Companies' Register and Tax Code 07258710586
Economic and Administrative Repository (R.E.A.) of Rome 604174

Mondo TV S.p.A.
Share Capital Euro 19,956,584 - fully paid-in

Registered office	**Via Brenta, 11 - Rome**
Other offices	**Via Montenero, 42 - 44 - Guidonia (RM)**
	Corso Buenos Aires, 92 - Milan
	52, Rue Gerard - 75013 Paris (France)
	Calle Alvarez de Baena, 4 Pt 4A - Madrid (Spain)
	Via Crocicchio Cortogna, 6 - Lugano (Switzerland)
	Calle Rambla de Pulido 42 - Tenerife (Canary Islands, Spain)

Annual Financial Report as at 31 December 2020

Draft: Board of Directors' Meeting of 22 March 2021
Approved: Shareholders' Meeting of 21 April 2021

Mondo TV S.p.A.
Registered Office: Via Brenta, 11 - Rome
Share Capital Euro 18,207,106
Companies' Register and Tax Code 07258710586
Economic and Administrative Repository (R.E.A.) of Rome 604174

CONTENTS **PAGE**

Corporate Governance	Board of Directors, Board of Statutory Auditors and Independent Auditors	3
Report on Operations	General Commentary	4
	Description of the business operating conditions	6
	Key data of the Group and Parent Company	9
	Library investments, acquisition and incorporation of new companies and significant events in 2020	13
	Information on shareholders and the share price	16
	Business outlook and main relevant risks	17
	Basis for the adoption of the going concern assumption in the preparation of the financial statements	20
	Human resources and research and development activities	21
	Treasury shares	22
	Significant events after the reporting period	22
	Related party and intra-group transactions	22
	Statement of reconciliation of consolidated equity and economic result with the parent	27
	Proposal for the allocation of profit (loss) for the year	27
Consolidated Financial Statements	Consolidated statement of financial position	29
	Consolidated separate income statement	30
	Consolidated comprehensive income statement	30
	Consolidated statement of changes in equity	31
	Consolidated cash flow statement	32
	Consolidated financial statements providing related party disclosures	33
	Notes to the consolidated financial statements	37
Annual Financial Statements	Statement of financial position	79
	Income statement	80
	Comprehensive income statement	80
	Statement of changes in equity	81
	Cash flow statement	82
	Financial Statements providing related party disclosures	83
	Notes to the annual financial statements	87

CORPORATE GOVERNANCE

BOARD OF DIRECTORS (1)

Chair and CEO	Matteo Corradi
Directors	Monica Corradi
	Carlo Marchetti
	Aurelio Fedele (Independent)
	Angelica Mola (Independent)

BOARD OF STATUTORY AUDITORS (2)

Chair	Maurizio Bernardo
Statutory Auditors	Adele Barra
	Alberto Montuori
Alternate Auditors	Davide Salatino
	Sara Acquarelli

INDEPENDENT AUDITORS (3)

BDO Italia S.p.A.

Other bodies of the Parent Company:

Internal Control and Audit Committee
Aurelio Fedele - Chair
Angelica Mola - Member

Supervisory Body (Legislative Decree 231/2001)
Aurelio Fedele - Chair
Paolo Zecca - Member
Samantha Gioia Perri - Member

(1) The Board of Directors was appointed by the Shareholders' Meeting of 30 April 2018 until the approval of the financial statements ending 31 December 2020. Therefore, the forthcoming Shareholders' Meeting will be called to renew the administrative body.

(2) Appointed by the Shareholders' Meeting held on 13 May 2020 and in office until approval of the Financial Statements as at 31 December 2022.

(3) Appointed by the Shareholders' Meeting held on 30 April 2015 and in office until approval of the Financial Statements as at 31 December 2023.

REPORT ON OPERATIONS

1. GENERAL COMMENTARY

Shareholders,

The Annual and Consolidated Financial Statements of Mondo TV S.p.A. (Group or Mondo TV Group) as at 31 December 2020, which we submit for your examination and approval, have been prepared in accordance with International Financial Reporting Standards (IFRS).
This report has been prepared in accordance with art. 2428 of the Civil Code; it provides the most significant information on the economic, equity, financial situation and management of Mondo TV S.p.A. and the Group, as defined below.
For the purpose of preparing the annual and consolidated financial statements, Mondo TV S.p.A. has exercised the option granted by current legislation on financial statements, of presenting a single report on operations that accompanies both the individual and consolidated financial statements of the Parent, giving more prominence, unless otherwise indicated, to the phenomena at Group level.

1.1 Consolidated results

Compared to the 2019 financial year, the increase in revenues of Euro 2.1 million in absolute terms and approximately 9% in percentage terms is mainly attributable to the development of existing contracts by the Parent Company.

The capitalisation of internally produced animated series mainly refers to the productions of the Parent Company and Mondo TV France, and was Euro 5 million (Euro 3.5 million in 2019); the increase is mainly due to the greater progress of the subsidiary's productions, with particular reference to the animated series Disco Dragon and Grisù.

Operating expenses increased by Euro 1.3 million, due mainly to higher production costs, both external and internal, offset in part by a reduction in overhead, which was made possible by lower costs incurred to participate in trade shows (suspended due to Covid) and lower product marketing costs.

