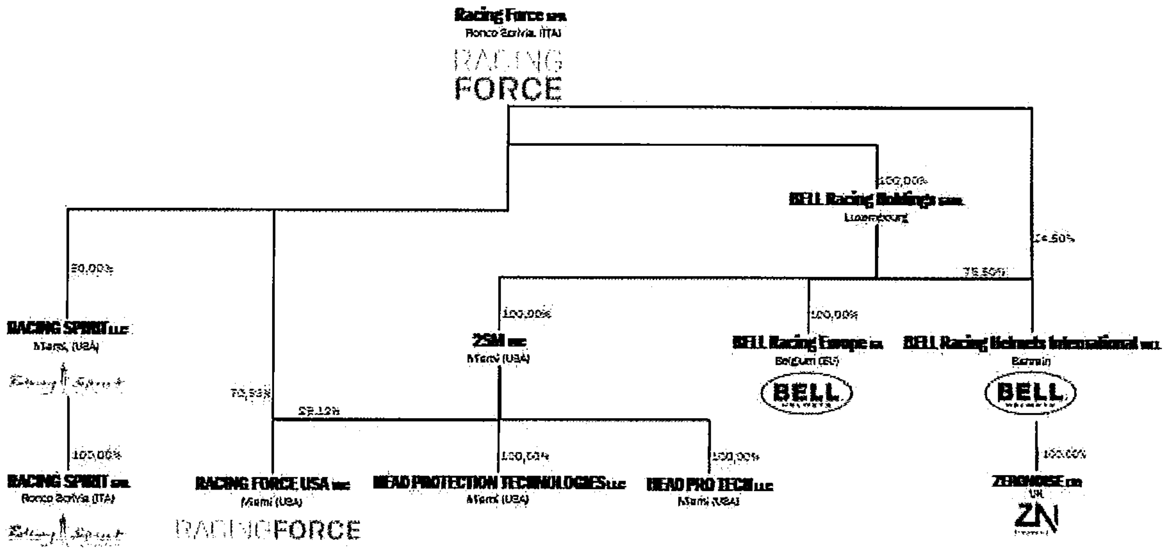
- On March 10, 2021, the Shareholders' Meeting of Racing Force S.p.A. approved the purchase of no. 34,633 own shares with a value of Euro 1.00 each at the price of Euro 650,747.00, equal to 1.80% of the capital of Racing Force S.p.A., by the company SAYE S.p.A.; the aforementioned shares were subsequently sold at the price of Euro 650,747.00, to Mr. Kyle Kietzmann, current COO of Racing Force USA Inc., with waiver of the right of preemption due to the shareholders.

- In April 2021 Racing Force USA Inc. changed its corporate name from OMP Racing Inc. to Racing Force USA Inc. and subsequently, with effect from June 1, 2021, Bell Racing USA LLC was merged by incorporation into Racing Force USA.

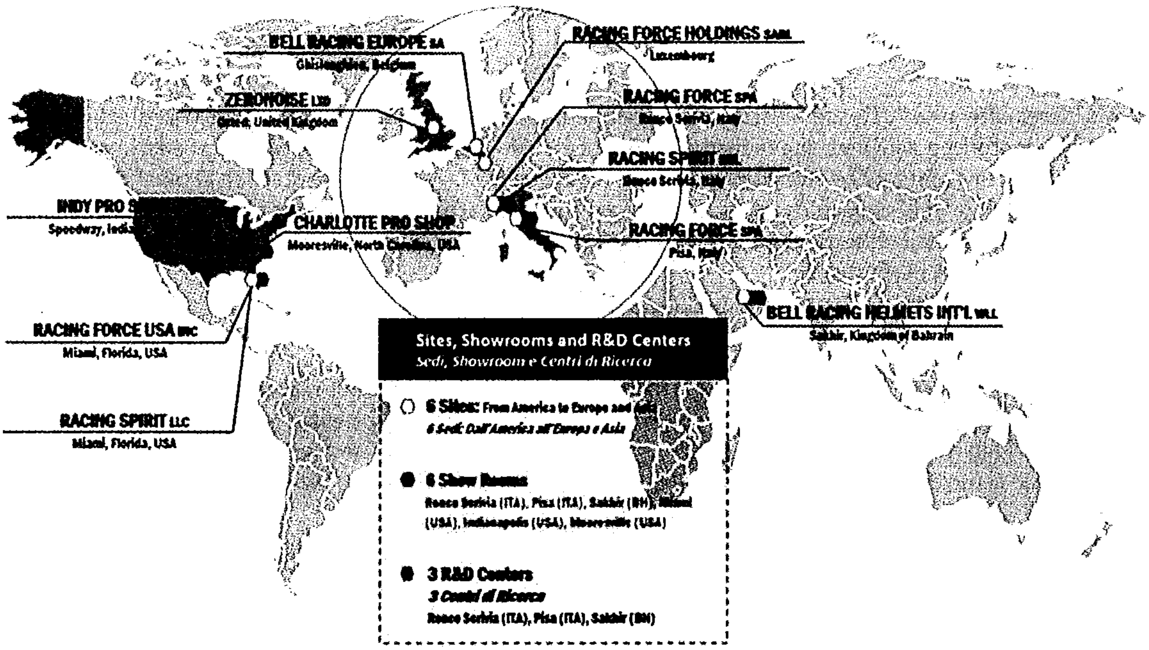
Racing Force S.p.A. is subject to the management and coordination activity of the company SAYE S.p.A. These activities have not produced particular effects on the Group and its results in the first half of 2021 that require to indicate the reasons and interests affected.

The structure of the Group at the end of 2021 first half, with the indication of the location of the various entities and a brief description of the main features of each brand, is reported below.

Organizational Group structure



Group's sites and locations



Main brands within the Group

OMP

OMP brand was created in Genoa in 1973 and is worldwide leader in the business of racing safety equipment for drivers (suits, gloves, boots, etc.) and race cars (seats, safety belts, steering wheels, rollbars, etc.).
Today, OMP products are used by drivers and teams in world racing championships including Formula 1, World Rally Championship – WRC, World Endurance Championship - WEC, Rally Cross World Championship - RX, Formula E, IndyCar, NASCAR. OMP is one of a very few brands in the world able to offer a complete range of safety and performance products dedicated to race car and driver, with over 2.000 products in its catalog with the majority homologated to industry standards including FIA, FIA-Karting, SFI and Snell.

BELL HELMETS

Created in 1954, Bell Helmets (hereinafter also "Bell") is the world premier auto racing and karting helmet brand.
Throughout its history, the brand has pioneered key innovations including the first energy absorbing liner, Snell certified helmet, full-face helmet, fire retardant helmet, aerodynamic helmet and FIA "super helmet". Today the brand is associated to technically superior racing helmets incorporating advanced materials and the latest manufacturing techniques.
Positioned as a premium brand, Bell helmet is the of choice of World Champions such as Lewis Hamilton, multiple Formula 1 world champion. In 2020, 11 out of 20 Formula One drivers wear Bell Helmets. Bell is a technical partner of Ferrari and other F1 teams and car manufacturers.
Bell manufactures and markets helmets for professional and amateur racers for all forms of racing from Formula 1 to Karting through Rally and Road Racing. All products comply with or exceed the industry's most demanding helmet safety standards including FIA and Snell.

ZERONOISE

Zeronoise is the brand through which the Group develops and manufactures communication devices for the racing industry. The technologies that have been developed under the Zeronoise™ brand are focused on audio communication and video.
The communication devices, such as intercoms, known for their unique design and high performance, are used by professional teams in top rally and rally-raid series.

Moreover, Zeronoise developed the world first in-helmet camera for real-time TV broadcasting homologated with a helmet by FIA: it is the *Driver's Eye*, which made its debut in Formula E in 2020 and in Formula 1 in 2021.

B2 HELMETS
B2 Helmets (hereinafter also "B2") specializes in the development, manufacturing and distribution of protective helmets for auto racing, motorized activities and industrial applications. The B2 brand was developed to address the helmet safety needs of sporting and service professionals that require a higher level of head protection at an affordable price. B2 helmets incorporate the same technology and advanced manufacturing techniques developed for auto racing helmets design for professionals competing in the highest levels of motorsports, featuring advanced technology, innovative design, value & performance.

SPORTS MINI LINE
Sports Mini Line launched the concept of creating a half scale exact replica of famous racing drivers.
Mini helmets are designed and produced by recognized leaders in the racing helmet industry who use the same manufacturing techniques and engineering excellence to produce authentic and detailed half-scale representations of the full-size racing helmet, hand made by a team of highly skilled craftsmen. The mini helmet including the shell, interior and visor is made with similar materials and components as the real racing helmet.
Today, Sports Mini Line is specializing in producing custom made series for race teams, sponsors and drivers.

RACING SPIRIT
The brand Racing Spirit was established in 2012, with the vision of making car racing specific clothing that strives to incite those who love the sport with beauty, design technology and functionality. Racing Spirit combines maximum wearer comfort with top performance by meeting every requirement in terms of function and style. Racing Spirit is the first premium racing inspired apparel brand, where craftsmanship, quality and attention to detail are setting Racing Spirit apart from all others.

Performance of operating activities
After the events related to the Covid-19 epidemiological emergency that shook the entire world economy during 2020, the first half of 2021 showed important signs of growth for the Group, which is recognized today as one of the main global players in the motorsport business, mainly due to the following reasons: i) the continuous research for innovation and the offer of new products, ii) the constant improvement of existing products, as required by the ultimate homologation parameters and iii) the completeness of the range of products offered by the Group, following the acquisition of Bell Racing Helmets Group and the company Zeronoise starting from the end of 2019.

Today Racing Force Group can offer the best and most complete range of Motorsport Safety Products used by professional athletes worldwide, from F1 to World Rally Championship, Karting and Rally-Raid, with more than 60 FIA World Championship titles won in the last 10 years. The catalogs of the brands distributed by the Group offer a complete range of more than 2.000 safety and performance products designed for race cars, drivers and amateurs.

During 2021 first half, the Group significantly increased its sales (+46.8% compared to 2020 first half, equal to +7.9 million Euro) and its margin. EBITDA increased by 142.9% compared to 2020 first half, thanks also to constant and careful planning and control of expenses in all Group companies, amounting to 24.0% of revenues.

These very positive results are mainly due to the effect deriving from the process of integration of the businesses acquired at the end of 2019, which in 2020 had not yet been able to fully express their potential due to the pandemic and to their recent acquisition.

During 2021 first half, the Group has been able to further increase its presence in the motorsport business, thus becoming one of the undisputed leaders in the world: the commercial agreements signed with leading market partners, teams and car manufacturers, have granted a greater visibility and consolidation of turnover and margins. The products of the Group, which are now considered the state of the art in the motorsport safety equipment market, are currently used by the top drivers in the main world competitions managed by FIA.

Summary of consolidated financial data

The main figures related to the performance of the Group in the first half of 2021, compared with the first half of 2020 as regards the income statement and with the balances at the end of 2020 as regards the balance sheet, are reported in the tables below.

Financial data for the half-year ended at June 30

	2021	% of Revenue	2020	% of Revenue	Variance
Revenue	24,943,868		16,996,225		7,947,643
Gross profit	14,796,443	59.3%	10,217,974	60.1%	4,578,469
EBITDA	**5,987,428**	**24.0%**	**2,465,471**	**14.5%**	**3,521,958**
Bad Debt and write offs	54,848	0.2%	13,095	0.1%	41,753
Depreciation	1,037,331	4.2%	1,080,615	6.4%	(43,284)
EBIT	**4,895,249**	**19.6%**	**1,371,760**	**8.1%**	**3,523,489**
Finance income/(loss)	(77,693)	0.3%	(176,706)	1.0%	99,013
Taxes	1,217,105	4.9%	429,587	2.5%	787,518
Net result	**3,600,451**	**14.4%**	**765,467**	**4.5%**	**2,834,984**
					-
Cash flow from operations	3,701,517	14.8%	(479,768)	2.8%	4,181,285
Dividends paid to Shareholders	56,774	0.2%	21,250	0.1%	35,524

Financial data at the end of the period

	06.30.2021	12.31.2020	Variance
Total Assets	48,605,962	44,154,689	4,451,273
Fixed Assets	20,323,829	18,610,800	1,713,029
Net Working Capital	12,026,337	9,849,436	2,176,901
Other items in working capital	(2,029,717)	(73,301)	(1,956,416)
less LT & Accrued provisions	3,119,097	4,359,456	(1,240,359)
Net Invested Capital	**27,201,353**	**24,027,480**	**3,173,873**
Net Financial Position	16,938,079	15,541,642	1,396,437
Group Equity	10,263,274	8,187,408	2,075,866
NCIs	-	298,430	(298,430)
Financial Sources	**27,201,353**	**24,027,480**	**3,173,873**

Net Financial Position

	06.30.2021	12.31.2020	Variance
Debts with banks (A)			
- Short term	5,080,550	5,126,914	(46,364)
- Long term	13,061,783	11,904,728	1,157,054
Finance active loans (C)			
Long term loan to the Parent company	839,253	1,490,000	(650,747)
Short term loan to Racing Spirit Llc	265,000	-	265,000
Long term loan to KJK Protective Technologies LLC	100,000	-	100,000
Net Financial position: A) + B) - C)	**16,938,079**	**15,541,642**	**1,396,437**

Main financial KPIs

	06.30.2021	12.31.2020
Coverage of Fixed Assets		
(Net Group Equity + LT debt) / Fixed Assets	1.15	1.08
Coverage of Net Working Capital		
ST debt / Net Working Capital	0.42	0.52
Debt - Equity ratio		
(Current liabilitis + Non current liabilities) / Net Group Equity	3.74	4.36
Net Financial position / Net Group Equity	1.65	1.90
Capitalization		
Net Group Equity / Total Assets	0.21	0.19
Net Group Equity / Net Invested Capital	0.38	0.34
Liquidity ratio		
Working Capital / Current operating Liabilities	1.77	1.92
Net Financial position / Net invested capital	0.62	0.65

Main economical KPIs for the period closed at June 30

	2021	2020
ROIC		
NOPAT / Net Invested Capital	13.52%	3.78%
ROI		
EBIT / Total Assets	10.07%	3.10%
ROS		
EBIT / Revenue	19.63%	8.07%
ROA		
Net Profit / Total Assets	7.41%	1.73%

During 2021 first half, the Group achieved an EBITDA of 5,987 thousand Euro (2.465 thousand Euro in 2020 first half), with a margin of 24.0% on sales (14.5% in 2020 first half). This very positive result is due both to the performance of Racing Force S.p.A and its American subsidiary and to the contribution in terms of sales and margins of the Bell Racing Helmets Group and, although to a lesser extent, of Zeronoise.

Net profit for the year was 3,600 thousand Euro (765 thousand Euro in 2020 first half), with a margin on sales of 14.4% (4.5% in 2020 first half), after depreciation and write-offs for 1,092 thousand Euro (1,094 thousand Euro in 2020 first half), net finance expenses for 78 thousand Euro (177 thousand Euro in 2020 first half) and taxes for 1,217 thousand Euro (430 thousand Euro in 2020 first half).

The cash flow from operations was 3,702 thousand Euro (-480 thousand Euro in 2020 first half). This amount was used, together with the increase in bank loans amounting to 1,078 thousand Euro, to meet the cash requirements of the transactions carried out during the fiscal year, including the acquisition of the company Pier S.r.l., owner of the building where the parent company has its headquarters, and the purchase of the remaining minority interests in the American companies Bell Racing USA Llc, Head Protection Technologies Llc and Head Pro Tech Llc.
The Group's overall net financial indebtedness has passed from 15,542 thousand Euro at the end of 2020 to 16,938 thousand Euro at the end of 2021 half-year. For a detailed analysis see the consolidated Cash Flow Statement.

Risk factors and uncertainty

The Group operates in a free market and it is therefore exposed to risk factors and uncertainty.

The Group has set up mechanisms and procedure at the level of each consolidated entity for the constant monitoring of the foregoing risks, so as to avoid potential negative effects and implement any actions required to contain those risks. In this connection, below is a more detailed qualitative and quantitative analysis of each type of risk.

Main risks considered by management to be at medium and significant materiality are the following:

Risks associated with the Covid-19 epidemiological emergency and the complex conditions of the global economy

The continuing epidemic related to the spread of the COVID-19 virus ("Coronavirus" or "COVID-19") has had, and may have in the future, a negative impact on the Group's operations, results and the entire market in which it operates. Even though the Group was not exposed to restrictive measures, made exception for the activity carried out in its industrial plant in Bahrain, which was interrupted for 10 days in 2020, it is not possible to exclude that it will be exposed in the future to the risk arising from the adoption by public authorities of additional and new measures to prevent and/or limit the spread of the Coronavirus and the operational and economic consequences arising from the adoption of such measures. In response to this emergency, the Group has also promptly adopted all the health and behavioral precautions imposed by the competent national and local authorities at its offices and production plants, including the development of social distancing plans, also implementing, where possible, remote operating methods for personnel.

