La Perla Fashion Holding N.V.
Registered office: Schiphol Boulevard 127, G4.02, 1118 BG Schiphol, the Netherlands

October 29, 2021

Interim results for the six months ended 30 June 2021

La Perla Fashion Holding N.V. ("La Perla" and together with its consolidated subsidiaries, the "Group"), a luxury fashion holding company incorporating La Perla, a leading designer, manufacturer and retailer of luxury lingerie, nightwear and swimwear, and La Perla Beauty, announces results for the six months ended 30 June 2021.

Financial Overview – Consolidated La Perla Group

€ 000 unless stated	Six months ended 30 June 2021	Six months ended 30 June 2020
	Actual	Actual
Revenue	34,241	27,531
Retail	29,618	22,690
Wholesale	4,257	4,615
Other	366	226
Gross profit	20,199	13,840
Gross profit margin (%)	*59*	*50*
Operating Expenses	(37,055)	(34,912)
EBITDA[(1)]	(16,856)	(21,072)
Operating profit/(loss)	(18,320)	(31,143)
Profit/(loss) for the year	(23,600)	(41,300)
Earnings (loss) per share in €	(0.2508)	(0.3851)
Net cash generated from operating activities[(2)]	(22,048)	(19,544)
Total non-current liabilities	286,001	240,084
Total current liabilities	59,627	66,301
Cash and cash equivalents	6,264	5,862
Net financial debt[(3)]	230,709	155,800
Liabilities related to IFRS 16[(4)]	63,482	90,057

(1) EBITDA is calculated as Operating Profit/Loss before amortization and depreciation and write-offs

(2) Lease payments of €4.0 million in HY 2021 and €8.8 million in HY 2020 are categorized under Cash flow from financing activities

(3) Net financial debt calculated as Long term borrowings plus Short term borrowings minus Cash and cash equivalents. It excludes Financial lease liabilities

(4) Refers to Financial lease liabilities

Financial review
Although management was encouraged by a continuation of the second half of 2020's positive trends, the Covid-19 crisis continued to significantly affect results during the first half of 2021. The pandemic brought disruption across the business from the closure of physical stores for extended periods to significant supply chain interruptions.

Revenue increased 24%, from €27.5 million to €34.2 million. By channel:

- Retail revenue, year on year, increased 31%, approximately 35% on a like-for-like basis
  - By region, North America and Asia both showed strong recovery as Covid-19 restrictions eased, outperforming EMEA.
- Wholesale revenue decreased by 8%, impacted by both invoicing timing differences and Covid-19 related supply chain disruption

Gross margin increased from 50% to 59%, driven by a greater proportion of full-price sales and benefitting a reversal of inventory provisions.

Operating expenses overall increased from €34.9 million in the 2020 period to €37.1 million in 2021. This was driven by additional operating expenses of the new La Perla Beauty business.

Depreciation, amortization and write-off decreased from €10.1 million in the first six months of 2020 to €1.5m million for the same period in 2021. The reduction was primarily driven by the full impairment of assets undertaken at the 2020 year end.

The improvement in operating loss resulted from the above factors.

Outlook
Given the ongoing Covid-19 situation and the uncertainty in relation to further impact on the economy and consumer spending, the Group cannot adequately determine the future effect on its business. Therefore, La Perla is currently not providing forward guidance. However, La Perla has concluded that it is appropriate to adopt the going concern basis of accounting in preparing the interim results for the six months ended 30 June 2021. Among others, La Perla's financing arrangements include a loan by Tennor Holding B.V. and La Perla Fashion Finance B.V. in the aggregate principal amount of up to €340 million, which does not mature over the next 12 months. The total amount outstanding under this loan stands at €237.0 million as of 30 June 2021, inclusive of accrued interest and fees.

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About La Perla:
La Perla Fashion Holding N.V., a luxury fashion holding company, is the direct shareholder of La Perla Global Management (UK) Limited and its subsidiaries (the "Operating La Perla Group") and La Perla Beauty (UK). La Perla, through the Operating La Perla Group, is a leading designer, manufacturer and retailer of luxury lingerie, nightwear and swimwear. La Perla Beauty is in the initial phase of operation. The group operates under the brand "La Perla". Founded in 1954 in Bologna, Italy, the brand is renowned for its heritage and craftsmanship.