Risks associated with the product liability and brand awareness

The products manufactured and distributed by the Group can be divided into two macro categories: homologated and non-homologated products.
In both cases, any defects in the design or manufacture of the Group's products could expose the Group itself to the risk of liability to third party and consequent claims for damages.
With regard to homologated products, then, the Group, as manufacturer, has the responsibility to homologate them in compliance with FIA standards. In this respect, the Group also has an in-house laboratory that is able to carry out in-house tests on products that will then be carried out by FIA-accredited laboratories to verify compliance with homologation regulations.
Furthermore, pursuant to the regulations in force in Italy (art. 114 of Legislative Decree no. 206/2005, the so-called Consumer Code) and abroad on product liability, any design or manufacturing defects in both homologated Products and non-homologated offered by the Group could expose it to the risk of liability actions by third parties and, consequently, to potentially significant claims for damages.
Although no action for damages has so far been brought against the Group, it cannot be excluded that such actions may be brought against it in the future.
Furthermore, one of the key factors in the Group's success is the recognizability of Racing Force Group's brands, namely OMP and Bell Helmets, which have been in the market of safety equipment.
This recognition is influenced by many factors, such as the high quality of craftsmanship, creativity, attention to detail, the ability to meet the needs of individual customers and the presence. Moreover, the Group constantly strives to maintain and increase its brands recognition through advertising and promotional campaigns, including on social networks, as well as implementing communication and branding strategies.
Should, in the future, brand awareness is not effectively maintained and developed by the Group, this could result in a negative impact on the reputation and, therefore, on the economic and financial situation of the Group itself, arising out in connection with (i) the possible confusion of the Group's brands with those of other companies operating in the same filed, (ii) the inability to communicate to the market the distinctive values of its brand and to maintain them over time, or (iii) the spreading by third parties of partial, untrue or defamatory information about the Group and (iv) the inability to attract and/or retain customers.
The risk is mitigated by the tightly controlled process that products need to go through before the commercialization: i) first of all the manufacturer has to be authorized and recognized by FIA to produce; ii) there are regulations and technical standards issued by FIA to which products must comply with; iii) tests are performed in third-party FIA authorized laboratories.

Risks associated with implementing future strategies and programs

The Group is exposed to the risk of not being able to achieve its growth strategy, or of not achieving it within the planned time frame, if the basic assumptions on which it is based, including the assumptions in the business plan, prove to be incorrect or if the strategy does not produce the expected results for other reasons, including those outside the Group's control.

Although no significant deviations from the estimates made by management have been found in the past, the estimates and assumptions contained in this document, although currently considered reasonable, may prove to be incorrect in the future also due to the occurrence of unforeseen factors and/or circumstances other than those considered, which could impact the Group's results or performance.

Risks associated with protection of the Group's know-how and industrial secrets

To make the production processes increasingly efficient and, consequently, to make the product offerings competitive, the Group must continually update its technologies, also by investing in research and development; should the Group not be able to acquire or adequately develop the technologies currently available, or those available in the future, it may have to change or reduce its development objectives or see its competitive strength reduced.
The Group, as owner of IP assets that are worth and strategic for their success on the market, is subject to risks related to their protection and is actively engaged in the implementation of actions aimed at containing and, possibly, eliminating such risks of undue use of such intangible assets, directly bearing the related costs.
The Group has implemented both internal and external procedures aimed at the protection of the know-how internally developed.

Main risks considered by the management to be of low materiality are the following:

Credit risk

The financial activities of the Group are to be considered as of good credit quality.
Customers are selected after being carefully evaluated under a commercial and financial standpoint. Many of the Group's top customers are historical and loyal partners, with a good financial capacity and a demonstrated track in terms of reliability and timing of payments. For these reasons, the risk of bad debt is well below the normal standards deemed physiological by the bank system for any commercial enterprise. The current size of the bad debt provision is in fact such as to cover all the positions considered to be of possible risk. Based on these elements, the Group has evaluated not to proceed with credit risk hedging actions with any insurance tools.

Liquidity risk

The liquidity risk is related to the ready availability of sufficient cash and financial resources when needed to meet commitments associated with financial instruments and carry out operations and planned investments.
The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the reputation of any of the Group's entities.
There are no significant risk factors for the Group, considering that the credit lines granted by the banks are largely adequate for the current business needs.

Market risk

The specific market risks to which the Group is exposed are those arising from fluctuations in exchange and interest rates.
As regards the interest rate risk, the Group has covered its exposure on medium-long term debt positions recurring to fixed interest rates. Therefore, based on the current composition of debts, the Group did not deem it necessary to resort interest rate risk hedging instruments.
As for the exchange rate risk associated with commercial relations with foreign customers and suppliers, for which transactions are not regulated in the functional currency of each of the consolidated entities, the risk is mitigated by the fact that the total volumes of transactions in foreign currency are lower than the volumes made in functional currency. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly. Under these circumstances, the Group did not consider it necessary and / or appropriate to enter into financial hedging instruments.

Other risks considered by management to be at low materiality are risks associated with products counterfeiting, risks associated with the license agreements to use the Bell Helmets trade mark, risks associated with key people, risks associated with the loss of qualified resources and the difficulty of finding new ones, risks associated with APIs (Alternative Performance Indicators), risks associated with transactions with related parties, risks associated with the price fluctuation of raw materials, risks associated with international activities and regulations in the various markets in which the Group operates, risks associated with compliance with workplace safety regulations, risks associated with tax regulations, risks associated with potential conflicts of interest of directors, risks associated with the failure to adopt the organizational model pursuant to Legislative Decree no. 231/2001, risks connected to potential overdue tax payables, risk of interruption of production and catastrophic events. Management does not consider that these risks can have a significant influence on the financial statements.

Environmental information

The activities of the Group and of the consolidated entities do not have a significant impact on the environment. All waste management activities, even if reduced to the minimum and non-polluting, have been entrusted to consulting companies that manage all the obligations under environmental matters with specific reference to the regulation on waste management.

Research and development activities

The Group constantly carries out development activities on various materials, commonly used in production and aimed primarily at innovation and improvement of the technical characteristics of the products offered to the customers.

The research and development activity carried on by the Group is aimed at continuous product innovation through the implementation of studies, projects and prototypes of new products to be launched on the market.

Data protection

The Group is compliant with the regulations in terms of data protection and privacy. Specifically, where it is applicable, the consolidated entities ensure compliance with the General Data Protection Regulation 2016/679 on data protection and privacy in the European Union and the European Economic Area.

Transactions with related parties

Transactions with related parties are carried out at market values. For details, please refer to the explanatory Notes.

Significant events in the half-year

In February 2021 Racing Force S.p.A. acquired 100% of the shares of the company Pier S.r.l., owner of the building in Ronco Scrivia, for 3 million Euro. Subsequently, on May 14, 2021, Pier S.r.l. was merged by incorporation into Racing Force S.p.A. Following this operation, Racing Force S.p.A. reported a difference from the merger of 188,739 Euro, allocated to the value of the building.

On March 10, 2021, the Shareholders' Meeting of Racing Force S.p.A. approved the purchase of no. owned 34,633 shares with a value of Euro 1.00 each at the price of Euro 650,747, equal to 1.80% of the capital of Racing Force S.p.A., from the company SAYE S.p.A.; the aforementioned shares were then sold in the same month at the price of Euro 650,747, to Mr. Kyle Kietzmann, current COO of Racing Force USA Inc., with waiver of the right of preemption due to the shareholders.

At the end of March 2021, the Group acquired the remaining 35% minority interests in the American Bell Racing USA Llc, Head Protection Technologies Llc and Head Pro Tech Llc, as already mentioned above. As a result of these transactions, all the companies included in the consolidation area are 100% controlled by the Group as of June 30, 2021. In accordance with IAS 27, these transactions were accounted for as transactions between owners in equity, without any profit or loss recognized in the income statement. The difference between the fair value of the consideration paid and the existing book value of the minority interests was recognized directly in the shareholders' equity attributable to the Group (386,685 Euro).

During the first half of 2021, the following changes also occurred on the subsidiaries included in the consolidation area:

- in April 2021, Racing Force USA Inc. changed its name from OMP Racing Inc. to Racing Force USA Inc. and subsequently, with effect from June 1, 2021, Bell Racing USA LLC was merged by incorporation into Racing Force USA.

The aforementioned operation was carried out with the aim of simplifying the Group structure, obtaining cost savings by reducing the number of companies, achieving greater efficiency in the management of activities by reducing decision-making levels and strengthening strategic and operational integration.

During the first half of 2021, the parent company Racing Force S.p.A. activated two new loans:
- mortgage loan for a total of Euro 1,750,000 with Banco BPM, having as guarantee the property in which the company is based in Ronco Scrivia, duration 120 months and a fixed interest rate of 1.6%;
- subsidized loan for Euro 360,000 from Simest, drawn from the resources of the public Fund 394/81, referred to in Circular 3/394/2020 for the improvement and safeguarding of the financial solidity of exporting companies. The loan received from Simest will be repaid at the subsidized rate of 0.055%, instead of the reference rate of 0.55%, if at the end of the pre-amortization period (2 years), Racing Force S.p.A. will have improved its level of capital solidity and increased the incidence of foreign turnover on the total compared to the entry values recorded at December 31, 2019.
In addition to the loan, Simest has provided Racing Force S.p.A with a grant equal to 240,000 Euro, in accordance with the provisions of the Integrated Promotion Fund, within the terms and according to the procedures set out in the Law Decree nr. 18 of March 17, 2020, converted with Law nr. 17 of 24 April 2020, as subsequently amended.

The health emergency deriving from the Coronavirus - Covid-19, unfortunately still ongoing although opposed by the spread of vaccines, did not have significant impacts on the Group's activities in the first half of 2021. During the emergency period, the parent company Racing Force S.p.A. just as the other consolidated companies were able to continue to operate, simultaneously adopting all the necessary safety measures. No Group company has made use of social safety nets.

Outlook

The results of the first two months of 2021 second half were better than those of last year, both in terms of sales and orders from customers, thanks to the increasing demand from the market. In this perspective, the Group has started a process of strengthening its production capacity, in particular as regards the production of Bell brand helmets in the factory in Bahrain, through an increase in the workforce and investments in machinery with the aim of increasing production. If the growth trend in demand is confirmed also for the next few months, it is expected to close the year with significantly positive results.

Condensed consolidated interim Financial Statements

Condensed consolidated statement of financial position

	Note	06.30.2021	12.31.2020	Variation
NON CURRENT ASSETS				
Property, plant and equipment	9	6,091,194	2,843,545	3,247,648
Right of use assets	10	2,243,450	4,066,278	(1,822,827)
Intangible assets	11	6,258,096	5,993,994	264,101
Goodwill	11	5,662,557	5,662,557	-
Investments booked at Equity method	12	68,533	44,426	24,106
Due from related parties -non current	13	919,253	1,490,000	(570,747)
Tax receivables - non current	37	211,952	211,952	-
Deferred tax assets	37	207,301	245,716	(38,414)
Other non current assets	14	18,780	89,238	(70,458)
		21,681,116	**20,647,706**	**1,033,409**
CURRENT ASSETS				
Cash and cash equivalents	15	4,295,040	4,254,877	40,163
Trade receivables	16	8,866,662	6,240,014	2,626,649
Inventories	17	11,618,911	11,277,118	341,793
Due from related parties - current	18	497,878	106,163	391,715
Tax receivables - current	37	369,792	686,808	(317,016)
Other current assets	19	1,276,563	942,003	334,559
		26,924,846	**23,506,983**	**3,417,863**
TOTAL ASSETS		**48,605,962**	**44,154,689**	**4,451,272**
EQUITY				
Share capital		1,925,745	1,925,745	-
Additional paid in capital		1,632,150	1,632,150	-
Legal reserve		398,931	398,931	-
Translation reserve		(266,662)	(363,124)	96,461
Retained earning (losses)		2,762,780	3,045,913	(283,133)
Other reserve		209,879	192,507	17,372
Net Result		3,600,451	1,355,286	2,245,165
Equity attributable to owners of the parent Company	**20**	**10,263,274**	**8,187,408**	**2,075,866**
Non-controlling interests	20	-	298,430	(298,430)
TOTAL EQUITY		**10,263,274**	**8,485,838**	**1,777,436**
NON CURRENT LIABILITIES				
Long term loans - non current	22	13,061,783	11,904,728	1,157,054
Lease liabilities - non current	10	1,928,567	3,405,469	(1,476,902)
Tax payables - non current	37	77,710	-	77,710
Employee benefits	23	792,820	753,987	38,833
Provisions	24	320,000	200,000	120,000
		16,180,880	**16,264,184**	**(83,304)**
CURRENT LIABILITIES				
Short term Loan	25	6,324,708	6,251,825	72,883
Trade payables	26	8,459,236	7,667,696	791,540
Long term loans - current portion	22	3,050,882	3,129,966	(79,085)
Lease liabilities - current	10	416,257	782,078	(365,821)
Due to related parties	27	1,422,468	157,043	1,265,425
Tax payables - current	37	1,025,968	109,161	916,807
Other payables	28	1,462,290	1,306,899	155,391
		22,161,808	**19,404,668**	**2,757,141**
TOTAL LIABILITIES AND EQUITY		**48,605,962**	**44,154,689**	**4,451,273**

Condensed consolidated statement of profit and loss for the periods ended at June 30

	Note	2021	2020
Revenue		24,943,868	16,996,225
Cost of sales		(10,147,425)	(6,778,251)
Gross profit	29	**14,796,443**	**10,217,974**
Other income	30	745,551	459,461
Selling and distribution expenses	31	(3,338,925)	(2,529,015)
General and administrative expenses	32	(6,038,767)	(5,533,618)
Other expenses	33	(176,874)	(149,331)
Gross operating profit (EBITDA)		**5,987,428**	**2,465,471**
Bad Debt and write offs	34	(54,848)	(13,095)
Depreciation	35	(1,037,331)	(1,080,615)
Net operating profit (EBIT)		**4,895,249**	**1,371,760**
Finance income	36	200,836	137,483
Finance costs	36	(278,529)	(314,189)
Net income (loss) before taxes		**4,817,556**	**1,195,054**
Taxes	37	(1,217,105)	(429,587)
Total net income (loss) after taxes		**3,600,451**	**765,467**
Income (loss) attributable to:			
Owners of the parent Company	20	3,600,451	874,432
Non-controlling interest	20	-	(108,966)

Condensed consolidated statement of profit or loss and other comprehensive income for the periods ended at June 30

	Note	2021	2020
Total net income (loss) after taxes		**3,600,451**	**765,467**
Other Comprehensive Income (Loss)			
Items that will not be reclassified through the Statements of Income			
Remeasurements of post-employment benefit obligations	23	22,858	(7,473)
Related tax impact		(5,486)	1,794
Items that may be reclassified through the Statements of Income			
Changes in foreign currency translation adjustment	20	96,461	(69,807)
Total Other Comprehensive Income		113,833	(75,487)
Total Comprehensive Income		**3,714,284**	**689,979**
Income (loss) attributable to:			
Owners of the parent Company		3,714,284	801,210
Non-controlling interest		-	(111,231)

Condensed consolidated statement of changes in Equity for the six months ended June 30

	Share Capital	Share premium reserve	Legal reserve	Translation reserve	Retained earnings (losses)	Other Reserves	Net Group result for the period	Group Equity	Non-controlling interest	Total Equity
Balance at January 1, 2020	1,425,745	1,632,150	398,931	28,372	3,045,913	(67,662)	-	6,463,450	3,483,900	9,947,350
Difference from translation of financial statements of foreign companies				(69,807)				(69,807)		(69,807)
Actuarial gains and (losses)						(5,680)		(5,680)		(5,680)
Profit for the six months 01.01.2021 - 06.30.2021							874,432	874,432	(108,966)	765,467
Distribution to shareholders								-	(21,272)	(21,272)
Acquisition of NCIs								-	(1,012,330)	(1,012,330)
Balance at June 30, 2020	1,425,745	1,632,150	398,931	(41,435)	3,045,913	(73,342)	874,432	7,262,395	2,341,332	9,603,727

	Note	Share Capital	Share premium reserve	Legal reserve	Translation reserve	Retained earnings (losses)	Other Reserves	Net Group result for the period	Group Equity	Non-controlling interest	Total Equity
Balance at December 31, 2020		1,925,745	1,632,150	398,931	(363,124)	3,045,913	192,507	1,355,286	8,187,408	298,430	8,485,838
Allocation of the result	20					1,355,286		(1,355,286)	-		-
Difference from translation of financial statements of foreign companies	20				96,462				96,462		96,462
Fair value remeasurement IAS 16	20										
Actuarial gains and (losses)	20						17,372		17,372		17,372
Profit for the six months 01.01.2021 - 06.30.2021	20							3,600,451	3,600,451		3,600,451
Distribution to shareholders	20					(1,251,734)			(1,251,734)	(56,774)	(1,308,508)
Acquisition of NCIs	20					(386,685)			(386,685)	(241,656)	(628,341)
Balance at June 30, 2021		1,925,745	1,632,150	398,931	(266,662)	2,762,780	209,879	3,600,451	10,263,274	-	10,263,274

Condensed consolidated statement of cash flows

	Note	2021	2020
A. Cash flow from operating activities			
Net profit for the year		3,600,451	765,467
Income taxes	37	1,217,105	429,587
Interest expenses/(interest income)	36	77,693	176,706
(Capital gains)/losses arising from disposal of assets	9	(9,712)	-
1. Profit (loss) for the year before income taxes, interests, dividends and capital gains/losses on disposal of assets		**4,885,537**	**1,371,760**
Adjustments for non-monetary items that had no impact on the net working capital			
Accruals for provisions	34	54,848	35,217
Depreciation and amortization	35	1,037,331	1,080,615
Other adjustments for non-monetary items	12	(24,106)	(1,645)
2. Cash flow before variances in net working capital		**5,953,610**	**2,485,947**
Variances in net working capital			
Decrease/(increase) in inventory	17	(341,793)	(266,015)
Decrease/(increase) in receivables from customers	16	(2,626,649)	(366,999)
Increase/(decrease) in payables to suppliers	26	791,540	(1,492,472)
3. Cash flow after variations in net working capital		**3,776,709**	**360,461**
Other variances in working capital		499,710	(601,596)
Received/(paid) interests		(278,010)	(144,554)
(Paid income taxes)		(219,645)	(42,923)
(Use of accrued provisions)		(77,247)	(51,156)
Cash flow from operating activities (A)		**3,701,517**	**(479,768)**
B. Cash flows from investing activities			
Tangible fixed assets: (cost of purchase) / sale price	11	(441,551)	(292,205)
Intangible fixed assets: (cost of purchase) / sale price	3	(661,652)	(200,384)
Financial fixed assets: (cost of purchase) / sale price	0	(2,925,996)	-
Cash flow from investing activities (B)		**(4,029,199)**	**(492,590)**
C. Cash flows from financing activities			
Debt			
Increase (decrease) in short-term bank loans	22	72,883	2,753,995
Increase (decrease) in loans	10	1,077,969	1,177,136
Increase (decrease) in leases	0	(194,355)	(353,416)
Equity			
(Paid dividends)	20	(56,774)	(21,250)
Differences from translation and other reserves	0	96,462	(69,807)
Acquisition of non-controlling interests	0	(628,341)	(1,012,329)
Cash flow from financing activities (C)		**367,844**	**2,474,328**
Increase (decrease) in cash and cash equivalent (A ± B ± C)		**40,163**	**1,501,970**
Cash and cash equivalent at the beginning of the period		**4,254,877**	**978,245**
Cash and cash equivalent at the end of the period		**4,295,040**	**2,480,215**

Notes to the condensed consolidated interim financial statements

Basis of Preparation

1. Company preparing the Financial Statements

Racing Force S.p.A. (the "Company"), formerly OMP Racing S.p.A.[1], is based in Italy. The address of the Company's registered office is in Via Bazzano 5, Ronco Scrivia, Genoa, Italy. The consolidated financial statements include the financial statements of the Company and its subsidiaries (together, the "Group"). Racing Force S.p.A. is controlled by the company SAYE S.p.A., with registered office in Genoa, Via Gabriele D'Annunzio nr. 2/104, which prepares the consolidated financial statements.

The Group is mainly active in the production and distribution of safety products and components for car racing.

2. Accounting framework

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS Standards) and specifically to IAS 34 applicable to the interim financial reporting. The interim financial statements do not include all the information required by the IFRS in the preparation of the annual financial statements and therefore must be read together with the financial statements for the year ended December 31, 2020. The estimation processes and assumptions have been maintained in continuity with those used for the preparation of the annual financial statements. For comparative purposes, the first-half financial statements are compared to the balance sheet figures as at December 31, 2020 and with the profit and loss accounts as at June 30, 2020.

While not including all the information required for complete IFRS financial reporting, specific explanatory notes are included to explain the events and transactions that are relevant to understanding the changes in the Group's financial position and performance since latest annual report.

These consolidated financial statements were authorized for publication by the Company's Board of Directors on September 10, 2021.

3. Consolidation Area

The Group financial statements include the results of the Racing Force S.p.A., the Group parent company, and its controlled subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All significant intra-Group balances and transactions are eliminated in consolidation.

The consolidation area as of June 30, 2021 includes the financial statements of Racing Force S.p.A. and of the following companies, directly and indirectly owned at that date:

[1] On August 31, 2021, the extraordinary Shareholders' Meeting of Racing Force S.p.A. approved the change of company name from OMP Racing S.p.A. to Racing Force S.p.A.

	Registered office	Activity	Shareholding % in consolidated FS
Direct shareholdings			
Racing Force USA Inc.	Miami (US)	Commercial	70.88%
Racing Force Holdings Sarl	Luxembourg	Sub-holding	100.00%
Bell Racing Helmets International WLL	Sakhir (Bahrain)	Production, R&D, commercial	24.50%
Indirect shareholdings			
Racing Force USA Inc.	Miami (USA)	Commercial	29.12%
Bell Racing Helmets International WLL	Sakhir (Bahrain)	Production, R&D, commercial	75.50%
Zeronoise Ltd	London (UK)	Commercial	100.00%
Bell Racing Europe SA	Ghislenghien (Belgium)	Commercial	100.00%
2SM Inc.	Miami (US)	Sub-holding	100.00%
Head Protection Technologies LLC	Miami (US)	Commercial	100.00%
Head Pro Tech LLC	Miami (US)	Commercial	100.00%

The interim financial statements of Racing Force S.p.A. and all the consolidated companies are those prepared locally, in accordance with the legislation in force in the countries where the companies are registered, appropriately adjusted to be compliant with IFRS.

The financial statements of the parent company and its subsidiaries used in the preparation of the consolidated financial statements have the same reporting date.

The following changes to the consolidation area occurred during the first half of the year:

- At the end of March 2021, the Group acquired the remaining 35% of the minority interests in the following companies based in the United States, as summarized in the following table:

Target Entity	Buyer	Purchase Price (in USD)
Bell Racing USA LLC	Racing Force USA Inc.	570,236
Head Protection Technologies LLC	2SM Inc.	128,327
Head Pro Tech LLC	2SM Inc.	48,157

The aforementioned acquisitions were made with a view to simplifying the shareholding structure of the Group, obtaining cost savings by reducing the number of investee companies, achieving greater efficiency in the management of activities by reducing decision-making levels and strengthening the strategic and operational integration.

In accordance with IAS 27, these transactions have been accounted for as transactions between owners in equity, without any profit or loss recognized in the income statement. The difference between the fair value of the consideration paid and the existing book value of the minority share was recognized directly in the shareholders' equity attributable to the parent company (386,685 Euro).

- During the month of April 2021, the subsidiary Racing Force USA Inc. changed its name from OMP Racing Inc. to Racing Force USA Inc. and subsequently, with effect from June 1, 2021, Bell Racing USA LLC was merged by incorporation into Racing Force USA. This operation did not have any effect on the balance sheet and income statement of the half-yearly consolidated financial statements, as it was carried out between companies within the consolidation area.

- In February 2021 Racing Force S.p.A. acquired 100% of the shares of the company Pier S.r.l., owner of the property located in Ronco Scrivia where the company is based, for a consideration of 3 million Euro. Subsequently, on May 14, 2021, Pier S.r.l. was merged by incorporation into Racing Force S.p.A. Following this operation, Racing Force S.p.A. reported a merger deficit of 188,739 Euro, allocated to the value of the building.

The balances of the acquired company Pier S.r.l. by homogeneous categories are reported below:

	Assets	Liabilities
Property, plant and equipment	3,046,426	
Cash and cash equivalents	74,004	
Tax receivables	1,476	
Other current assets	3,904	
Tax payables		244,420
Other payables		70,129
Net Equity		2,811,261
	3,125,810	**3,125,810**

4. Functional and presentational currency

These consolidated financial statements are presented in Euro, the functional currency of the Group.

5. Going concern basis

These consolidated financial statements have been prepared on a going concern basis, assuming that the Group will be able to extinguish its liabilities.
In 2021 first half the Group recorded a profit after tax of 3,600 thousand Euro and generated cash flows from operating activities for 3,702 thousand Euro, showing a strong growth compared to the same period of the previous year.

The level of capitalization, the availability of credit lines and loans granted by the banking system are considered suitable by the Group's management to guarantee adequate resources to continue operating in the near future.

6. Use of estimates

As part of the preparation of the half-year consolidated financial statements, the Group's management had to formulate estimates and assessments that affect the application of accounting principles and the amounts of assets, liabilities, costs and revenues recognized in the financial statements.
The estimation processes and the assumptions were maintained in continuity with those used for the preparation of the annual financial statements.
However, it should be noted that, since these are estimates, the results obtained will not necessarily be the same as those shown in these financial statements.
These estimates and the underlying assumptions are regularly reviewed. Any changes deriving from the revision of the accounting estimates are recognized prospectively.

Impairment of goodwill

The impairment of goodwill is verified by comparing the book value of the cash generating units and their recoverable value; the latter is represented by the greater of the fair value less the costs related to the sale and the value in use of the same unit. This complex evaluation process implies, among other procedures, the use of methods such as the discounting of expected cash flows, with the related assumptions on the estimate of cash flows. The recoverable amount in the discounted cash flow model depends significantly on the discount rate used, as well as on the expected future cash flows and the growth rate used for the calculation.

Impairment of intangible and tangible assets

At each balance sheet date, the Group checks whether there are indicators that both tangible and intangible assets may have suffered a reduction in value. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset require management to make significant estimates and assumptions regarding the determination of the discount rate to be applied, the useful life and the residual value of resources.

Allowance for bad debt

The recoverability of receivables is assessed taking into account the risk of bad debt, their age and the losses on receivables recorded in the past for similar types of receivables.

Inventory obsolescence fund

Provisions are recorded for raw materials, finished products, spare parts and other obsolete and slow-moving inventories, based on their expected future use and their realizable value. The net realizable value is the estimated sales price in the normal course of business, less the estimated completion costs and the estimated sales and distribution costs.

Provisions, potential liabilities and employee benefits

Provisions for contingent liabilities require a significant level of estimates. The provisions relating to personnel, in particular to defined benefit obligations, are determined on the basis of actuarial assumptions.

Deferred tax assets

The assessment of the recoverability of prepaid taxes takes into account the estimate of future taxable income and is based on prudent tax planning.

7. Significant accounting policies

Unless otherwise specified, the accounting principles described below have been applied consistently for all periods included in these consolidated financial statements.

A. Consolidation criteria

i. Business combinations

The Group accounts for business combinations by applying the acquisition method when the set of activities and assets acquired meets the definition of business and the Group obtains control. In determining whether a certain set of activities and assets represents a business, the Group assesses whether that set includes, at a minimum, a factor of production and a substantial process and if it has the ability to generate production.

The Group has the right to carry out a "concentration test" which makes it possible to ascertain with a simplified procedure that the acquired set of activities and assets is not a company asset. The concentration test, which is optional, is positive if almost all the fair value of the gross assets acquired is concentrated in a single identifiable asset or in a group of identifiable assets with similar characteristics.

The consideration transferred and the identifiable net assets acquired are usually recognized at fair value. The book value of any goodwill is subjected to impairment testing annually to identify any losses due to impairment. Any profits deriving from a purchase at favorable prices are immediately recognized in profit / (loss) for the year, while costs related to the combination, other than those relating to the issue of debt securities or equity instruments, are recognized as expenses in profit / (loss) for the year when incurred.

Amounts relating to the termination of a pre-existing relationship are excluded from the consideration transferred. Normally these amounts are recognized in profit / (loss) for the year.

The contingent consideration is recognized at fair value on the acquisition date. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not subject to subsequent valuation and the future settlement is recognized directly in equity. Other contingent payments are measured at fair value at each year-end date and changes in fair value are recognized in profit / (loss) for the year.

In the event that the incentives recognized in the share-based payment (substitutive incentives) are exchanged for incentives owned by employees of the acquiree (acquiree's incentives), the value of those substitutive incentives of the acquirer is fully or partially included in the evaluation of the consideration transferred for the business combination. This evaluation takes into account the difference in the market value of the substitutive incentives compared to the value of the acquiree's incentives and the proportion of substitutive incentives that refers to the provision of services prior to the aggregation.

ii. Subsidiaries

Subsidiaries are those entities in which the Group holds control, or when the Group is exposed to variable returns deriving from its relationship with the entity, or has rights to such returns, being capable at the same time to influence them by exercising its power over the entity itself. The financial statements of subsidiaries are included in the consolidated financial statements from the moment in which the parent company begins to exercise control until the date in which such control ceases.

iii. Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in the loss of control are accounted for as transactions carried out between parties as shareholders.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

vi. Operations eliminated in the consolidation process

In the preparation of the consolidated financial statements, the balances of intra-group transactions, as well as the unrealized revenues and costs (excluding exchange differences) are eliminated. Unrealized profits resulting from transactions with subsidiaries accounted for using the equity method are eliminated in proportion to the Group's stake in the entity. Unsupported losses are eliminated in the same way as unrealized profits, to the extent that there are no indicators that can give evidence of a reduction in value.

B. Foreign currency

i. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate in effect on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

However, the exchange differences deriving from the translation of the following elements, if present, are recognized among the other components of the comprehensive income statement: i) equity securities designated to FVOCI (excluding losses due to impairment, in which case the exchange differences recognized among the other components of the comprehensive income statement have been reclassified to profit / (loss) for the year); ii) financial liabilities designated to hedge the net investment in a foreign operation to the extent that the hedge is effective; and iii) cash flow hedges to the extent that the hedge is effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from the acquisition, are translated into Euro using the exchange rate recorded at the closing date of the financial year. The revenues and costs of foreign entities operations are converted into Euro using the average exchange rate for the year, which approximates the exchange rates in force at the date of the operations.

Exchange differences are recognized among the other components of the comprehensive income statement and included in the translation reserve, with the exception of exchange differences that are attributed to NCI.

C. Revenues from contracts with customers

Revenues are valued based on the consideration specified in the contract with the customer. The Group recognizes revenues when it transfers control of goods or services.

For the sale of goods, the transfer of control, and therefore the recognition of revenues, generally corresponds to the date on which the goods are made available to the customer, or when the goods are released to the carrier responsible for their transport to the customer.

Revenues from services are recognized once the service is provided. If a service is provided on an ongoing basis over time, the related revenue is recorded pro rata on an accrual basis.

D. Employee benefits

The net obligation of the Group deriving from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current and previous years; this benefit is discounted and the fair value of any plan assets are deducted from the liabilities.

The calculation is performed by an independent actuary using the projected unit credit method. If the calculation generates a benefit for the Group, the amount of the recognized asset is limited to the present value of the economic benefits available in the form of repayments from the plan or reductions in future contributions from the plan. In order to establish the present value of the economic benefits, the minimum financing requirements applicable to any plan of the Group are considered.

Actuarial gains and losses, returns from plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) that emerge following the revaluation of the net liability for defined benefit plans are recognized immediately in the other components of the comprehensive income statement. Net interest for the year on the net liability / (asset) for defined benefits is calculated by applying to the net liability / (asset) the discount rate used to discount the defined benefit obligation, determined at the beginning of the year, considering any changes in the net liability / (asset) for defined benefits that occurred during the year following the contributions received and the benefits paid. Net interest and other costs relating to defined benefit plans are instead recognized in profit / (loss) for the year.

When changes are made to the benefits of a plan or when a plan is curtailed, the portion of the economic benefit relating to past service or the profit or loss deriving from the plan curtailment are recognized in the profit / (loss) of the exercise when the adjustment or reduction occurs.

E. Grants

The grants that offset the costs incurred by the Group are recognized in profit / (loss) for the year, with a systematic criterion, to set them against the costs that the grant intends to offset in the same period, unless the conditions for receiving the contribution are not satisfied after the relevant costs have been recognized. In this case, the contribution is recognized when it becomes due.

F. Costs

Costs are recognized on the basis of their function in the income statement. Costs for purchases of goods are recognized when control of products is transferred. For services, the cost is recognized once the service is provided. In the event of a service provided over time, the related cost is accounted for pro rata on an accrual basis.

G. Financial income and expenses

The Group's financial income and expenses are recognized on an accrual basis and include interest income, interest expense, dividends.

Interest income and expense are recognized in profit / (loss) for the year on an accrual basis. Dividend income is recognized when the Group's right to receive payment is established.

H. Income taxes

The tax charge for the year includes current and deferred taxes recognized in profit / (loss) for the year, except for those relating to business combinations or items recognized directly in equity or among other components of the comprehensive income statement.

The Group has determined that the interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* as they do not meet the definition of income taxes.

i. Current taxes

Current taxes include the estimate of the amount of income taxes due or to be received, calculated on taxable income or tax loss for the year as well as any adjustments to previous year taxes. The amount of taxes due or to be received, determined on the basis of the tax rates in force or substantially in force at the end of the financial year, also includes the best estimate of any amount to be paid or received which is subject to factors of uncertainty. Current taxes also include any taxes relating to dividends.

Current tax assets and liabilities are offset only when certain criteria are met.

ii. Deferred taxes

Deferred taxes are recognized with reference to the temporary differences between the book values of the assets and liabilities recorded in the financial statements and the corresponding values recognized for tax purposes. Deferred taxes are not recognized for:

- temporary differences relating to the initial recognition of assets or liabilities in a transaction other than the business combination that does not affect either the accounting profit (or loss) or taxable income (or tax loss);
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the cancellation of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not reverse; and
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses and tax credits, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which such assets can be used. The future taxable income is defined on the basis of the offsetting of the relative deductible temporary differences. If the amount of the taxable temporary differences is not sufficient to fully recognize a deferred tax asset, the future taxable income is taken into account, adjusted for the offsetting of the existing temporary differences, provided for by the business plans of the individual subsidiaries of the Group. The value of deferred tax assets is reviewed at each year-end date and is reduced to the extent that it is no longer likely that the related tax benefit will be realized. These reductions must be reinstated when the probability of generating future taxable income increases.