La Perla Fashion Holding N.V.
Amsterdam

Activity Report & Unaudited interim condensed consolidated financial statements
30 June 2021

Contents

Activity Report

COVID-19 impact on global economy, luxury sector and Group's performances
The scale of the financial impact generated by COVID-19 in 2020 and the subsequent recovery has significantly varied by region. Consumers spending recovery in different geographic markets reflects differing local levels of severity of the health crisis and lockdown durations, as well as the extent to which each region is exposed to tourism.

In the first six months of 2021, economic trends were in line with those observed in the latter months of 2020, with first China and then the United States leading the recovery in the luxury sector.

As with other luxury sector players during the first six months of 2021, the Group was still impacted by the effects of the pandemic both in terms of sales and business operations. The regional lockdowns had a continuing impact on the Group's revenue in the first half of 2021, although results are better than the comparable period in 2020.

Despite the positive outlook and trends, the virus is still in active circulation and new variants are emerging which might affect the economic recovery. As new targeted and general lockdown measures might be implemented, it remains difficult to anticipate the trends for the second half of the year.

Business review
During the six months 2021 Group continued to focus on restructuring process and on COVID-19 consequences on the business.

Six months 2021 revenues amounted to € 34.2 million (six months 2020: € 27.5 million), a 24% reported increase compared to prior year, including sales from the following channels:

	HY 2021		HY 2020	
	€ 000	%	€ 000	%
Continuing operations				
Net sales Boutique	18,046	52,7%	13,674	49,7%
Net sales Outlet	3,675	10,7%	3,407	12,4%
Net sales Online	7,897	23,1%	5,609	20,4%
Net sales Retail	**29,618**	**86,5%**	**22,690**	**82,5%**
Net sales Wholesale	3,695	10,8%	3,864	14,0%
Net sales Stock	562	1,6%	751	2,7%
Royalties and other income	366	1,1%	226	0,8%
	34,241	**100,0%**	**27,531**	**100,0%**

Increase in revenues of some 24% was driven by boutique sales positive trend compared to previous year period when the Group had to face temporary store closures due to COVID-19 pandemic situations around the globe. Such event caused a drop of volumes sold through the traditional channels and a peak in online sales registered in the first six months 2020.

Wholesale revenues in the first six months of 2021 reached the same level of the six months 2020.
Group' sales increased compared to first six months 2020 and also Group's operating loss registered a more than proportional improvement as a result of a strong restructuring process that has positively impacted Group's performances.

Group net debt as at 30 June 2021 amounted to € 230.7 million (31 December 2020: € 197.4 million) as follows:

	30 June 2021	31 December 2020
	€ 000	€ 000
Long term borrowings	236,965	205,025
Short term borrowings	8	11
Cash and cash equivalents	(6,264)	(7,640)
	230,709	**197,396**

For additional details on loan terms please refer to Note 18 of the condensed consolidated interim financial statements.

Principal risks and uncertainties for the remaining six months of the year

The main risks and uncertainties to which the Group is exposed in the second half of 2021 are described in 2020 consolidated financial statements.

Subsequent events

There are no other significant new events of which the Group is aware of that would affect these condensed consolidated interim financial statements at 30 June 2021.

Unaudited interim condensed consolidated financial statements

For the half year ended 30 June 2021

Interim condensed consolidated statement of comprehensive income

For the half year ended 30 June 2021

	Notes	HY 2021	HY 2020
		€ 000	**€ 000**
Revenue	3	34,241	27,531
Cost of sales	4	(14,042)	(13,691)
Gross margin		**20,199**	**13,840**
Marketing and selling expenses		(17,285)	(17,258)
General and administrative expenses		(19,770)	(17,654)
Operating loss before amortisation and depreciation		**(16,856)**	**(21,072)**
Amortisation, depreciation & write off		(1,464)	(10,071)
Operating profit/(loss)		**(18,320)**	**(31,143)**
Financial income/(expenses)	7	(9,041)	(10,628)
Other income/(expenses)	8	3,687	448
Profit/(loss) before tax		**(23,674)**	**(41,323)**
Taxation	9	74	23
Profit/(loss) for the year		**(23,600)**	**(41,300)**
Items that will not be reclassified subsequently to the profit and loss		-	-
Actuarial gains/(losses)		-	-
Deferred taxes on actuarial gains/(losses)		-	-
Items that may be reclassified subsequently to the profit and loss		-	-
Exchange differences on translation of operations in foreign currencies		(2,763)	819
Total other gains/(losses) net of tax effect		**(2,763)**	**819**
Total comprehensive profit/(loss) for the year		**(26,363)**	**(40,481)**
Earnings per share (in euro)			
Basic, profit/(loss) for the year attributable to the equity holders of the parent		(0,2508)	(0,3851)
Total number of shares (in thousands)			
Per end of period		105,111	105,111