Unrecognized deferred tax assets are reviewed at the closing date of each financial year and are recognized to the extent that it has become probable that the Group will achieve a future taxable profit sufficient for their use.

Deferred taxes are valued using the tax rates that are expected to be applicable to temporary differences in the year in which they will be reversed on the basis of the tax rates established by provisions in force or substantially in force at the end of the year and reflect any uncertainties relating to income taxes.

The valuation of deferred taxes reflects the tax effects that arise from the ways in which the Group expects, at the closing date of the financial year, to recover or extinguish the book value of the assets and liabilities. The presumption that the book value of real estate investments measured at fair value will be fully recovered through a sale transaction has not been refuted.

Deferred tax assets and liabilities are offset only when certain criteria are met.

I. Inventories

Inventories include raw materials, semi-finished and finished products.

Inventories are initially entered at purchase or production cost and subsequently valued at the lower of cost and the corresponding realizable value inferable from the market.

Purchase cost means the actual purchase price plus ancillary charges. The purchase cost of the materials includes, in addition to the price of the material, also the costs of transport, customs, other taxes and other costs directly attributable to that material. Returns, commercial discounts, allowances and bonuses are brought down to costs.

Production cost means all direct costs and indirect costs for the portion reasonably attributable to the product relating to the period of manufacture and up to the time from which the asset can be used, considered on the basis of normal production capacity.

The cost calculation method adopted for fungible assets is the weighted average cost.

A provision is made for raw materials, finished products, spare parts and other obsolete or slow-moving inventories based on their expected future use and their realizable value, if this is lower than the book value. The realizable value is the estimated sale price in the normal course of business, net of the estimated completion costs and the estimated sales and distribution costs.

J. Property, plant and equipment

Tangible fixed assets are initially recognized at cost and include the purchase price, any costs directly attributable to bringing the assets to the place and conditions necessary to be able to operate in the manner intended by management and any initial estimate of the costs of dismantling and removal of the asset and the estimate of the costs of restoring the site where it is located. Internally generated assets are initially recognized at production cost. Subsequent expenses and the cost of replacing parts of an asset are capitalized only if the future economic benefits incorporated in that asset increase. All other expenses are charged to the income statement when incurred. When replacement costs are capitalized, the book value of the parts that are replaced is charged to the income statement.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life using the following depreciation rates:

Property, Plant & Equipment	Depreciation period
Building	33 years
Plant, Machinery and Equipment	6-7 years
Furniture, fixtures and office equipment	5-7 years
Other tangible assets	4-5 years

The depreciation methods, useful lives and residual values are verified at the closing date of the financial year and adjusted where necessary.

Some particular types of assets, such as historical helmets, are accounted for according to their fair value at the date of the measurement, net of any subsequent accumulated depreciation and any subsequent loss due to accumulated impairment.

Remeasurements are made regularly and kept up to date. The redetermination increases are recognized in the other components of the comprehensive income statement and accumulated in the shareholders' equity, unless they offset a previous decrease in a revaluation of the same asset previously recognized in the income statement. If the book value of an asset has decreased following a restatement, the decrease must be recognized in the income statement. However, the decrease must be recognized in the statement of the other components of the comprehensive income statement as a revaluation surplus to the extent that there are any credit balances in the revaluation reserve with reference to this asset. The decrease recognized in the statement of the other components of the comprehensive income statement reduces the amount accumulated in equity under the item revaluation reserve.

If the intended use of a property is transformed from instrumental to real estate investment, the property is valued at fair value and reclassified among real estate investments. Any increase resulting from this assessment is attributed to the profit / (loss) for the year to the extent that it rectifies a previous loss due to the reduction in value of that property. Any excess portion of the increase is recognized directly among the other components of the comprehensive income statement and presented in the net equity restatement reserve. Any loss is recognized directly in the profit / (loss) for the year. In addition, if an amount has been recognized in the revaluation reserve for this property, the loss is recognized in the other components of the comprehensive income statement as a reduction of the equity reserve until this amount is zeroed.

K. Intangible assets and goodwill

Goodwill arising from the acquisition of subsidiaries is valued at cost net of accumulated impairment losses. For the evaluation of goodwill, the full goodwill method is used as required by IFRS 3. Full goodwill is calculated on the entire business and not only on the share acquired by evaluating at fair value also the investment held by minority shareholders at the acquisition date.

Research expenses are recognized in the profit / (loss) of the year in which they are incurred.

Development expenses are capitalized only if the cost attributable to the asset during its development can be reliably assessed, the product or process is feasible in technical and commercial terms, future economic benefits are probable, and the Group intends and has sufficient resources to complete its development and to use or sell the asset. Other development expenses are recognized in profit / (loss) for the year at the time they are incurred. Capitalized development expenses are recognized at cost net of accumulated depreciation and any accumulated impairment losses.

Other intangible assets, including commercial relationships with customers, patents and trademarks, acquired by the Group, which have a defined useful life, are recognized at cost net of amortization and any accumulated impairment losses.

Subsequent costs are capitalized only when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs, including those relating to goodwill and internally generated trademarks, are charged to the profit / (loss) for the year in which they are incurred.

Intangible assets are initially recognized at cost and subsequently valued at cost net of accumulated amortization.

Depreciation is calculated on a straight-line basis as follows:

Intangible Assets	Amortization period
Development costs	5 years
Software	5 years
Patents, Licences	based on contract period
Other intangible assets	lower than useful life and contract period

An intangible asset with an indefinite useful life (for example, a perpetual license) is not amortized, but is checked annually, or whenever there is an indication that it has not suffered a reduction in value.

At the end of the fiscal year, it is assessed whether there is evidence that a particular asset may have suffered a loss in value. In this case, an estimate of the recoverable value of the asset is made on the basis of the greater between the fair value and its value in use. If the recoverable value of an asset is lower than its book value, this lower value of the asset is recognized and the difference is recognized in the income statement.

When an intangible asset is sold, the profit or loss from the disposal is included in the income statement.

L. Financial instruments

i. Recognition and measurement

Trade receivables and debt securities issued are recognized at the time they originate. All other financial assets and liabilities are initially recognized on the trade date, i.e. when the Group becomes a contractual party to the financial instrument.

With the exception of trade receivables that do not contain a significant financing component, financial assets and liabilities are initially measured at fair value plus or minus, in the case of financial assets or liabilities not measured at FVTPL, the costs of the transaction directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are valued at their transaction price.

ii. Classification and subsequent measurement

Financial assets

At the time of initial recognition, a financial asset is classified according to its valuation: amortized cost; fair value recognized in the other components of the comprehensive income statement (FVOCI) - debt security; FVOCI - equity security; or at fair value recognized in profit / (loss) for the year (FVTPL).

Financial assets are not reclassified after their initial recognition, unless the Group changes its business model for the management of financial assets. In this case, all the financial assets involved are reclassified on the first day of the first financial year following the change in the business model.

A financial asset must be valued at amortized cost if both of the following conditions are met and it is not designated to the FVTPL: i) the financial asset is owned as part of a business model whose objective is to own the financial assets for the purpose of the collection of the related contractual financial flows; and ii) the contractual terms of the financial activity provide for financial flows at certain dates represented solely by payments of capital and interest on the amount of capital to be repaid.

A financial asset must be valued at the FVOCI if both of the following conditions are met and it is not designated at the FVTPL i) the financial asset is owned as part of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets; ii) the contractual terms of the financial activity provide for financial flows at certain dates represented solely by payments of capital and interest on the amount of capital to be repaid.

Upon initial recognition of an equity security not held for trading purposes, the Group can make the irrevocable choice of presenting subsequent changes in fair value in the other components of the comprehensive income statement. This choice is made for each activity.

All financial assets not classified as valued at amortized cost or at FVOCI, as indicated above, if any, are valued at FVTPL. All derivative financial instruments are included. Upon initial recognition, the Group can irrevocably designate the financial asset as measured at fair value through profit / (loss) for the year if by so doing it eliminates or significantly reduces an accounting asymmetry that would otherwise result from the valuation of the asset financial at amortized cost or to FVOCI.

Financial assets: evaluation of the business model

The Group evaluates the objective of the business model under which the financial asset is held at the portfolio level as it best reflects the manner in which the business is managed, and the information communicated to the company management. This information includes:

- the criteria set out and the objectives of the portfolio and the practical application of these criteria, including, inter alia, if the management strategy is based on obtaining interest income from the contract, on maintaining a certain interest rate profile interest, on the alignment of the duration of the financial assets to that of the related liabilities or on the expected cash flows or on the collection of cash flows through the sale of the assets;

- the methods for evaluating the performance of the portfolio and the methods for communicating the performance to the Group's executives with strategic responsibilities;

- the risks affecting the performance of the business model (and of the financial assets held under the business model) and the way these risks are managed;

- the methods of remuneration of company executives (for example, if the remuneration is based on the fair value of the assets managed or on the contractual cash flows collected); and

- the frequency, value and timing of sales of financial assets in previous years, the reasons for the sales and expectations regarding future sales.

The transfers of financial assets to third parties in the context of transactions that do not involve derecognition are not considered sales for the purpose of evaluating the business model, in line with the Group's maintenance of these activities in the financial statements.

Financial assets - evaluation to establish whether the contractual financial flows are represented solely by payments of principal and interest

For valuation purposes, "principal" is the fair value of the financial asset at the time of initial recognition, while "interest" constitutes the consideration for the time value of money, for the credit risk associated with the amount of capital to be repaid during a given period of time and for other basic risks and costs related to the loan (for example, liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows are represented solely by payments of principal and interest, the Group considers the contractual terms of the instrument. Therefore, it evaluates, among others, whether the financial asset contains a contractual clause that changes the timing or amount of the contractual cash flows such as not to satisfy the following condition. For the purposes of the assessment, the Group considers:

- contingent events that would change the timing or the amount of financial flows;
- clauses that could adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specific assets (for example, non-recourse elements).

A prepayment feature is in line with the criterion of "cash flows represented solely by payments of principal and interest" when the amount of the advance payment substantially represents the unpaid amounts of principal and interest accrued on the amount of the capital to be repaid, which may include reasonable compensation for early termination of the contract. Furthermore, in the case of a financial asset acquired with a significant premium or discount on the contractual nominal amount, an element that allows or requires an advance payment equal to an amount that substantially represents the contractual nominal amount plus the contractual interest accrued (but not paid) (which may include a reasonable compensation for early termination of the contract) is accounted for in accordance with this criterion if the fair value of the prepayment element is not significant at the time of initial recognition.

Financial assets: subsequent measurement and profits and losses

Financial assets valued at FVTPL: These assets are subsequently measured at fair value. Net profits and losses, including dividends or interest received, are recognized in profit / (loss) for the year.

Financial assets valued at amortized cost: These assets are subsequently measured at amortized cost in accordance with the effective interest criterion. The amortized cost is decreased by the losses due to value reduction. Interest income, exchange gains and losses and impairment losses are recognized in the profit / (loss) for the year as well as any profits or losses from elimination.

Debt securities valued at FVOCI: These assets are subsequently measured at fair value. Interest income calculated in accordance with the effective interest method, exchange gains and losses and losses due to impairment are recognized in profit / (loss) for the year. Other net gains and losses are recognized in the other components of the comprehensive income statement. At the time of derecognition, the profits or losses accumulated in the other components of the comprehensive income statement are reclassified in the profit / (loss) for the year.

Equity securities valued at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized in profit / (loss) for the year unless they clearly represent a recovery of part of the investment cost. Other net profits and losses are recognized in the other components of the comprehensive income statement and are never reclassified in profit / (loss) for the year.

Financial Liabilities - Classification, Subsequent measurement and Profits and Losses

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified at the FVTPL when it is held for trading, represents a derivative instrument or is designated as such at the time of initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognized in profit / (loss) for the year. The other financial liabilities are subsequently measured at amortized cost using the effective interest criterion, except for trade payables that do not contain a significant financing component. Interest expense and exchange gains / (losses) are recognized in profit / (loss) for the year, as well as any profits or losses resulting from the derecognition.

M. Impairment losses

i. Financial instruments and assets deriving from contracts

The Group recognizes bad debt provisions for expected credit losses relating to financial assets measured at amortized cost, any debt securities valued at FVOCI and assets deriving from the contract.

In addition, the Group recognizes the bad debt provision under trade receivables and other receivables for expected losses over the entire duration of the receivables implicit in leasing contracts.

The Group evaluates the bad debt provision at an amount equal to the expected life-long losses of the credit, except as indicated below, for the following twelve months:

- debt securities with low credit risk at the balance sheet date; and
- other debt securities and bank current accounts whose credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not significantly increased after initial recognition.

Provisions for bad debts for trade receivables (including those relating to leasing) and for assets deriving from contracts are always measured at an amount equal to the expected losses over the entire life of the credit.

In order to determine whether the credit risk relating to a financial asset has increased significantly after initial recognition and to estimate expected credit losses, the Group considers reasonable and demonstrable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analyzes, based on the historical experience of the Group, on the credit assessment as well as on information indicative of expected developments ("forward-looking information").

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are the present value of all non-collections (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted using the criterion of the effective interest of the financial asset, unless the effects of such discounting are negligible compared to the nominal value.

The gross book value of a financial asset is written down (in part or entirely) to the extent that there is no real prospect of recovery.

ii. Non-financial assets

At each year-end closing date, the Group checks whether there is objective evidence of impairment with reference to the book values of its non-financial assets, with the exception of biological assets, property investments, inventories, assets deriving from the contract and deferred tax assets. If on the basis of the verification it emerges that the assets have actually suffered a reduction in value, the Group estimates their recoverable value. On the other hand, the recoverable value of goodwill is estimated annually.

For the purpose of identifying any losses due to impairment, the assets are grouped into the smallest identifiable group of assets that generate financial flows that are largely independent from the financial flows generated by other assets or groups of assets (the "CGU" or "cash- generating unit "). The goodwill acquired through a business combination is allocated to the group of CGUs which envisages the benefit of the synergies of the combination.

The recoverable value of an asset or a CGU is the greater of its value in use and its fair value less the costs of disposal. To determine the value in use, the estimated expected cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the time value of money and the specific risks of the CGU's business.

When the book value of an asset or a CGU exceeds the recoverable value, an impairment loss is recognized.

Losses due to impairment are recognized in profit / (loss) for the year. Those relating to the CGU are first attributed to a reduction in the carrying amount of any goodwill allocated to the CGU, then proportionately to a reduction in the other assets that make up the CGU.

Losses due to impairment of goodwill cannot be reversed. For other assets, impairment losses recognized in previous years are reinstated up to the book value that would have been determined (net of depreciation) if the impairment loss on the asset had never been recognized.

N. Accrued provisions

Provisions for risks and charges include provisions for current obligations (legal or implicit) deriving from a past event, for the fulfillment of which it is probable that an use of resources may be required, the amount of which can be reliably estimated. The changes in the estimate are reflected in the income statement for the year in which the change occurred. If the effect of the discounting is significant, the funds are shown at their current value.

O. Leasing

At the beginning of the contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for a consideration, it transfers the right to control the use of an identified asset for a period of time.

At the beginning of the contract or the modification of a contract that contains a leasing component, the Group assigns the consideration of the contract to each leasing component on the basis of its separate price. However, in the case of leasing of buildings, the Group has decided not to separate the non-leasing components from the leasing components and to account for the leasing and non-leasing components as a single component.

On the effective date of the lease, the Group recognizes the asset for the right of use and the liability of the lease. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for the payments due for the lease made on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs that the lessee will have to incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site where it is located, net of leasing incentives received.

The asset for the right of use is subsequently amortized on a straight-line basis from the effective date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or, considering the cost of the asset for the right of use, it is expected that the Group will exercise the purchase option. In this case, the asset for the right of use will be amortized over the useful life of the underlying asset, determined on the same basis as that of property, plant and machinery. In addition, the asset for the right of use is regularly decreased by any losses due to impairment and adjusted to reflect any changes resulting from subsequent valuations of the lease liability.

The Group evaluates the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to determine this rate easily, the Group uses the marginal loan rate. Generally, the Group uses the marginal borrowing rate as the discount rate.

The Group's marginal financing rate is calculated on the basis of the interest rates obtained from various external financing sources, making some adjustments that reflect the conditions of the lease and the type of asset being leased.

The payments due for the lease included in the measurement of the lease liability include:

- fixed payments (including substantially fixed payments);
- the variable payments due for the lease that depend on an index or a rate, initially valued using an index or a rate at the effective date;
- the amounts expected to be paid as a guarantee on the residual value; and
- the exercise price of a purchase option that the Group has the reasonable certainty of exercising, the payments due for the lease in an optional renewal period if the Group has the reasonable certainty of exercising the renewal option, and the penalty for early termination of the lease, unless the Group is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest criterion and is remeasured in the event of a change in the future payments due for the lease resulting from a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or otherwise of a purchase option, extension or termination or in the event of a revision of the payments due for the leasing fixed in substance .

When the lease liability is remeasured, the lessee proceeds to a corresponding modification of the asset for the right of use. If the book value of the asset for the right of use is reduced to zero, the lessee recognizes the change in the profit / (loss) for the year.

In the statement of financial position, the Group shows the assets for the right of use that do not meet the definition of real estate investments in the item "right of uses assets" and the leasing liabilities among the "financial liabilities".

Short-term leasing and leasing of small value assets

The Group has decided not to recognize the assets for the right of use and the leasing liabilities relating to assets of modest value and short-term leases, including IT equipment. The Group recognizes the related payments due for the lease as a cost on a straight-line basis over the lease term.

P. Fair value measurement

The "fair value" is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators in the main (or most advantageous) market at which the Group has access at that time. The fair value of a liability reflects the effect of a risk of default.

Various accounting principles and some disclosure obligations require the Group to evaluate the fair value of financial and non-financial assets and liabilities.

Where available, the Group evaluates the fair value of an instrument using the listed price of that instrument in an active market. A market is active when transactions relating to the asset or liability occur with a frequency and volumes sufficient to provide useful information for determining the price on an ongoing basis.

In the absence of a listed price in an active market, the Group uses valuation techniques by maximizing the use of observable input data and minimizing the use of unobservable input data. The valuation technique chosen includes all the factors that market participants would consider when estimating the transaction price.

The best proof of the fair value of a financial instrument at the time of initial recognition is usually the transaction price (i.e. the fair value of the consideration given or received). If the Group notes a difference between the fair value at the time of initial recognition and the transaction price and the fair value is not determined either by using a price listed in an active market for identical assets or liabilities, or by means of a valuation technique whose unobservable input data are considered insignificant, the financial instrument is initially measured at fair value, adjusted in order to defer the difference between the fair value at the time of initial recognition and the transaction price. Subsequently, this difference is recognized in the profit / (loss) for the year over the life of the instrument with an appropriate method, but no later than the time when the valuation is fully supported by observable market data or the transaction is concluded.

8. Adoption of new or revised accounting standards

Accounting Standards and interpretations issued by IASB and adopted by the EU for the financial years beginning on or after January 1, 2021

- EU Regulation 2021/25 of January 13, 2021, which adopted the *Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*, with the aim to address the accounting issues that arise for financial instruments referring to Interbank Offered Rate (IBORs) upon transition to nearly risk-free rates (RFRs).
- On March 31, 2021, the IASB published an amendment called *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 Leases)*, with which it extended by one year the application period of the amendment to IFRS 16 issued in 2020, relating to the accounting of the concessions granted to lessees due to Covid-19. The changes apply from April 1, 2021.

These amendments did not have a significant impact on the Group's financial statements.

Accounting Standards and interpretations issued by IASB but not adopted by the EU yet

- In May 2017, the IASB issued *IFRS 17, Insurance Contracts* ("IFRS 17"), which replaces *IFRS 4 - Insurance Contracts*. IFRS 17 requires all insurance contracts to be accounted for in a consistent manner and insurance obligations to be accounted for by using current values, instead of the historical cost. The new standard requires current measurement of the future cash flows and the recognition of profit over the period in which services are provided under the contract. Pursuant to IFRS 17 entities are also required to submit insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses and an entity is required to make an accounting policy choice of whether to recognize all insurance finance income or expenses in profit or loss or to recognize some of those income or expenses in other comprehensive income. The standard is effective for financial years beginning on or after January 1, 2023 with earlier adoption permitted.
- In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*, which affects the requirements in IAS 1 for the presentation of liabilities, including clarifications of one of the criteria for

classifying a liability as non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier adoption permitted.

- In May 2020, the IASB also published the following amendments to the IFRS, which will all enter into force on January 1, 2022:
    - Amendments to *IFRS 3 - Business combinations*: they update the reference mentioned in IFRS 3 to the *Conceptual Framework* in the revised version, without changes to the provisions of the standard.
    - Amendments to *IAS 16 - Property, plant and equipment*: it does not allow the amount received from the sale of goods produced before the asset was ready for use to be deducted from the cost of fixed assets. These sales revenues and the related costs will be recognized in the income statement.
    - Amendments to *IAS 37 - Provisions, contingent liabilities and contingent assets*: it clarifies which cost items must be considered to assess whether an agreement will be an onerous contract.
    - Annual improvements: amendments are made to *IFRS 1 - First adoption of International Financial Reporting Standards*, to *IFRS 9 - Financial instruments*, to *IAS 41 - Agriculture* and to the *Illustrative Examples* accompanying *IFRS 16 - Leasing*.
- On February 12, 2021, the IASB published the amendments called *Amendments to IAS 1 Presentation of Financial Statements* and *IFRS Practice Statement 2: Disclosure of Accounting policies* and *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*. All the amendments, aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies, will come into effect on January 1, 2023;
- On May 7, 2021, the IASB published some amendments to IAS 12 relating to taxes, to specify how deferred taxes on certain transactions that can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The changes apply from January 1, 2023, but early application is allowed.

We are still evaluating the impacts that these changes will have on our consolidated financial statements, however we do not expect them to have a significant impact.

9. Property, Plant and Equipment

06.30.2021	12.31.2020	Variations + (-)
6,091,194	2,843,545	3,247,648

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Land and Building	Plant, machinery and equipment	Furniture, fixtures and office equipment	Assets held at fair value	Other tangible assets	Total
Book value at the beginning of the period						
Cost	-	5,575,782	1,501,145	1,067,786	1,392,920	9,537,632
Accumulated Depreciation	-	(4,307,528)	(1,222,244)	-	(1,164,314)	(6,694,087)
Net Book Value	-	1,268,254	278,900	1,067,786	228,606	2,843,545
Movements of the first six months						
Cost						
Balances from Pier S.r.l. acquisition	4,171,972	133,759	-	-	-	4,305,731
Additions	432	167,425	80,119	-	118,073	366,050
(Disposals)	-	0	(7,430)	-	(8,337)	(15,767)
Exchange rate impact	-	62,516	19,522	33,425	10,288	125,751
Reclassifications	115,425	-	-	-	(115,425)	-
Accumulated Depreciation						
Depreciation	(69,074)	(236,151)	(65,524)	-	(25,601)	(396,349)
Balances from Pier S.r.l. acquisition	(947,394)	(123,172)	-	-	-	(1,070,566)
(Disposals)	-	-	3,400	-	2,655	6,055
Exchange rate impact	-	(45,714)	(19,060)	-	(8,482)	(73,257)
Book value at the end of the period						
Cost	4,287,830	5,939,482	1,593,356	1,101,211	1,397,519	14,319,397
Accumulated Depreciation	(1,016,468)	(4,712,565)	(1,303,428)	-	(1,195,742)	(8,228,204)
Net Book Value	3,271,362	1,226,917	289,928	1,101,211	201,776	6,091,194

During the first half, in accordance with the planning, the Group proceeded to make the necessary investments to renew plants, machinery, equipment and other depreciable assets, in order to guarantee the highest standards of production. Some assets, of immaterial unit value, were expensed in the period in which they were purchased; the decision not to capitalize the value of these assets finds an economic reason in the fact that these are goods of small value, whose duration is very limited and difficult to determine.
Maintenance costs of an incremental nature are accounted for as an increase in the assets to which they refer; the incremental expenses do not assume independent relevance with respect to the asset they refer to and, therefore, the calculation of the depreciation takes place in a unitary and indistinct way both as regards the cost on which the depreciation is calculated, and as regards the relative percentage of depreciation.

The item Land and Buildings refers to the balances resulting from acquisition in the first half of the year of the company Pier S.r.l., owner of the headquarters of the parent company Racing Force S.p.A. in Ronco Scrivia. In detail, following the acquisition, Land for Euro 35,839 and Buildings for a net book value of Euro 3,188,739 were recorded, including the difference from the consolidation, allocated to the value of the property, for an amount equal to 188,739 Euro.
In addition, following the aforementioned acquisition, plants were acquired for a net book value of Euro 10,587.

The assets held at fair value refer to original helmets and replicas of historic Bell branded racing helmets, whose value at the end of the year is determined on the basis of an appraisal provided by an independent expert. Fair value was determined based on a market approach that reflects recent transaction prices for similar assets.

Reclassifications are related to the improvements on the building acquired following the acquisition of Pier S.r.l., recognized under Other tangible assets at the end of the previous year.

10. Right of use assets and lease liabilities

The Group owns factories, warehouses and shops through leasing agreements. The duration of these leases varies from 2 to 15 years, with the possibility of renewal. Lease payments are renegotiated periodically to reflect market rents. Some leases provide for additional payments that depend on local variations in the price index.

The Group also leases IT equipment (printers), whose duration is between 3 and 5 years, and cars, with a duration between 3 and 4 years.

Other leasing contracts, if short-term and / or if referring to assets of modest value, are not recognized among assets and liabilities for the right of use.

Right of use assets

06.30.2021	12.31.2020	Variations + (-)
2,243,450	4,066,278	(1,822,828)

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Buildings	Other assets	Total
Book value at the beginning of the period			
Cost	5,314,266	293,687	**5,607,953**
Accumulated Depreciation	(1,386,850)	(154,826)	**(1,541,676)**
Net Book Value	**3,927,417**	**138,861**	**4,066,278**
Movements of the first six months			
Cost			
Additions	-	-	-
(Disposals)	(2,259,921)	-	**(2,259,921)**
Other movements	16,337	(253)	**16,084**
Accumulated Depreciation			
Depreciation	(198,655)	(44,777)	**(243,432)**
(Disposals)	638,095	-	**638,095**
Other movements	12,955	13,391	**26,346**
Book value at the end of the period			
Cost	3,070,682	293,434	**3,364,116**
Accumulated Depreciation	(934,455)	(186,211)	**(1,120,666)**
Net Book Value	**2,136,227**	**107,223**	**2,243,450**

In compliance with IFRS 16, buildings include the value of the rights of use relating to premises subject to leasing contracts in which the entities of the Group carry out their activities; other tangible assets mainly relate to printers and leased vehicles.

The decreases in the half-year mainly refer to the termination of the rental contract for the building in Ronco Scrivia, following the acquisition of the company Pier S.r.l., owner of the building, into Racing Force S.p.A.

The other movements mainly reflect the changes in the exchange rates of the lease contracts of the consolidated foreign companies.

The impact of leasing transactions on the balance sheet, income statement and cash flow statement are shown below:

Income Statement	**2021 First Half**
General and administrative expenses	(247,989)
EBITDA	247,989
Depreciation	243,432
EBIT	4,557
Finance loss and taxes	36,586
Net Result	(32,028)
Balance Sheet	
Right of use assets	2,243,450
Net Invested capital	(101,374)
Net Equity	(44,939)
Cash Flow	
Cash flow from operations	194,355
Cash flow from investments	0
Cash flow from financial operations	(194,355)
Increase (decrease) in cash and cash equivalent	-

Lease liabilities

06.30.2021	12.31.2020	Variations + (-)
2,344,824	4,187,547	(1,842,723)

The details of the right-of-use assets and leasing liabilities, including current and long-term portions, are shown in the following table:

A) Value of assets	
Finance leases, net of total depreciation, at the beginning of the period	4,066,278
+ Assets acquired on finance leases during the first six months	-
- Assets on finance leases redeemed during the first six months	-
- Lease agreements terminated during the first six months	(1,621,826)
- Share of depreciation for the half-year	(243,432)
+/- Adjustments/increases in finance leases	42,431
Finance leases, net of total depreciation, at the end of the period	**2,243,450**
B) Current value of unexpired lease payments	
Current value of unexpired lease payments calculated using the interest rate of the lease contract	2,344,824
of which:	
- Payable within one year	416,257
- Long term	1,928,567
C) Financial changes for the period	
Financial charges for the year calculated using the applicable interest rate	36,586

Payables for long-term leases include 1,073 thousand Euro with a maturity between one and five years and 856 thousand Euro with a maturity over five years.

The expiry dates of the contracts on the basis of which the current value of the unexpired lease payments was determined are those indicated on the contracts, unless the Group has the reasonable certainty of exercising the renewal option.

11. Intangible Assets and Goodwill

Intangible assets

06.30.2021	12.31.2020	Variations + (-)
6,258,096	5,993,994	264,102

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Development costs	Licences, patents and trademarks	Work in progress and advances	Other tangible assets	Total
Book value at the beginning of the period					
Cost	4,856,121	5,158,711	433,443	2,369	**10,450,645**
Accumulated Depreciation	(3,154,527)	(1,299,755)	-	(2,369)	**(4,456,651)**
Net Book Value	**1,701,594**	**3,858,957**	**433,443**	**-**	**5,993,994**
Movements of the first six months					
Cost					
Additions	286,853	85,456	192,098	-	**564,406**
Exchange rate impact	30,071	77,308	6,484	-	**113,863**
Accumulated Depreciation					
Depreciation	(253,751)	(143,800)	-	-	**(397,550)**
Exchange rate impact	(8,163)	(8,455)	-	-	**(16,618)**
Book value at the end of the period					
Cost	5,173,045	5,321,476	632,025	2,369	**11,128,914**
Accumulated Depreciation	(3,416,440)	(1,452,010)	-	(2,369)	**(4,870,819)**
Net Book Value	**1,756,605**	**3,869,466**	**632,025**	**-**	**6,258,096**

Development costs mainly refer to expenses for technical, laboratory and homologation tests for the Group's products, incurred by Racing Force S.p.A. for OMP brand products and, starting from November 2020, also for Zeronoise branded products, and in the subsidiary Bell Racing Helmets International for Bell branded helmets.

Development costs are recognized under intangible assets since they are considered recoverable, as they relate to specific development projects that can be carried out and for which the Group has the necessary resources. These costs, in fact, relate to a product or process that is clearly defined as well as identifiable and measurable.

The increase in development costs during the first half of the year is due to the recognition among intangible assets of the expenses incurred for the homologation of new OMP and Bell brand products.

The item licenses, patents and trademarks include the trademarks owned by the group, the value of the licenses for the sale of Bell branded products and the international patent for the technology called In-Helmet Camera IHC (video camera inside the helmet) which integrates the so-called *Driver's Eye*.

The values of the Zeronoise brand and the *Driver's Eye* patent were recognized during the acquisition and first consolidation of Zeronoise Ltd at the end of the previous year, based on the projections of the Business Plan made by the Group's management. Operating cash flows were discounted using the Unlevered Discounted Cash Flow method.

Work in progress include the costs relating to the implementation of the new ERP system in Racing Force S.p.A. and the costs recognized in the consolidated company Bell Racing Helmets International for projects under development referred to Bell branded driver's helmets.

Goodwill

06.30.2021	12.31.2020	Variations + (-)
5,662,557	5,662,557	-

Below is a table summarizing the composition of the goodwill recorded in the half-year Consolidated Financial Statements:

Goodwill	06.30.2021	12.31.2020	Variations
Bell Racing Helmets International Llc	3,717,556	3,717,556	-
OMP Racing Inc.	1,345,001	1,345,001	-
OMP Racing S.p.A.	600,000	600,000	-
	5,662,557	**5,662,557**	-

Goodwill represents the excess of the fair value of the consideration paid in a business combination over the fair value of net tangible and intangible assets separately identifiable at the time of the acquisition.

The values of goodwill have been all subject to the assessment and evaluation by the Group's management at December 31, 2020, based on the projection of the discounted operating cash flows for each cash generating unit (impairment test).

The impairment tests were performed on the basis of the projections of the 2021-2025 Business Plan prepared by the management of each consolidated company, considered as separate cash generating units for the purposes of the valuations. For the calculations in the impairment test, the Unlevered Discounted Cash Flow method was used.

The operating cash flows expected for future years have been discounted using the weighted average cost of capital or WACC (Weighted Average Cost of Capital), which adjusts the expected cash flows depending on the monetary value of time, the risk of the company, the sector and country. The discount rate is used to homogenize cash flows referring to different periods and to take into account their volatility based on the riskiness of the various cash generating units.

Below is a summary of the main assumptions used:

- WACC: 11.43% for Bell Racing Helmets International Wll; 9.30% for Racing Force USA Inc.; 12.27% for Racing Force S.p.A., determined on the basis of the rate of return of risk-free assets and the market premium in the various countries and increased, prudentially, by an additional risk component.
- Beta equal to 1.40 (Source Damodaran - Beta Auto Parts Sector) for all CGUs.
- Growth rate beyond the explicit projection period equal to 3% for all CGUs.

For the purposes of these half-yearly consolidated financial statements, all the assumptions contained in the aforementioned plans have been analyzed on the basis of i) the final results recorded at June 30, 2021 for each CGU; ii) the trend of the main variables used within the models, including the interest rate.

Based on the above analysis, management has determined that no trigger events have emerged that would require an impairment test to be performed in connection with the preparation of the Interim Consolidated Financial Statements as of June 30, 2021.

12. Investments booked at Equity method

06.30.2021	12.31.2020	Variations + (-)
68,533	44,426	24,107

The list of investments in not consolidated companies is reported below:

	Balance at 12.31.2020	Variations for the period: Equity method evaluation	Variations for the period: Increases / (Decreases)	Balance at 06.30.2021	%
Associates and Joint Ventures					
Racing Spirit Llc	43,393	(21,454)	45,561	67,500	50.0%
Other companies					
MSC Motorsport Safety Council	1,033	-	-	1,033	-
	44,426	(21,454)	45,561	**68,533**	

Racing Spirit Llc is a 50% owned entity based in Miami (USA) that was established on March 23, 2018, with a paid-in share capital of 320 thousand USD at the end of June 30, 2021. The company designs, manufactures and distributes clothing and accessories inspired by racing.