Interim condensed consolidated statement of financial position

For the half year ended 30 June 2021

	Notes	30 June 2021	31 December 2020
		€ 000	**€ 000**
Non-current assets			
Intangible assets	10	27,483	26,292
Right-of-use assets	11	2,877	576
Property, plant, and equipment	12	1,967	778
Other non-current assets	13	5,847	5,933
Total non-current assets		**38,174**	**33,579**
Current Assets			
Inventories and work-in-progress	14	23,119	27,410
Trade receivables	15	6,669	6,001
Other current assets	16	9,085	11,081
Cash and cash equivalents	17	6,264	7,640
Total current assets		**45,137**	**52,132**
Non-current liabilities			
Long term borrowings	18	236,965	205,025
Long term financial lease liabilities		38,587	44,905
Provisions	19	6,384	6,760
Deferred tax liabilities	20	106	103
Other non-current liabilities		3,959	3,936
Total non-current liabilities		**286,001**	**260,729**
Current liabilities			
Short term borrowings	18	8	11
Short term financial lease liabilities		24,895	24,064
Trade payables	21	17,960	20,564
Provisions	19	3,627	3,543
Other current liabilities	22	13,137	12,754
Total current liabilities		**59,627**	**60,936**
Net assets/(liabilities)		**(262,317)**	**(235,954)**
Equity			
Share capital		1,051	1,051
Share premium		21,741	21,741
Cumulative translation adjustment		3,214	5,977
Other reserves		(8,651)	(8,651)
Retained earnings		(279,672)	(256,072)
Total Equity		**(262,317)**	**(235,954)**

Interim condensed consolidated statement of changes in equity

For the half year ended 30 June 2021

	Share capital	Share premium	Translation reserve	Other reserves	Retained earnings	Total equity
	€ 000	**€ 000**	**€ 000**	**€ 000**	**€ 000**	**€ 000**
Balance at 1 January 2020	**1,051**	**21,741**	**(189)**	**(8,559)**	**(119,706)**	**(105,662)**
Comprehensive income						
Profit/(loss) for the period	-	-	-	-	(136,366)	(136,366)
Other comprehensive income	-	-	6,166	(92)	-	6,074
Total comprehensive income	-	-	6,166	(92)	(136,366)	(130,292)
Balance at 31 December 2020	**1,051**	**21,741**	**5,977**	**(8,651)**	**(256,072)**	**(235,954)**
Comprehensive income						
Profit/(loss) for the period	-	-	-	-	(23,600)	(23,600)
Other comprehensive income	-	-	(2,763)	-	-	(2,763)
Total comprehensive income	-	-	(2,763)	-	(23,600)	(26,363)
Balance at 30 June 2021	**1,051**	**21,741**	**3,214**	**(8,651)**	**(279,672)**	**(262,317)**

Interim condensed consolidated cash flow statement

For the half year ended 30 June 2021

	HY 2021	HY 2020
	€ 000	€ 000
Cash and cash equivalent at the beginning of the year	**7,628**	**11,433**
Cash flows from operating activities		
Net income (loss) of the year	(23,600)	(41,300)
Depreciation and Amortisation	1,396	9,966
Impairment intangible assets	11	-
Impairment right of use assets	57	-
Impairment tangible assets	-	105
Loss on tangible and intangible assets disposals	(4)	-
Gain on lease contract closing and tangible assets	(2,927)	-
(Increase)/Decrease in inventories	4,699	1,797
(Increase)/Decrease in receivables	(1,199)	1,060
Increase/(Decrease) in payables	(2,351)	9,188
Increase/(Decrease) in provision	(396)	(875)
Other working capital variation	2,266	515
Net cash generated from operating activities	**(22,048)**	**(19,544)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(882)	(1,185)
Sale of property, plant and equipment	-	-
Purchase of right-of-use assets	(2,922)	(1,550)
Sale of right-of-use assets	-	-
Purchase of intangible assets	(2,301)	(4,755)
Investment in long term receivables	-	-
(Increase)/Decrease in security deposits	201	242
Net cash used in investing activities	**(5,904)**	**(7,248)**
Cash flow from financing activities		
Short term borrowing	-	-
Long term borrowing	31,945	29,001
Lease liabilities	(3,965)	(8,788)
Proceeds from issuance of shares	-	-
Net cash generated from financing activities	**27,980**	**20,213**
Effect of forex on cash	(1,400)	997
Cash and cash equivalent at the end of the period	**6,256**	**5,851**