Below is the main information on the company as at June 30, 2021:

Entity	Headquarters	Share capital in Euro	2021 First-Half Net result in Euro	Total Equity in Euro	% share owned by the Group	Net book value in consolidated FS
Racing Spirit	Miami (USA)	269,270	(42,908)	134,999	50%	67,500

On June 21, 2021, the Board of Directors of Racing Force S.p.A. approved an increase against payment of the share capital of Racing Spirit Llc for a total amount of Euro 200 thousand (USD 240 thousand), reserved in equal measure in favor of the two shareholders of the company. The share reserved for Racing Force S.p.A. was paid in July 2021, while the share due by the other shareholder was paid within June 30, 2021.

MSC Motorsport Safety Council is a consortium, with registered office in Genoa (Italy), operating with the purpose of coordinating the various bodies of motorsports in relation to safety regulations and product homologation standards.

13. Due from related parties - non current

06.30.2021	12.31.2020	Variations + (-)
919,253	1,490,000	(570,747)

The balance is related to:

- Euro 839 thousand of financial loan granted to the parent company SAYE S.p.A. (Euro 1,490 at December 31, 2020), with expiry date on December 31, 2027 and a 2.5% annual interest rate. The portion over 5 years amounts to 373 thousand Euro;
- Euro 80 thousand relating to the long-term portion of the loan granted to KJK Protective Technologies LLC during the first half od 2021. The collection of the credit, on which interest accrues at the rate of 2% per annum, is expected through 5 annual installments of Euro 20,000 each.

Complete information on transactions with related parties is provided in the section Other information - Transactions with related parties, to which reference should be made.

14. Other non current assets

06.30.2021	12.31.2020	Variations + (-)
18,780	89,238	(70,458)

The item mainly refers to guarantee deposits.

The change in the period is due to the closing of the security deposit originally paid to the company Pier S.r.l., acquired and then merged by incorporation in the first half of 2021.

15. Cash and cash equivalents

06.30.2021	12.31.2020	Variations + (-)
4,295,040	4,254,877	40,163

Variations for the period are detailed as follows:

	Balance at 12.31.2020	Variations for the period	Balance at 06.30.2021
Bank deposits	4,222,311	52,887	4,275,198
Cash and cash on hand	32,566	(12,724)	19,842
	4,254,877	**40,163**	**4,295,040**

Bank deposits, cash and other cash on hand are not restricted and are fully available.
For the analysis of cash variations, please refer to the consolidated cash flow statement.

16. Trade receivables

06.30.2021	12.31.2020	Variations + (-)
8,866,662	6,240,014	2,626,648

Trade receivables are shown net of the allowance for bad debt.

	Balance at 12.31.2020	Variations for the period	Balance at 06.30.2021
Trade receivables	6,299,463	2,658,755	8,958,218
Bad debt allowance	(59,449)	(32,106)	(91,555)
	6,240,014	**2,626,649**	**8,866,662**

Trade receivables are classified as current, since they are collectable by the end of the following fiscal year and do not include any significant past due balance for which the collection is at risk, except for those positions considered within the bad debt allowance.
The bad debt provision is calculated on the basis of the principles set out in these explanatory notes, to which reference should be made.

The increase in the balance of trade receivables at June 30, 2021 compared to the end of the previous year is in line with the strong increase in sales in the first half of 2021.

The ageing of trade receivables at June 30, 2021 is reported below.

	Not Due	Due 1 - 30 days	Due 31 - 90 days	Due 91 - 180 days	Due 181 - 365 days	Due > 1 year	Total
Trade receivables	6,507,201	1,659,894	441,710	141,860	36,913	170,641	**8,958,218**

Trade receivables past due by more than one year consist of: amounts covered by bad debt allowance, amounts that will be offset on the basis of agreements with customers who are also suppliers for partnerships and sponsorships, and residual amounts that are being recovered.

The breakdown of trade receivables by geographical area, before the bad debt provision, divided between the Americas (AMER), Asia and Oceania (APAC) and Europe, the Middle East and Africa (EMEA), is as follows:

Area	06.30.2021	12.31.2020	Variations + (-)
EMEA	7,271,001	5,032,590	2,238,412
AMER	1,192,458	1,024,852	167,606
APAC	494,758	242,022	252,737
	8,958,218	**6,299,463**	**2,658,755**

The Group sells its products in around 80 countries. Only 4 countries (Italy, United Kingdom, United States and Germany) individually exceed 10% of the total receivables booked as at June 30, 2021. As of December 31, 2020, only 3 countries (Italy, the United Kingdom, and the United States) individually exceeded 10% of the total receivables recorded at that date.

The table below shows the breakdown of the balance of trade receivables, before the bad debt provision, by type of customer.

Type	06.30.2021	12.31.2020	Variazioni + (-)
Dealers	4,841,521	2,962,157	1,879,363
Team and car manufacturers	2,213,489	1,521,448	692,040
Other	1,903,209	1,815,858	87,351
	8,958,218	**6,299,463**	**2,658,755**

Group management assumes that there are no risks associated with a particular geographical area, or to the concentration of receivables. For more information, see paragraph 38 on risk management.

17. Inventories

06.30.2021	12.31.2020	Variations + (-)
11,618,911	11,277,118	341,793

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Balance at 12.31.2020	Variations for the period	Balance at 06.30.2021
Raw materials	3,175,837	817,934	3,993,770
Semi-finished goods	1,452,792	17,254	1,470,046
Finished products	6,708,454	(493,395)	6,215,058
Obsolescence Fund	(59,964)	0	(59,964)
	11,277,118	**341,792**	**11,618,911**

Balances as at June 30, 2021 are reported net of the elimination of the intragroup margin on the sale of goods between the companies that fall within the consolidation area, as regards the products still in stock at the end of the half-year. The obsolescence fund reflects the obsolescence rate and the timing of inventory turnover.

18. Due from related parties - current

06.30.2021	12.31.2020	Variations + (-)
497,878	106,163	391,715

Receivables from related parties are composed as follows:

Due from related parties - current	06.30.2021	12.31.2020	Variations + (-)
SAYE S.p.A.	13,282	-	13,282
STUDIOMILANO	106,261	94,760	11,501
Racing Spirit Llc	272,852	6,827	266,025
Racing Spirit Srl	84,984	-	84,984
KJK Protective Techologies LLC	20,499	4,575	15,923
	497,878	**106,163**	**391,715**

During the first half of 2021, the parent company Racing Force S.p.A. has granted two loans expiring on December 31, 2021 for a total of 265,000 Euro, at an interest rate of 1.5% per annum, in favor of the associated company Racing Spirit Llc, due to the growing operational activities by the latter.

A complete disclosure of transactions with related parties is provided under the section Other Information – Relationships with related parties, to which we refer.

19. Other current assets

06.30.2021	12.31.2020	Variations + (-)
1,276,563	942,003	334,560

The detail of the other current assets is shown in the following table:

Other current assets	06.30.2021	12.31.2020	Variazioni + (-)
Prepaid expenses	1,265,156	928,427	336,729
Other receivables	11,407	13,576	(2,169)
	1,276,563	**942,003**	**334,560**

Prepayments mainly refer to costs connected to long-term contracts incurred for technical partnerships with teams and car manufacturers and sponsorships, related to the following period.

20. Net Equity

Share capital

06.30.2021	12.31.2020	Variations + (-)
1,925,745	1,925,745	-

The share capital increase was subscribed and fully paid up by all shareholders. There were no changes in the period.

Additional paid-in capital

06.30.2021	12.31.2020	Variations + (-)
1,632,150	1,632,150	-

Additional paid-in capital is the share premium reserve which includes the excess of the issuing price of the shares compared to their nominal value. This share premium was generated in 2019 with the in-kind contribution of the company Zeronoise Ltd.
There were no changes in the period.

Legal reserve

06.30.2021	12.31.2020	Variations + (-)
398,931	398,931	-

The legal reserve is required by Italian law and must be set aside until reaching 20% of the share capital of the company to which it refers, the minimum annual provision is equal to 5% of the net profit for the year.
There were no changes in the period.

Translation reserve

06.30.2021	12.31.2020	Variations + (-)
(266,662)	(363,124)	96,462

The translation reserve is generated by the conversion into Euro of the financial statements of subsidiaries that have a functional currency other than the Euro. The change in the semester is mainly due to the exchange rate trend with the Bahraini Dinar, functional currency of the subsidiary Bell Racing Helmets International Wll.

Retained earnings (losses)

06.30.2021	12.31.2020	Variations + (-)
2,762,780	3,045,913	(283,133)

Retained earnings / (losses) are related to the results for the year that the Group has decided not to distribute or allocate to a specific reserve.
On May 17, 2021, the Shareholders' Meeting of the parent company Racing Force S.p.A. approved the distribution of dividends for Euro 1,251,734, attributing a unit dividend of Euro 0.65 to each share. These dividends are still to be paid as of June 30, 2021.

Other reserves

06.30.2021	12.31.2020	Variations + (-)
209,879	192,507	17,372

Other reserves include 271,529 Euro for the fair value remeasurement of the assets recorded in the subsidiary Bell Racing Helmets International Wll, as described in the note on Property, plant and equipment and the negative reserve deriving from the actuarial valuation of defined benefit obligations in accordance with the accounting standard IAS 19, net of the related tax impact, for 61,650 Euro.

The movements are detailed in the Statement of changes in equity for the period ended June 30, 2021.

Non-controlling interest

06.30.2021	12.31.2020	Variations + (-)
-	298,408	(298,408)

Non-controlling interests as at June 30, 2021 constitute the portion of the minority shareholders' equity. The change in the half-year is mainly due to the acquisition of the remaining 35% of the consolidated companies Bell Racing USA LLC, Head Protection Technologies LLC and Head Pro Tech LLC.
During the year, moreover, dividends were distributed to the minority shareholders of Bell Racing USA LLC for 56,774 Euro.

Statement of agreement between Racing Force S.p.A. shareholders' equity and result and Group consolidated shareholders' equity and result

	Shareholders' equity	Net income for the period
Amounts as per Racing Force S.p.A. financial statements ITA GAAP	**10,250,513**	**2,444,426**
Impact IAS 19	(61,650)	-
Impact IFRS 3, IFRS 10	195,650	87,500
Impact IFRS 16	3,732	19,148
Amounts as per Racing Force S.p.A. Financial Statements IAS-IFRS	**10,388,245**	**2,551,074**
Net Equity and income from consolidated subsidiaries	5,849,517	1,158,271
Elimination of consolidated investments	(11,102,453)	(44,161)
Elimination of intra-group dividend	-	(150,000)
Goodwill (IFRS 3, IFRS 10)	6,625,057	-
Intangible assets depreciation (IFRS 3, IAS 38)	(163,974)	(54,658)
Elimination of intra-group dividend	-	-
Elimination of intra-group margin	(1,034,317)	105,253
Acturial gains and losses (IAS 19)	(48,672)	12,079
Lease Accounting (IFRS 16)	(266,662)	-
Cumulative translation reserve	16,534	22,592
Net Equity and result of the Group	**10,263,274**	**3,600,451**
Non-controlling interest	-	-
Amounts as per consolidated financial statements	**10,263,274**	**3,600,451**

21. Capital management

The Group's capital management policies provide for the maintenance of an adequate level of capital in order to maintain a relationship of trust with shareholders, creditors and the market, also allowing for future development of the business. In addition, the Group's management monitors the return on capital and the level of dividends to be distributed to the shareholders.

The Board of Directors tries to maintain a balance between obtaining higher returns through the use of a higher level of debt and the advantages and safety offered by a solid financial situation. In particular, the Group monitors its exposure in terms of net financial position (short and long-term bank debt, net of cash and cash equivalents and financial receivables from the parent company, minority shareholders and associated companies) and gross operating margin (EBITDA).

22. Long term loans

06.30.2021	12.31.2020	Variations + (-)
16,112,665	15,034,695	1,077,970

The breakdown of long-term loans between current and non-current portion is as follows:

	06.30.2021	12.31.2020	Variations
Current	3,050,882	3,129,966	1,157,054
Non current	13,061,783	11,904,728	1,077,970
	16,112,665	15,034,695	2,235,024

The portion of long-term loans maturing within one year is classified under current liabilities.
The details of long-term loans to banks as at June 30, 2021 including the current portion, are shown in the following table:

Bank	Currency	Original amount in currency	Starting date	Maturity date	Interest base rate	Outstanding debt at June 30, 2021 in Euro	Current portion in Euro	Long term portion in Euro
Banca Carige	EUR	5,000,000	9/4/2020	8/31/2026	1.10%	5,000,000	-	5,000,000
Credit Agricole	EUR	700,000	5/31/2019	2/28/2023	0.90%	438,974	174,998	263,976
Intesa SanPaolo	EUR	500,000	10/30/2018	7/31/2022	1.38%	251,292	167,239	84,052
Banco BPM	EUR	600,000	6/23/2017	10/31/2023	1.90%	287,094	121,485	165,609
Banco BPM	EUR	350,000	4/19/2018	7/19/2022	1.33%	128,096	118,174	9,922
Banco BPM	EUR	4,000,000	12/10/2019	6/30/2028	2.15%	4,000,000	535,335	3,464,665
Banco BPM	EUR	500,000	11/20/2018	9/30/2022	0.88%	313,563	268,564	44,998
Banco BPM	EUR	1,750,000	5/26/2021	5/31/2031	1.60%	1,736,543	162,896	1,573,647
Monte dei Paschi di Siena	EUR	350,000	5/30/2018	6/30/2023	1.20%	175,000	58,333	116,667
Monte dei Paschi di Siena	EUR	400,000	12/16/2019	9/30/2023	1.20%	400,000	114,286	285,714
Banca Nazionale del Lavoro	EUR	1,000,000	5/30/2019	10/31/2021	1.00%	222,222	222,222	-
Credito Valtellinese	EUR	400,000	6/6/2019	10/5/2025	1.35%	383,761	48,937	334,823
Credito Valtellinese	EUR	500,000	10/24/2018	10/5/2023	1.38%	335,624	83,041	252,583
Credito Valtellinese	EUR	250,000	11/21/2019	8/21/2022	0.90%	166,916	125,093	41,823
Credito Emiliano	EUR	400,000	11/29/2017	6/30/2024	1.48%	243,526	79,983	163,543
UBI	EUR	500,000	1/13/2020	10/13/2023	1.15%	500,000	123,938	376,062
Intesa SanPaolo	EUR	800,000	3/31/2020	9/30/2021	1.00%	200,750	200,750	-
Simest	EUR	600,000	4/19/2021	12/31/2027	0.55%	360,000		360,000
PNC	USD	252,000	6/28/2018	6/28/2025	6.19%	142,366	27,768	114,597
Bahrain Development Bank	BD	300,000	11/26/2015	7/26/2021	2.19%	10,640	10,640	-
Bahrain Development Bank	BD	200,000	8/20/2016	7/20/2021	5.50%	8,250	8,250	-
Bahrain Development Bank	BD	50,000	8/20/2016	7/20/2021	2.17%	2,063	2,063	-
ASB	EUR	1,000,000	6/10/2020	6/10/2023	3.00%	805,986	396,885	409,101
Total						16,112,665	3,050,882	13,061,783

During the first half of 2021, the parent company Racing Force S.p.A. has activated two new loans: i) mortgage loan for a total of 1,750,000 Euro with Banco BPM, having as guarantee the building in which the company is based in Ronco Scrivia, duration 120 months, fixed interest rate of 1.6%; ii) a subsidized loan for Euro 360,000 from Simest, drawn from the resources of the public Fund 394/81, referred to in Circular 3/394/2020 for the improvement and safeguarding of the financial solidity of exporting companies. The loan received from Simest will be repaid at the subsidized rate of 0.055%, instead of the reference rate of 0.55%, if at the end of the pre-amortization period (2 years), Racing Force S.p.A. will have improved its level of capital solidity and increased the incidence of foreign turnover on the total compared to the entry values recorded at December 31, 2019.

The maturity dates of the loans shown in the table, where applicable, are those restated following the extended terms granted by the banks in Italy and Bahrain.

The loans granted by Bahrain Development Bank, falling due within the following year, are guaranteed by the assets (machinery and industrial equipment) of the company Bell Racing Helmets International Wll up to the residual value of the debt.

23. Employee benefits

06.30.2021	12.31.2020	Variations + (-)
792,820	753,987	38,833

The increase compared to the previous year is mainly due to the changes in the liability set aside by the subsidiary Bell Racing Helmets International Wll for the staff employed in Bahrain, which constitutes a defined contribution plan.

The balance as at June 30, 2021 includes 444,589 Euro of defined benefit obligations related to the personnel employed in Italy by Racing Force S.p.A., accounted for according to IAS 19 (469,540 Euro as of December 31, 2020).
The amount of the benefit to which each employee is entitled to is paid upon leaving the Group and is calculated on the basis of the period of employment and the taxable income of each employee. Under certain conditions, the amount can be partially advanced to an employee during his working life.
The Italian legislation ruling this subject was amended by Law 296 of December 27, 2006 and subsequent decrees and regulations issued in 2007. With these changes, companies with at least 50 employees were obliged to transfer the accrued defined obligation to the "Treasury Fund" managed by social security institution of the Italian State ("INPS") or complementary pension funds. Before the aforementioned legislation, the employee severance indemnity (TFR) of all Italian companies could be managed by the company itself. Subsequently, the obligation of the Italian companies

towards INPS and the contributions to complementary pension funds take the form of defined contribution plans pursuant to IAS 19 - Employee benefits, while the amounts recorded as TFR up to December 31, 2006 maintain the nature of a defined benefit plan, determined in existence and amount but uncertain in its manifestation.
The amount of the defined benefit obligation is calculated and certified annually by an independent external actuary based on the "Projected unit credit" method, based on specific financial, actuarial and demographic assumptions. Actuarial gains and losses are recognized on an accrual basis directly within Equity.