Analysis of Net Cash

	30 June 2021	30 June 2020
Cash and cash equivalents as per Balance Sheet	6,264	5,862
Bank overdrafts	(8)	(11)
Net Cash	**6,256**	**5,851**

Notes to the interim condensed consolidated financial statements

1. Corporate information

Principal activities

La Perla Fashion Holding N.V. ("the Company") is a public company with limited liability, incorporated under the laws of The Netherlands on 9 September 2016. The Company's registered office is Schiphol Boulevard 127 1118 BG Schiphol, the Netherlands. The company is registered at the Chamber of Commerce at 66809681.

La Perla Fashion Holding N.V. and its Subsidiaries (hereinafter the "Group") operate in the markets of luxury underwear, swimwear, and make-up (hereinafter the "Business"). The activities of design, production and sale (through retail and wholesale channels) are performed by the Group through its network of subsidiaries.

The direct subsidiaries La Perla Global Management (UK) and La Perla Beauty (UK) are the Principals in all intercompany transactions, purchasing goods from the manufacturing entity of the Group and reselling those to the distributors and the commercial subsidiaries.

The interim condensed consolidated financial statements of La Perla Fashion Holding N.V. and its subsidiaries (the "Group") for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 29 October 2021.

2. Accounting policies

2.1 Structure of the financial statements and basis of preparation

The condensed consolidated interim financial statements for the half year ended 30 June 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting, which allows entities to present selected explanatory notes.

The notes do not therefore include all of the disclosures required for a complete set of annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.

The condensed consolidated interim financial statements are presented in euros and all values are rounded to the nearest thousand (€ 000), except when otherwise indicated.

2.2 Critical accounting judgments and key sources of estimation uncertainty

Preparation of the condensed consolidated interim financial statements in conformity with IFRS as adopted by the EU requires that management make certain judgements, estimates and assumptions that affect the reported assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from actual circumstances, the original estimate and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Main estimates made by management in the preparation of the financial statements concern the valuations and useful lives of operating assets, property, plant and equipment, intangible assets, the valuation of trade and other receivables, the amount of inventory provision, uncertain tax positions, contingency provisions and other provisions relating to operations, and assumptions underlying the calculation of lease liabilities, obligations relating to employee benefits, deferred tax balances and financial instruments. The Group also exercises judgment to determine whether any lease extension or termination options are reasonably certain to be exercised or not.

2.3 Going Concern

For the period ended 30 June 2021, the Group reported a total loss for the year of € 23.6 million (six months 2020: loss of € 41.3 million), shareholders' deficiency of € 262.3 million (31 December 2020: € 236.0 million) and retained earnings of € 279.7 million (31 December 2020: € 256.0 million).

The directors have considered the going concern assumption given the current trading of the Group and the funding considerations and have formed the conclusion that it is appropriate to consider that the Company will continue to operate in the foreseeable future. The Group has received a financial commitment from the parent company in writing, that the parent company will provide financial support to enable the Group to meet its financial obligations as they fall due for a period of 12 months from the date of approval of the 2020 financial statements.

In forming their judgment, the directors have also considered the following matters:

i) During 2020 and 2021, the Company received a letter of financial support from the parent company, Tennor Holding B.V. backed by a debt facility up to € 340 million. As a result, the consolidated entity will have a sufficient funding to enable it to meet its objectives and financial obligations. By end of June 2021, € 237.0 million of funding had been provided and the Directors are confident that Tennor Holding B.V. has the ability to provide all the necessary financial support to the Group in order to reach the result as showed in financial projections. Whilst the Directors do not have visibility over Tennor Holding B.V.'s financial position, they are confident that Tennor Holding B.V. has the ability to provide all the necessary financial support. To date Tennor Holding B.V. has been able to provide financial support when required in support this assessment.

ii) The consolidated entity reported a net operating cash outflow for the period ended 30 June 2021 of € 22.0 million (six months 2020: € 19.5 million). Management expect operating costs will continue to decrease in the subsequent period as a result of restructuring its operations, which will reduce the negative operating cash flows.

Although the restructuring is still ongoing and therefore includes uncertainties surrounding its implementation, the directors are confident that the continuing reorganisation process will provide positive results in a short period of time allowing the Group to operate in the foreseeable future.

3. Revenue

Revenues of the period amount to € 34.2 million (six months 2020: € 27.5 million) and include sales as follow:

	HY 2021		HY 2020	
	€ 000	%	€ 000	%
Continuing operations				
Net sales	33,875	98,9%	27,305	99,2%
Royalties and other income	366	1,1%	226	0,8%
	34,241	**100,0%**	**27,531**	**100,0%**

4. Cost of sales

	HY 2021		HY 2020	
	€ 000	%	€ 000	%
Cost of goods sold (raw materials and manufacturing costs)	(11,763)	84%	(11,415)	83%
Indirect production costs	(2,279)	16%	(2,276)	17%
	(14,042)	**100%**	**(13,691)**	**100%**

Cost of inventories included in cost of sales amounts to € 11.0 million (six months 2020: € 12.5 million) and reversal of write-downs of inventories, which were mainly the result of inventory sales of old products in 2021, amounts to € 0.8 million (six months 2020: € 3.5 million of write down).

5. Impact of COVID-19 on condensed consolidated interim financial statements

The impacts arising from the COVID-19 pandemic were recognized in the income statement for six months 2021 and 2020 and essentially affect recurring operating income. In particular, the costs related to health measures put in place (purchases of hand sanitizer and face masks, exceptional measures for regularly disinfecting premises, etc.) have been accounted for as recurring expenses.

During the period the group benefited from different Government grants in the form of job retention scheme, personnel costs reductions, business rate relief and contributions to rents and for health measures put in place.

The rent concessions negotiated with lessors due to the consequences of the COVID-19 pandemic were immediately recognized in the income statement as negative variable lease payments rather than as an amendment to the associated leases. This accounting method complies with the simplification measures provided for in the Amendment to IFRS 16 – Leases, issued by the IASB on May 28, 2020, and adopted by the European Union on 9 October 2020.

6. Information regarding directors and employees

The average monthly number of employees (including executive and directors) was:

	HY 2021	HY 2020
	n°.	n°.
Executive	41	35
Manager & Employees	662	722
Factory workers	395	451
	1,098	**1,208**

The aggregate payroll costs were as follows:

	HY 2021	HY 2020
	€ 000	€ 000
Wages and salaries	(18,098)	(17,238)
Social security costs	(2,833)	(3,254)
Other personnel costs	(3,083)	(1,969)
	(24,014)	**(22,461)**

7. Financial income/(expenses)

	HY 2021	HY 2020
	€ 000	€ 000
Interest expense on bank facilities and loans	(1)	(2)
Interest expense on loan from related parties and others	(8,104)	(5,991)
Interest on financial lease liabilities	(1,864)	(3,103)
Other charges	(149)	(134)
Interest income from other non-current assets	2	-
Financial income as result of bargain purchase	-	6
Gain (loss) foreign exchange transaction	1,075	(1,404)
	(9,041)	**(10,628)**

In six months 2021 and 2020, interest on loans from related parties and others comprised interest and fees on the shareholder loans in accordance the Financing Agreement in place with La Perla Fashion Finance B.V.

8. Other income/(expenses)

	HY 2021	HY 2020
	€ 000	€ 000
Gains on assets disposal	2,931	1
Other revenues	756	447
	3,687	**448**

Other income and expenses relate to miscellaneous income of € 3.7 million (six months 2020: € 448 thousand). The increase in 2021 mainly refers to lease agreement closure occurred during the period.

9. Taxation

	HY 2021	HY 2020
	€ 000	€ 000
Corporation Tax		
Current year	(2)	23
Adjustments in respect of prior years	76	-
	74	**23**
Deferred tax	-	-
	74	**23**