The changes of defined benefit obligations in 2021 half-year were as follows:

Present value of obligations at December 31, 2020	469,540
Service cost	-
Interest	788
Benefits paid	(2,882)
Other changes	0
Actuarial loss/(gain)	(22,858)
Present value of obligations at June 30, 2021	**444,589**

The main assumptions of the model are the following:

- the discount rates used to measure the obligation related to the Italian TFR are based on the yields of high-quality fixed income securities (rating AA), on the "10+" maturity, which is the maximum available maturity currently listed and which is the one closest to the duration of the Racing Force S.p.A. severance pay liability.

For this plan, the weighted average discount rate reflecting the timing and estimated amount of future benefit payments for 2020 was 0.7884% (0.34% in 2020);

- a prospective inflation rate of 1% was used, same as in 2020;
- the annual revaluation rate is equal to 75% of inflation plus one and a half percentage points;
- annual rates of increase in salaries were used according to the qualifications of the employees: managers 2.00%, middle managers / clerks / blue-collar workers 0.50%;
- the 2016 ISTAT survival table of the Italian population was used to estimate the mortality phenomenon within the collective of employees subject to the assessment. An INPS table differentiated according to age and sex was used to estimate the phenomenon of disability within the group of employees subject to the assessment;
- achievement of the minimum requirements of the Compulsory General Insurance (AGO) in line with the criteria defined by the Monti-Fornero law;
- the annual frequency of access to the right of anticipation (3% per annum) and the frequency of turnover (3% per annum) have been inferred from historical experiences. For the purposes of this estimate, the last five years of data were considered to be significant. Instead, a zero probability of early retirement was considered.

The discount rate is one of the valuation parameters that certainly has the greatest impact on the dimensioning of defined benefit obligations ("DBO"). According to the revised version of the standard (the so-called IAS19R) and with a view to providing an analysis of the sensitivity of the DBO to changes in the discounting interest rate, the recent evolution of the yield of securities that may fall within the definition of High-Quality Corporate Bonds included in the IAS standard has been analyzed.

Due to the volatility of the period under analysis (January 2021 – June 2021), in order to provide a monetary quantification of the sensitivity of the DBO to the discount rate, a further assessment was made by introducing a shock of -50bp compared to the iBoxx AA Corporate return 10+. As expected, the lowering of the rate leads to an increase in the BOD equal to 5.99%.

24. Provisions

06.30.2021	12.31.2020	Variations + (-)
320,000	200,000	120,000

The provisions as at June 30, 2021 include the liabilities set aside to cover the losses deriving from any commercial disputes and tax claims.

Provisions	06.30.2021	12.31.2020	Variations + (-)
Tax Claims	180,000	60,000	120,000
Other accrued liabilities	140,000	140,000	-
	320,000	200,000	120,000

The provision for tax claims concerns the prudential provision made by the Group in relation to the appeals pending before the C.T.R. of Liguria relating to the tax audit carried out for VAT purposes on the 2010-2012 tax years and the tax dispute relating to the 2008 financial year whose judgment is currently pending in the Court of Cassation.

Following the ruling of the Regional Tax Commission of January 19, 2021 which rejected the appeal of Racing Force S.p.A. in relation to the VAT dispute for the years 2010-2011-2012, the Group has deemed it appropriate to set aside prudentially an additional 120,000 Euro in the first half of 2021.

The other accrued liabilities refer to a single dispute that originated in 2012 with a commercial counterparty, which is still ongoing.

25. Short Term Loans

06.30.2021	12.31.2020	Variations + (-)
6,324,708	6,251,825	72,883

The item refers to short-term loans, current account overdrafts and advances on invoices in relation to credit lines granted, with original maturity within twelve months.
The Group has credit lines with a plurality of financial institutions, such as to allow the adequacy of the financial resources that it requires. The summary of the short-term credit lines and balances at June 30, 2021 is shown below:

Bank	Currency	Interest rate	ST credit lines limits in currency as of 06.30.2021	ST credit lines limits in Euro as of 06.30.2021	ST debt as of 06.30.2021
BNL	EUR	Euribor + spread	1,050,000	1,050,000	0
Unicredit	EUR	Euribor + spread	1,750,000	1,750,000	498,930
Carige	EUR	Euribor + spread	1,100,000	1,100,000	279,631
Banco BPM	EUR	Euribor + spread	2,000,000	2,000,000	767,418
Credit Agricole	EUR	Euribor + spread	650,000	650,000	63,182
Intesa SanPaolo	EUR	Euribor + spread	1,600,000	1,600,000	666,184
Credem	EUR	Euribor + spread	950,000	950,000	332,734
Deutsche Bank	EUR	Euribor + spread	1,200,000	1,200,000	684,160
Monte dei Paschi di Siena	EUR	Euribor + spread	1,000,000	1,000,000	418,142
Credito Valtellinese	EUR	Euribor + spread	1,000,000	1,000,000	956,328
UBI	EUR	Euribor + spread	900,000	900,000	553,725
PNC	USD	3.25%	248,200	208,852	204,645
ASB	BHD	5.75%	450,000	1,006,711	895,720
TOTAL			13,898,200	14,415,564	6,320,799

In addition to the amounts reported in the table above, the balance of short-term bank loans at June 30, 2021 also includes 3,909 Euro of interest to Bahrain Development Bank.

26. Trade payables

06.30.2021	12.31.2020	Variations + (-)
8,459,236	7,667,696	791,540

The variation compared to December 31, 2020 is mainly due to the higher value of purchases made during the first six months of 2021, in addition to the delays suffered by suppliers in the delivery of goods at the end of the previous year due to the restrictions linked to the Covid-19 emergency.

The breakdown of trade payables by geographical area, divided between the Americas (AMER), Asia and Oceania (APAC) and Europe, the Middle East and Africa (EMEA), is as follows:

Area	06.30.2021	12.31.2020	Variations + (-)
EMEA	8,117,997	7,265,324	852,673
AMER	177,301	247,945	(70,644)
APAC	163,939	154,427	9,511
	8,459,236	**7,667,696**	**791,540**

Only a country (Italy) individually accounts for more than 10% of the total trade payables recorded as of June 30, 2021. There were two countries (Italy and Bahrain) which individually exceeded 10% of total trade payables as of December 31, 2020.

The breakdown of the balance at the end of the period by age group is shown below:

	Not Due	Due 1 - 30 days	Due 31 - 90 days	Due 91 - 180 days	Due 181 - 365 days	Due > 1 year	Total
Trade payables	5,894,731	1,726,642	72,694	286,691	111,606	366,871	**8,459,236**

27. Due to related parties

06.30.2021	12.31.2020	Variations + (-)
1,422,468	157,043	1,265,425

Payables to related parties at June 30, 2021 are composed as follows:

Due to related parties	06.30.2021	12.31.2020	Variations + (-)
Racing Spirit Llc	10,858	10,858	-
KJK Protective Technologies LLC	30,533	-	30,533
Dinamo Srl	80,003	120,000	(39,997)
MDV Ltd	19,507		19,507
Stephane Cohen	15,688	1,200	14,487
Gabriele Pedone	-	3,673	(3,673)
GMP Consulting	7,500	9,200	(1,700)
Tyrrell Properties Llc	6,645	12,111	(5,466)
	170,734	**157,043**	**13,691**
Dividends approved but still to be paid	1,251,734	-	1,251,734
	1,422,468	**157,043**	**1,265,425**

A complete disclosure of transactions with related parties is provided under the section Other Information – Relationships with related parties.

28. Other payables

06.30.2021	12.31.2020	Variations + (-)
1,462,290	1,306,899	155,391

Other payables at June 30, 2021 are detailed in the table below:

Other payables	06.30.2021	12.31.2020	Variations + (-)
Payable to personnel	784,655	701,513	83,142
Social Security payables	275,671	258,808	16,864
Deferred income	180,245	106,499	73,747
Other accrued payables	221,718	240,079	(18,361)
	1,462,290	1,306,899	155,391

The increase in payables to personnel and social security is mainly due to the higher number of employees at June 30, 2021 (365 units) compared to December 31, 2020 (309 units).

29. Gross profit

	2021 First Half	2020 First Half	Variations + (-)
Revenue	24,943,868	16,996,225	7,947,643
Cost of sales	(10,147,425)	(6,778,251)	(3,369,174)
Gross profit	14,796,443	10,217,974	4,578,469

Group's revenues are mainly due to the sales of finished products to dealers, distributors, teams, car manufacturers and individual customers. The products made by the Group consist of safety components for drivers (fireproof and anti-abrasive suits, helmets, intercoms, gloves, shoes and more) and for racing cars (seats, seat belts, steering wheels, roll bars, fire extinguishers and other car components), which are marketed under the OMP, Bell, Zeronoise and B2 brands. In addition, Sports Mini Line is the line dedicated to the sale of mini-helmets.

The breakdown of revenue by main category of products is reported below:

Category	2021 First Half	2020 First Half	Variazioni + (-)
Driver's equipment	17,099,282	10,529,086	6,570,195
Car parts	7,168,462	6,230,255	938,206
Other	676,124	236,883	439,241
	24,943,868	16,996,225	7,947,643

It is noted that during the full 2020 fiscal year the Group recognized revenues related to driver's equipment for Euro 21,636 thousand, car parts for Euro 10,714 thousand and other categories for Euro 1,382 thousand.

The breakdown of revenue by distribution channel is shown below:

Type	2021 First Half	2020 First Half	Variazioni + (-)
Dealers	17,538,663	11,712,887	5,825,776
Teams and car manufacturers	4,721,857	3,206,003	1,515,854
Other	2,683,348	2,077,335	606,013
	24,943,868	16,996,225	7,947,643

It is noted that revenues for the full 2020 fiscal year were split into dealers for Euro 23,951 thousand, teams and car manufactures for Euro 5,951 thousand and other parties for 3,831 thousand.

The breakdown of revenue by geographical area, divided between the Americas (AMER), Asia and Oceania (APAC) and Europe, the Middle East and Africa (EMEA), is as follows:

Area	2021 First Half	2020 First Half	Variazioni + (-)
EMEA	16,007,430	11,491,501	4,515,929
AMER	6,118,838	3,927,492	2,191,346
APAC	2,817,600	1,577,232	1,240,368
	24,943,868	16,996,225	7,947,643

It is noted that the breakdown of revenues for the entire 2020 financial year was as follows: Euro 8,327 thousand in the Americas (AMER), Euro 3,569 thousand in Asia and Oceania (APAC) and Euro 21,837 thousand in Europe, the Middle East and Africa (EMEA).

Group's revenues are generated in approximately 80 countries. Of these, only three countries (Italy, the United Kingdom and the United States) individually exceed the 10% threshold of the Group's total revenues in the first six months of 2021.

The increase in revenues in the first half of 2021 compared to the same period of 2020 is mainly due to the synergies resulting from the process of integration of the businesses acquired at the end of 2019, which in 2020 had not yet been able to fully express their potential, due to the recent acquisition and to the Covid-19 emergency which involved the entire world economy.

The breakdown of the cost of goods sold by nature of expenditure is shown below:

	2021 First Half	2020 First Half	Variations + (-)
Raw materials and semi-finished goods	9,492,489	6,302,667	3,189,822
Change in inventory	(353,981)	(266,015)	(87,965)
Trasport and duties on purchases	813,379	542,240	271,139
Other costs related to purchases	195,537	199,359	(3,822)
	10,147,425	**6,778,251**	**3,369,173**

Variation compared to 2020 first half is due to the increase of turnover during the first six months of 2021.

Other costs include production waste, packaging and other minor purchases.

The gross margin in absolute value increased by 4,578 thousand Euro compared to the same period of the previous year; the gross margin percentage, calculated as the ratio between the gross margin and total revenues, remained almost constant, with a variation of less than one percentage point.

30. Other income

	2021 First Half	2020 First Half	Variations + (-)
Other income	745,551	459,461	286,090

Other income includes Euro 254 thousand relating to sales of materials to suppliers (Euro 155 thousand in 2020 first half); Euro 240 thousand of grants provided by Simest, under the Integrated Promotion Fund, within the terms and according to the procedures set out in the Law Decree of March 17, 2020, nr. 19 converted with Law nr. 27 of April 24, 2020, as subsequently amended; Euro 42 thousand of government grants received by the subsidiary Bell Racing Helmets International WII, linked to the Covid-19 pandemic (Euro 147 thousand in 2020 first half).

31. Selling and distribution expenses

	2021 First Half	2020 First Half	Variations + (-)
Selling and distribution expenses	(3,338,925)	(2,529,015)	(809,910)

Expenses in 2021 first half are detailed as reported below:

Selling and distribution expenses	2021 First Half	2020 First Half	Variations + (-)
Technical partnerships and sponsorhips	2,231,183	1,745,397	485,786
Freight out	771,068	538,923	232,145
Commissions and other cost on sales	336,674	244,695	91,979
	3,338,925	**2,529,015**	**809,910**

Technical partnerships mainly refer to the portion of costs related to the half-year deriving from contracts entered into with leading car manufacturers and teams, for which there was an increase compared to the first half of the previous

year, due to a higher number of agreements signed in the first half of 2021 compared to the same period of the previous year.
The increase in freight out, commissions and other cost on sales is due to the higher revenue recognized in 2021 first half compared to the same period of last year.

32. General and administrative expense

	2021 First Half	2020 First Half	Variations + (-)
General and administrative expenses	(6,038,767)	(5,533,618)	(505,149)

Expenses in 2021 half-year are detailed as reported below:

General and administrative expenses	2021 First Half	2020 First Half	Variations + (-)
Personnel	4,145,340	3,571,962	573,378
Professional fees	543,330	776,157	(232,828)
Compensation to BoD	362,390	366,177	(3,787)
Utilities	191,571	190,307	1,265
Repair & maintenance	190,818	118,002	72,816
Other G&A	605,317	511,013	94,304
	6,038,767	**5,533,618**	**505,149**

Personnel costs include wages and salaries for employees of Group companies for Euro 3,245 thousand, as well as social security and other expenses relating to personnel for Euro 900 thousand. The increase compared to the first half of 2020 is mainly due to the greater number of employees within the Group, as detailed in note 39 - Other information.

The change in Professional fees is mainly due to the termination of the contract with the US company Studiomilano (related party), which provided personnel and administrative services to the consolidated company Racing Force USA Inc. until the end of 2020. Starting from January 1, 2021, Racing Force USA Inc. has hired employees to cover positions that were previously outsourced.

The other general and administrative costs mainly refer to bank expenses and commissions for the use of credit cards, travel expenses incurred by Group employees during the first half of the year, consumables and other management costs. Furthermore, the item includes 19,522 Euro of fees for the board of statutory auditors of the parent company Racing Force S.p.A. (14,040 Euro in the first half of 2020).

33. Other expenses

	2021 First Half	2020 First Half	Variations + (-)
Other expenses	(176,874)	(149,331)	(27,543)

Other expenses mainly refer to costs for research incurred during the period and development costs not meeting the requirements for capitalization for 112 thousand Euro (75 thousand Euro in 2020 first half), to costs recognized in 2021 referring to previous years for 39 thousand Euro (69 thousand Euro in 2020 first half), in addition to taxes other than income taxes and other charges for 25 thousand Euro (5 thousand Euro in 2020 first half).

34. Bad Debt and write-off

	2021 First Half	2020 First Half	Variations + (-)
Bad Debt and write off	(54,848)	(13,095)	(41,753)

The balance is due to 43 thousand Euro bad debt provision and 12 thousand Euro accrual for stock obsolescence. Balance in 2020 first half is entirely related to bad debt provision.

35. Depreciation

	2021 First Half	2020 First Half	Variations + (-)
Depreciation	(1,037,331)	(1,080,615)	43,284

The breakdown of depreciation by consistent categories of assets is provided in the comment to the items relating to intangible and tangible assets. The detail of depreciation by category of asset is provided below:

Type	2021 First Half	2020 First Half	Variations + (-)
Intangible Assets	397,550	338,701	58,849
Right of use assets	243,432	377,602	(134,170)
Property, Plant & Equipment	396,349	364,313	32,036
	1,037,331	**1,080,615**	**(43,284)**

The variation is primarily due to the reduction in depreciation deriving from right of use assets. Following the acquisition of Pier S.r.l., the building is no longer accounted for as a right of use deriving from a contract, but as an element of Property, Plant and Equipment with a longer useful life than the contractually established right of use.

36. Finance income and costs

	2021 First Half	2020 First Half	Variations + (-)
Finance income	200,836	137,483	63,354
Finance costs	(278,529)	(314,189)	35,659
Net Finance result	**(77,693)**	**(176,706)**	**99,013**

Financial income and costs are recorded on an accrual basis during the fiscal year.

The composition of finance income and costs is detailed in the tables below:

Finance income	2021 First Half	2020 First Half	Variations + (-)
Interest with SAYE S.p.A.	13,286	18,472	(5,186)
Foreign exchange income	126,917	47,042	79,874
Racing Spirit Llc equity method evaluation	24,106	-	24,106
Other interest income	36,527	71,968	(35,441)
	200,836	**137,483**	**63,354**

The net foreign exchange rate income is due to 160 thousand Euro unrealized income and 33 thousand Euro realized loss.