10. Intangible assets

	Industrial patens & software	Concessions, licences & trademarks	Key money	Other intangibles	Assets under construction	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost						
At 1 January 2020	4,873	35,709	11,603	3,156	-	55,341
Additions	1,951	11	-	209	3,304	5,475
Disposals	-	-	-	-	-	-
Currency translation	(17)	(1)	(16)	(36)	-	(70)
Impairment	(1,585)	(8)	(8,217)	(2,350)	-	(12,160)
Reclassification	-	-	-	(192)	-	(192)
At 31 December 2020	5,222	35,711	3,370	787	3,304	48,394
Depreciation						
At 1 January 2020	(3,930)	(8,575)	(11,603)	(2,984)	-	(27,092)
Charge for the year	(600)	(1,429)	-	(81)	-	(2,110)
Disposals	1,541	8	8,217	2,346	-	12,112
Currency translation	16	-	16	34	-	66
Impairment	(1,880)	-	-	-	(3,304)	(5,184)
Reclassification	-	-	-	106	-	106
At 31 December 2020	(4,853)	(9,996)	(3,370)	(579)	(3,304)	(22,102)
Net book value 31 December 2020	**369**	**25,715**	**-**	**208**	**-**	**26,292**
Cost						
At 1 January 2021	5,222	35,711	3,370	787	3,304	48,394
Additions	568	3	-	36	1,320	1,927
Disposals	-	-	(800)	-	-	(800)
Currency translation	-	-	(35)	12	-	(23)
Impairment	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
At 30 June 2021	5,790	35,714	2,535	835	4,624	49,498
Depreciation						
At 1 January 2021	(4,853)	(9,996)	(3,370)	(579)	(3,304)	(22,102)
Charge for the year	(16)	(714)	-	(7)	-	(737)
Disposals	-	-	800	-	-	800
Currency translation	-	-	35	(11)	-	24
Impairment	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
At 30 June 2021	(4,869)	(10,710)	(2,535)	(597)	(3,304)	(22,015)
Net book value 30 June 2021	**921**	**25,004**	**-**	**238**	**1,320**	**27,483**

At December 2020 the Directors, considering the period of market uncertainty, decided to adjust the net book value of the intangible assets, excluding brands and to book an impairment of € 5.2 million.

11. Right-of-use assets

	Right-of-use assets
	€ 000
Cost	
At 1 January 2020	79,807
Additions	8,046
Disposals and amendments	(25,578)
Currency translation	(1,468)
At 31 December 2020	60,807
Amortisation	
At 1 January 2020	(17,589)
Charge for the year	(15,392)
Disposals and amendments	8,640
Impairment	(36,384)
Currency translation	494
At 31 December 2020	(60,231)
Net book value at 31 December 2020	**576**
Cost	
At 1 January 2021	60,807
Additions	2,922
Disposals and amendments	(6,550)
Currency translation	865
At 30 June 2021	58,044
Amortisation	
At 1 January 2021	(60,231)
Charge for the year	(589)
Disposals and amendments	6,550
Impairment	(57)
Currency translation	(840)
At 30 June 2021	(55,167)
Net book value at 30 June 2021	**2,877**

Based on the annual impairment review at 31 December 2020, the net book value of right of use was impaired by € 36.4 million.

12. Property, plant, and equipment

	Land and buildings	Machinery and equipment	Fixtures and tools	Retail fixtures and fittings	Leasehold improve-ments	Con-struction in progress	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Cost							
At 1 January 2020	3,161	3,334	9,724	7,451	13,762	19	37,451
Additions	2	60	730	639	2,640	-	4,071
Disposals	-	(5)	(3)	(1,475)	(4,837)	(3)	(6,323)
Currency translation	-	(4)	(225)	(349)	(1,181)	-	(1,759)
Reclasses	-	-	226	(68)	34	-	192
At 31 December 2020	3,163	3,385	10,452	6,198	10,418	16	33,632
Depreciation							
At 1 January 2020	(492)	(1,787)	(9,106)	(5,201)	(8,587)	-	(25,173)
Charge for the year	(146)	(338)	(274)	(650)	(1,637)	-	(3,045)
Disposals and write-off	-	4	-	1,452	4,398	-	5,854
Impairment	(2,525)	(1,241)	(607)	(1,919)	(5,661)	(16)	(11,969)
Currency translation	-	4	186	326	1,069	-	1,585
Reclasses	-	-	-	(106)	-	-	(106)
At 31 December 2020	(3,163)	(3,358)	(9,801)	(6,098)	(10,418)	(16)	(32,854)
Net book value							
31 December 2020	**-**	**27**	**651**	**100**	**-**	**-**	**778**
Cost							
At 1 January 2021	3,163	3,385	10,452	6,198	10,418	16	33,632
Additions	-	8	452	161	716	-	1,337
Disposals	-	-	-	(19)	(21)	-	(40)
Currency translation	-	2	137	146	521	-	806
Reclasses	-	-	-	-	-	-	-
At 30 June 2021	3,163	3,395	11,041	6,486	11,634	16	35,735
Depreciation							
At 1 January 2021	(3,163)	(3,358)	(9,801)	(6,098)	(10,418)	(16)	(32,854)
Charge for the year	-	(6)	(41)	(9)	(52)	-	(108)
Disposals and write-off	-	-	-	-	-	-	-
Impairment	-	-	-	-	(11)	-	(11)
Currency translation	-	(2)	(136)	(145)	(512)	-	(795)
Reclasses	-	-	-	-	-	-	-
At 30 June 2021	(3,163)	(3,366)	(9,978)	(6,252)	(10,993)	(16)	(33,768)
Net book value							
30 June 2021	**-**	**29**	**1,063**	**234**	**641**	**-**	**1,967**

This caption mainly includes leasehold improvements, boutique and offices' furniture and equipment used in the production process. At December 2020 the Directors, considering the period of market uncertainty, decided to adjust the entire net book value of the tangible assets and to book an impairment of € 12.0 million.

13. Other non-current assets

Other non-current assets, amounting to € 5.8 million (31 December 2020: € 5.9 million) mainly includes guarantee deposits for store rents in various countries and for utilities.

14. Inventories and work-in-progress

	30 June 2021		31 December 2020	
	€ 000	%	€ 000	%
Raw materials and consumables	1,746	7,6%	1,444	5,3%
and semi-finished goods	1,578	6,8%	393	1,4%
Finished goods	19,585	84,7%	25,471	92,9%
Advances	210	0,9%	102	0,4%
	23,119	**100,0%**	**27,410**	**100,0%**

There is no material difference between the balance sheet value of stocks and their replacement cost. The amount of inventory at 30 June 2021 includes a reserve for obsolescence risk amounting to € 22.3 million made up of € 12.5 million for raw materials and €9.8 million for finished goods (31 December 2020: € 23.1 million made up of € 12.7 million for raw materials and € 10.4 million for finished goods). At 30 June 2021 finished goods available for sale amount to € 18.6 million or 89% of the total inventory value (31 December 2020: € 25.6 million or 93% of the total inventory amount). Raw materials, work in progress and advances to suppliers relate to lines that will be available for sale in the second half of 2021.

As at 30 June 2021 total net inventory is € 23.1 million (2020: € 27.4 million) and is aligned at its fair value.

15. Trade receivables

	30 June 2021	31 December 2020
	€ 000	€ 000
Trade receivables at nominal amount	7,890	7,337
Accrual for bad debt provision	(1,221)	(1,336)
	6,669	**6,001**

The carrying value of trade receivables approximates their fair value after an accrual for bad debt provision amounting to € 1.2 million (31 December 2020: € 1.3 million). Before accepting any new customer, the Group uses an external resource to assess the potential customer's credit quality and financial reliability.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Movement in bad debt provision:

	30 June 2021	31 December 2020
	€ 000	€ 000
At 1 January	1,336	2,252
Uncollectible amounts written off	(107)	(812)
Increase in allowance recognised in the income statement	(8)	(104)
At 31 December	**1,221**	**1,336**

The bad debt provision is sufficient to cover any expected credit losses.

16. Other current assets

	30 June 2021	31 December 2020
	€ 000	€ 000
Other current assets	2,605	2,378
Accrued income and prepaid expenses	3,895	5,604
VAT receivable	2,585	3,099
	9,085	**11,081**

17. Cash and cash equivalents

The carrying amount of cash and cash equivalents is deemed to reflect its fair value.

	30 June 2021	31 December 2020
	€ 000	€ 000
Bank and postal account	6,169	7,508
Cash on hand	95	132
	6,264	**7,640**

Cash and cash equivalents of the Group as at 30 June 2021 amount to € 6.3 million (31 December 2020: € 7.6 million) and are mainly composed of bank and postal accounts. The changes in liquidity are illustrated in the cash flow statement. The above amount includes € 0.1 million (31 December 2020: € 2.3 million) of cash deposits that guarantees the rent obligations under lease agreements.

18. Borrowings

	30 June 2021	31 December 2020
	€ 000	€ 000
Unsecured at amortised cost		
Loans from:		
Related parties	236,965	204,608
Banks	-	417
Bank overdraft	8	11
Total Borrowings	**236,973**	**205,036**
Non-current	236,965	205,025
Current	8	11
Total Borrowings	**236,973**	**205,036**

As at 30 June 2021, the Group's total financial indebtedness amounted to € 237.0 million (31 December 2020: € 205.0 million). Current borrowings amounted to € 8 thousand (31 December 2020: € 11 thousand) while the non-current borrowing position amounted to € 237.0 million (31 December 2020: € 205.0 million). The detail of the borrowings is provided below.