Finance costs	2021 First Half	2020 First Half	Variations + (-)
Banks debt	237,794	248,774	(10,980)
Interest leasing IFRS 16	36,586	29,077	7,509
Racing Spirit Llc equity method evaluation	-	8,746	(8,746)
Interest IAS 19	788	1,811	(1,023)
Other finance costs	3,363	25,780	(22,417)
	278,529	**314,189**	**(35,659)**

37. Taxes

Income taxes recognized in profit / (loss) for the half-year

	2021 First Half	2020 First Half	Variations + (-)
Taxes	(1,217,105)	(429,587)	(787,518)

The composition of the balance as at June 30, 2021 is as follows:

Taxes	2021 First Half	2020 First Half	Variations + (-)
Current income taxes	1,051,855	382,154	669,702
Prior year taxes	132,321	-	132,321
Deferred taxes	32,929	47,434	(14,505)
	1,217,105	429,587	787,518

Current taxes refer to income taxes for the half-year, calculated analytically by each company in the Group.

Taxes relating to previous years include 120,000 Euro of provision for tax risks, as described in Note 24 - Provisions, as well as 12,321 Euro of taxes relating to the company 2SM Europe Sprl, liquidated at the end of 2020.

Deferred taxes concern positive or negative income components respectively subject to taxation or deduction in periods other than the current one.

Reconciliation of the effective tax rate

		2021 First Half		2020 First Half	Variations + (-)
Net profit before taxes		4,817,556		1,195,054	3,622,502
Income tax using the Italian tax rate	24.0%	1,156,213	24.0%	286,813	869,400
Impact from different tax rate in other countries	(3.4%)	(165,635)	1.8%	86,320	(251,955)
Impact from non deductible expenses	0.8%	36,362	0.7%	32,823	3,539
Impact from non taxable income	(1.9%)	(93,372)	(0.2%)	(11,178)	(82,194)
Impact from taxes related to prior year	2.7%	132,321	0.0%	-	132,321
Other	0.2%	10,610	(0.3%)	(14,150)	24,760
Effective tax rate	22.3%	1,076,499	31.9%	380,628	695,871
IRAP		140,606		48,959	91,647
Total taxes for the period		1,217,105		429,587	787,518

IRAP is excluded from the calculation of the effective tax rate, as it is calculated on a taxable basis other than the net profit before taxes of the six months.

Changes in current taxes during the half-year

	06.30.2021	12.31.2020	Variations + (-)
Tax receivables			
current	369,792	686,808	(317,016)
non current	211,952	211,952	-
Total tax receivables	**581,745**	**898,761**	**(317,016)**
Tax payables			
current	1,025,968	109,161	916,807
non current	77,710	-	77,710
Total tax payables	**1,103,678**	**109,161**	**994,517**

Tax credits are mainly due to VAT credit and payments of advances for income taxes paid in Italy.

Tax payables refer mainly to income taxes accrued for the half-year by the consolidated entities and the parent company.

The balance of tax payables at June 30, 2021 includes 155 thousand Euro due for the revaluation of the building in Ronco Scrivia, booked following the acquisition of the company Pier S.r.l. for a total of 233 thousand Euro, net of the amount paid by Racing Force S.p.A. during the first half of the year for 77 thousand Euro.
The outstanding balance will be paid in two installments of the same amount within the deadline for the settlement of the income taxes relating to the current tax period and the following one.

Changes in deferred taxes during the year

	06.30.2021	12.31.2020	Variations + (-)
Deferred tax assets	207,301	245,716	(38,414)

Deferred tax assets are calculated using the current tax rates applicable in each country.

Below is the breakdown of the movements in deferred tax assets at June 30, 2021:

Deferred Tax Assets	06.30.2021	12.31.2020	Variations + (-)
Intra-group margin in stock	113,128	146,057	(32,929)
Goodwill	61,225	61,225	-
Defined benefit plan under IAS 19	19,469	24,955	(5,486)
Other differences	13,479	13,479	-
	207,301	**245,716**	**(38,414)**

The breakdown of taxes by type is shown below:

Type	Amount 06.30.2021	Deferred Tax Assets 06.30.2021	Amount 12.31.2020	Deferred Tax Assets 12.31.2020
Intra-group margin in stock	405,478	113,128	523,501	146,057
Goodwill	219,444	61,225	219,444	61,225
Defined benefit plan under IAS 19	81,121	19,469	103,978	24,955
Other differences	56,163	13,479	56,163	13,479
	762,206	**207,301**	**903,087**	**245,716**

The main amount at the end of the half-year relates to deferred tax assets resulting from the elimination of the intra-group unrealized margin on the sales of Racing Force S.p.A. to the American subsidiary Racing Force USA Inc., with reference to the products recorded in the subsidiary's inventories at the end of the period.

38. Risk Management

The Group operates in a free market and it is therefore exposed to risk factors and uncertainty.

The Group has set up mechanisms and procedure at the level of each consolidated entity for the constant monitoring of the foregoing risks, so as to avoid potential negative effects and implement any actions required to contain those risks. In this connection, below is a more detailed qualitative and quantitative analysis of each type of risk.

Main risks considered by management to be at medium and significant materiality are the following:

Risks associated with the Covid-19 epidemiological emergency and the complex conditions of the global economy

The continuing epidemic related to the spread of the COVID-19 virus ("Coronavirus" or "COVID-19") has had, and may have in the future, a negative impact on the Group's operations, results and the entire market in which it operates. Even though the Group was not exposed to restrictive measures, made exception for the activity carried out in its industrial plant in Bahrain, which was interrupted for 10 days in 2020, it is not possible to exclude that it will be exposed in the future to the risk arising from the adoption by public authorities of additional and new measures to prevent and/or limit the spread of the Coronavirus and the operational and economic consequences arising from the adoption of such measures. In response to this emergency, the Group has also promptly adopted all the health and behavioral precautions imposed by the competent national and local authorities at its offices and production plants, including the development of social distancing plans, also implementing, where possible, remote operating methods for personnel.

Risks associated with the product liability and brand awareness

The products manufactured and distributed by the Group can be divided into two macro categories: homologated and non-homologated products.

In both cases, any defects in the design or manufacture of the Group's products could expose the Group itself to the risk of liability to third party and consequent claims for damages.
With regard to homologated products, then, the Group, as manufacturer, has the responsibility to homologate them in compliance with FIA standards. In this respect, the Group also has an in-house laboratory that is able to carry out in-house tests on products that will then be carried out by FIA-accredited laboratories to verify compliance with homologation regulations.
Furthermore, pursuant to the regulations in force in Italy (art. 114 of Legislative Decree no. 206/2005, the so-called Consumer Code) and abroad on product liability, any design or manufacturing defects in both homologated Products and non-homologated offered by the Group could expose it to the risk of liability actions by third parties and, consequently, to potentially significant claims for damages.
Although no action for damages has so far been brought against the Group, it cannot be excluded that such actions may be brought against it in the future.
Furthermore, one of the key factors in the Group's success is the recognizability of Racing Force Group's brands, namely OMP and Bell Helmets, which have been in the market of safety equipment.
This recognition is influenced by many factors, such as the high quality of craftsmanship, creativity, attention to detail, the ability to meet the needs of individual customers and the presence. Moreover, the Group constantly strives to maintain and increase its brands recognition through advertising and promotional campaigns, including on social networks, as well as implementing communication and branding strategies.
Should, in the future, brand awareness is not effectively maintained and developed by the Group, this could result in a negative impact on the reputation and, therefore, on the economic and financial situation of the Group itself, arising out in connection with (i) the possible confusion of the Group's brands with those of other companies operating in the same filed, (ii) the inability to communicate to the market the distinctive values of its brand and to maintain them over time, or (iii) the spreading by third parties of partial, untrue or defamatory information about the Group and (iv) the inability to attract and/or retain customers.
The risk is mitigated by the tightly controlled process that products need to go through before the commercialization: i) first of all the manufacturer has to be authorized and recognized by FIA to produce; ii) there are regulations and technical standards issued by FIA to which products must comply with; iii) tests are performed in third-party FIA authorized laboratories.

Risks *associated with implementing future strategies and programs*

The Group is exposed to the risk of not being able to achieve its growth strategy, or of not achieving it within the planned time frame, if the basic assumptions on which it is based, including the assumptions in the business plan, prove to be incorrect or if the strategy does not produce the expected results for other reasons, including those outside the Group's control.
Although no significant deviations from the estimates made by management have been found in the past, the estimates and assumptions contained in this document, although currently considered reasonable, may prove to be incorrect in the future also due to the occurrence of unforeseen factors and/or circumstances other than those considered, which could impact the Group's results or performance.

Risks associated with protection of the Group's know-how and industrial secrets

To make the production processes increasingly efficient and, consequently, to make the product offerings competitive, the Group must continually update its technologies, also by investing in research and development; should the Group not be able to acquire or adequately develop the technologies currently available, or those available in the future, it may have to change or reduce its development objectives or see its competitive strength reduced.

The Group, as owner of IP assets that are worth and strategic for their success on the market, is subject to risks related to their protection and is actively engaged in the implementation of actions aimed at containing and, possibly, eliminating such risks of undue use of such intangible assets, directly bearing the related costs.
The Group has implemented both internal and external procedures aimed at the protection of the know-how internally developed.

Main risks considered by the management to be of low materiality are the following:

Credit risk

The financial activities of the Group are to be considered as of good credit quality.

Customers are selected after being carefully evaluated under a commercial and financial standpoint. Many of the Group's top customers are historical and loyal partners, with a good financial capacity and a demonstrated track in terms of reliability and timing of payments. For these reasons, the risk of bad debt is well below the normal standards deemed physiological by the bank system for any commercial enterprise. The current size of the bad debt provision is in fact such as to cover all the positions considered to be of possible risk. Based on these elements, the Group has evaluated not to proceed with credit risk hedging actions with any insurance tools.

Liquidity risk

The liquidity risk is related to the ready availability of sufficient cash and financial resources when needed to meet commitments associated with financial instruments and carry out operations and planned investments.
The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the reputation of any of the Group's entities.
There are no significant risk factors for the Group, considering that the credit lines granted by the banks are largely adequate for the current business needs.

Market risk

The specific market risks to which the Group is exposed are those arising from fluctuations in exchange and interest rates.
As regards the interest rate risk, the Group has covered its exposure on medium-long term debt positions recurring to fixed interest rates. Therefore, based on the current composition of debts, the Group did not deem it necessary to resort interest rate risk hedging instruments.
As for the exchange rate risk associated with commercial relations with foreign customers and suppliers, for which transactions are not regulated in the functional currency of each of the consolidated entities, the risk is mitigated by the fact that the total volumes of transactions in foreign currency are lower than the volumes made in functional currency. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly. Under these circumstances, the Group did not consider it necessary and / or appropriate to enter into financial hedging instruments.

Other risks considered by management to be at low materiality are risks associated with products counterfeiting, risks associated with the license agreements to use the Bell Helmets trade mark, risks associated with key people, risks associated with the loss of qualified resources and the difficulty of finding new ones, risks associated with APIs (Alternative Performance Indicators), risks associated with transactions with related parties, risks associated with the price fluctuation of raw materials, risks associated with international activities and regulations in the various markets in which the Group operates, risks associated with compliance with workplace safety regulations, risks associated with tax regulations, risks associated with potential conflicts of interest of directors, risks associated with the failure to adopt the organizational model pursuant to Legislative Decree no. 231/2001, risks connected to potential overdue tax payables, risk of interruption of production and catastrophic events. Management does not consider that these risks can have a significant influence on the financial statements.

39. Other Information

Personnel

The following table shows the number of employees of the Group at June 30, 2021 and the average for the year, broken down by homogeneous categories.

Headcount	06.30.2021	Average 2021 First Half	06.30.2020	Average 2020 First Half
Managers	22	22	18	18
Employees (office)	89	87	75	77
Warehouse / Production	254	238	208	209
Total	**365**	**347**	**301**	**304**

The increase in the total number of employees compared to the previous year is mainly due to the hiring of personnel in the production factory in Bahrain, as well as to the direct hiring of employees in Racing Force USA Inc., employed by the company Studiomilano until last year in accordance with the consultancy and staff supply contract for the American subsidiary.

Fees to Directors and Statutory Auditors

	2021 First Half	2020 First Half	Variations + (-)
Board of Directors	362,390	366,177	(3,787)
Statutory Auditors	19,552	14,040	5,512

Fees paid to the Board of Directors refer to the parent company Racing Force S.p.A. and to other consolidated companies, where applicable.

The fees to the statutory auditors are those referred to the parent company Racing Force S.p.A.

Fees to Independent Auditors

	2021 First Half	2020 First Half	Variations + (-)
KPMG Italy	11,000	-	11,000

Fees to KPMG reported in the previous table relate to the limited audit on the consolidated interim financial statements of the Group.

Donations and contributions

There are no disbursements to be disclosed for the half-year.

Commitments, guarantees and contingent liabilities

There are no commitments, guarantees or potential liabilities not shown in the financial statements, with the exception of the mortgage loan granted by Banco BPM during the first half of the year, for which a mortgage was taken out on the building in favor of the lending bank, and for the guarantees on the bank loan granted by Bahrain Development Bank, as mentioned in the note on long-term bank loans.

Derivative financial instruments

The Group did not invest in derivative financial instruments.

Relationships with related parties

All the balances with related parties at year end are disclosed throughout the Notes to these interim financial statements.

A summary of the balances with related parties at June 30, 2021 and the transaction recorded in the Profit and Loss during the half-year is provided below.

Related party	Relationship	Receivables	Payables	Revenue	Costs
SAYE S.p.A.	A	852,535	-	13,286	-
Racing Spirit Llc	B	272,852	10,858	1,163	355
Racing Spirit Srl	B	84,984	-	-	-
KJK Protective Techologies LLC	C	100,499	30,533	499	-
GMP Consulting	C	-	7,500	-	7,500
Stephane Cohen	C	-	15,688	-	-
Dinamo Srl	D	-	80,003	-	-
Studiomilano	D	106,261	-	-	53,383
Tyrrel Properties Llc	D	-	6,645	-	63,456
B2 Technology Ltd	D	-	-	-	36,000
AXH Managment Bv	D	-	-	-	60,000
MDV Ltd	D	-	19,507	-	43,986

A: parent company; B: associated companies and joint ventures; C: Subsidiaries' shareholders and top managers; D: companies controlled by shareholders or top managers of the consolidated companies.

The balances as of June 30, 2021 include the following receivables of a financial nature: i) loan from the parent company SAYE S.p.A. for Euro 839,253, in addition to interest accrued and not yet collected at the end of the half-year for Euro 13,282; ii) loan to the associated company Racing Spirit LLC for Euro 265,000, in addition to interest accrued and not yet collected at the end of the half-year for Euro 1,163; iii) loan to KJK Protective Technologies LLC for Euro 100,000, in addition to interest accrued and not yet collected at the end of the half-year for Euro 499.

Receivables from Racing Spirit S.r.l. refer to advances paid by Group companies for orders issued for the purchase of employee uniforms, which are expected to be delivered in the second half of 2021.

Tyrrell Properties Llc is the company that provides the facilities where the consolidated company Racing Force USA Inc. is based in Miami.

Studiomilano is the consulting company that provided staff and payroll and administrative services to Racing Force USA Inc. until December 31, 2020. Starting from January 1, 2021, the staff was hired directly by Racing Force USA Inc. The balance at June 30, 2021 mainly refers to a credit note received at the end of the previous year relating to government grants received by Studiomilano, to be re-credited to Racing Force USA Inc.

Payables to Dinamo S.r.l. refer to the transfer of know-how to the consolidated company Zeronoise Ltd at the end of 2018, upon the establishment of the start-up, net of the reimbursements made in the following years.

B2 Technology Ltd, AXH Management BV and MDV Ltd are companies that provide technical, operational and research and development consulting services, respectively managed by the Chief Executive Officer (CEO) of the subsidiary Bell Racing Helmets International Wll, the Chief Operating Officer (COO) of the Group and the Chief Technical Officer (CTO) of the Group.

All other commercial relations with related parties were concluded under normal market conditions.

Material events arising after the balance sheet date

Events occurring after the end of the period that highlight conditions already existing at the reporting date and requiring changes to the values of assets and liabilities, in accordance with the relevant accounting standard, are recognized in the financial statements, in accordance with the postulate of accrual, to reflect the effect that such events have on the financial situation and on the economic result at the end of the half-year.

Events occurring after the end of the period that indicate situations arising after the balance sheet date, which do not require changes in the balance sheet values, in accordance with the provisions of the relevant accounting standard, as they pertain to the following year, are not recognized in the financial statements but are illustrated in the explanatory notes, if deemed material for a more complete understanding of the situation of the Group.

With reference to the ongoing health emergency connected to Coronavirus - Covid-19, given the solidity of the fundamentals of both the value chain and the economic and financial structure of the consolidated companies and the Group as a whole, no significant effects are expected on operating results for the current year.

On August 12, 2021, the extraordinary Shareholders' Meeting of the consolidated company Racing Force Holdings Sarl approved the change of its corporate name from Bell Racing Holdings Sarl to Racing Force Holdings Sarl.

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