The loans from related parties refers to the facilities received from La Perla Fashion Finance B.V. amounting to € 220.6 million (31 December 2020: € 196.8 million) and from Tennor Holding B.V. € 16.3 million (31 December 2020: € 6.8 million).

Loan from bank at December 2020 was received by the Swiss subsidiary as a measure of financial support to facilitate the cash management of the subsidiary during the pandemic situation caused by COVID-19. The loan was extinguished in 2021.

Changes in loan amounts incurred in six months 2021 and 2020 are the followings:

	HY 2021	2020
	€ 000	€ 000
Total long term loan		
At 1 January	205,025	132,650
Loans advanced from related parties during the year	24,763	59,056
Loans advanced from bank during the year	-	417
Reimboursment of loan to bank	(417)	-
Financial costs incurred	7,594	12,902
At period end	**236,965**	**205,025**

19. Provisions

The Group as at 30 June 2021 has provisions of € 10.0 million (31 December 2020: € 10.3 million), of which € 3.6 million are current (31 December 2020: € 3.5 million) and € 6.4 million are non-current (31 December 2020: € 6.8 million). During the six months 2021 the Group utilised € 292 thousand of the provision. The nature of the provisions is detailed below:

	30 June 2021	31 December 2020
	€ 000	€ 000
Provisions		
Allowance for sales return	893	800
Layoff, restructuring and other charges	2,170	2,052
Provision for restoration	3,844	4,337
Restructuring	2,275	2,275
Litigation (agents)	420	420
Litigation (employee)	266	281
Litigation (suppliers)	143	138
	10,011	**10,303**
Non-current	6,384	6,760
Current	3,627	3,543
	10,011	**10,303**

The amounts relating to layoff and other charges amounting to € 2.2 million (31 December 2020: € 2.1 million) relate mainly to potential charges of the Chinese subsidiaries.

The provision for restoration costs amounting to € 3.8 million (31 December 2020: € 4.3 million) includes the estimated cost of restoring the leased assets where required by the terms and conditions of the lease agreements.

The provision for restructuring amounting to € 2.3 million (31 December 2020: € 2.3 million) includes the costs to be incurred for the reorganisation plan of the Italian subsidiaries.

The provision for sales returns € 0.9 million (31 December 2020: € 0.8 million) refers to the expected amount of returns from clients related to goods supplied by the Group in May and June 2021. This amount has been evaluated based on historical data.

Provisions for litigation costs relate to the costs expected to be incurred in closing litigation claims existing at the period end.

20. Deferred tax liabilities

Deferred tax liabilities at 30 June 2021 amount to € 106 thousand (31 December 2020: € 103 thousand) and relates mainly to the value of unrealised exchange gains.

21. Trade payables

Trade accounts payable of the Group amounted to € 18.0 million as at 30 June 2021 (31 December 2020: € 20.6 million). The average credit period on purchases of goods and services for the Group is between 60 and 90 days.

22. Other current liabilities

Below are the details of other current liabilities as at 30 June 2021:

	30 June 2021	31 December 2020
	€ 000	€ 000
Other payables	4,797	4,956
Payables for social security	3,426	3,285
Accrued expenses and deferred income	1,552	1,731
Prepayment	38	5
VAT payable	3,324	2,777
	13,137	**12,754**

Other payables represent, mainly, wages and salaries payable.

23. Analysis and reconciliation of net debt

Group net debt at 30 June 2021 is € 230.7 million (31 December 2020: € 197.4 million). Group borrowings are almost entirely relates to La Perla Fashion Finance B.V. and Tennor Holding B.V., subsidiaries of the ultimate holding company of the Group as of 30 June 2021 and the shareholders.

	30 June 2021	31 December 2020
	€ 000	€ 000
Long term borrowings	236,965	205,025
Short term borrowings	8	11
Cash and cash equivalents	(6,264)	(7,640)
	230,709	**197,396**

24. Financial commitments

The Group provided bank guarantees of € 0.1 million as at 30 June 2021 (31 December 2020: € 2.3 million).

25. Subsequent events

There are no other significant new events of which the Company is aware of that would affect these 30 June 2021 half year financial statements.

26. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transaction

During the year, group entities did not enter into trading transactions with related parties that are not members of the Group.

Loans to/from related parties

The Group has not provided any loans to related parties or to its key management personnel, while it has received loans from related parties as described in Note 18 Borrowings.