The Gross Operating Margin went from Euro 16.4 million in 2019 to Euro 18.8 million in 2020, an increase of Euro 2.4 million; the increase of 15% was due to the increase in revenues against a containment of general costs.

In light of the foregoing, the operating result after amortisation, depreciation, impairment and provisions (Euro 10.5 million, compared to Euro 10.1 million in 2019) is positive for Euro 8.3 million, compared to Euro 6.3 million operating profit in 2019, with an improvement of Euro 2.0 million in absolute terms and 32% in percentage terms.

In 2020, financial management was negative by Euro 2.35 million, compared to negative management of Euro 0.3 million in 2019, due to foreign exchange losses caused by the significant deterioration in the exchange rate of the US Dollar against the Euro in the final part of the year in the amount of Euro 1.4 million and the recognition of interest related to the settlement with the Revenue Agency by the parent company in the amount of Euro 0.4 million.

After taxes of Euro 2.1 million (Euro 2.1 million in 2019), which include the recognition of the effects of the settlement signed with the Revenue Agency for an amount of approximately Euro 2.3 million gross of the related deferred effects of Euro 1.5 million, the Group's net profit amounted to approximately Euro 4.4 million compared to a net profit of Euro 3.8 million in the previous year, a positive change of Euro 0.6 million in absolute terms.

The net financial position showed net debt of about Euro 4.1 million compared to net debt of Euro 1.4 million at 31 December 2019, mainly due to the investments made in the production of the new animated series for Euro 18.5 million and the increase in working capital. This position includes financial debt for convertible bonds

for an amount of Euro 1.75 million fully converted into shares in January 2021.

The Group's cash and cash equivalents amounted to Euro 9.9 million at 31 December 2020 compared to Euro 8 million at 31 December 2019.

The Group's equity increased from Euro 60.4 million at 31 December 2019 to Euro 68.6 million at 31 December 2020 mainly due to the Group's profit for the year of approximately Euro 4.4 million and the conversion of convertible bonds related to the agreement with Atlas for an amount, net of related stock exchange fees, equal to Euro 4.2 million.

1.2 Results of the Parent Company

Compared to the 2019 financial year, the increase in revenues was Euro 4 million in absolute terms and approximately 22% in percentage terms and was attributable, as noted above, to the progress of Mondo TV new projects.

The capitalisation of internally produced animated series was Euro 1.1 million (Euro 1.1 million in 2019).

Operating expenses amounted to Euro 4.3 million (Euro 4.8 million in 2019) and decreased mainly due to lower costs for participation in trade fairs (not carried out due to Covid) and product marketing costs.

The Gross Operating Margin went from Euro 14.2 million in 2019 to Euro 18.7 million in 2020, an increase of Euro 4.5 million; the increase of 32% was due to the higher volume of revenues together with a containment of operating costs.

In light of the foregoing, the operating result after depreciation, amortisation, impairment and provisions of Euro 9.7 million (Euro 7.4 million in 2019) was positive for Euro 9.1 million, compared to Euro 6.9 million operating profit in 2019, with an improvement of Euro 2.2 million in absolute terms.

In 2020, financial management was negative by Euro 2.2 million, compared to a negative result of Euro 1.2 million in 2019, due to foreign exchange losses caused by the significant deterioration in the exchange rate of the US Dollar against the Euro in the final part of the year for Euro 1.4 million and the recognition of interest related to the settlement with the Revenue Agency for Euro 0.4 million. The previous year's figure included adjustments to the value of equity investments of Euro 1.1 million (Euro 0.25 million in 2020).

After taxes of Euro 2.4 million (Euro 1.9 million of taxes in 2019), which include the recognition of the effects of the settlement signed with the Revenue Agency for an amount of approximately Euro 2.3 million gross of the related deferred effects of Euro 1.5 million, there was a net profit for the year of Euro 4.4 million compared to a profit of Euro 3.7 million in the previous year.

The net financial position showed a balance of essentially zero, compared to net cash of Euro 3.1 million at 31 December 2019 due mainly to the investments made in the production of the new animated series for Euro 15.5 million and the increase in working capital. This position includes financial debt for convertible bonds for an amount of Euro 1.75 million fully converted into shares in January 2021 and financial receivables for a total amount of Euro 1.4 million.

Mondo TV S.p.A. cash and cash equivalents amounted to Euro 7.9 million at 31 December 2020 compared to Euro 6.4 million at 31 December 2019.

Mondo TV S.p.A. equity increased from Euro 63.9 million at 31 December 2019 to Euro 72.6 million at 31 December 2020 mainly due to the profit for the year of Euro 4.4 million and the conversion of convertible bonds related to the agreement with Atlas for an amount net of related stock exchange fees of Euro 4.2 million.

2. DESCRIPTION OF OPERATING CONDITIONS AND IMPLICATIONS OF THE COVID-19 PANDEMIC ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

2.1 DESCRIPTION OF THE COMPANY'S OPERATING CONDITIONS

The Group has historically been operating in the business of producing and marketing television series and full-length animated movies. For more than five years now, the Company has been focusing on sectors related with its core business, chief among them, especially in perspective, the exploitation of its rights for merchandising purposes. Moreover, starting from the previous year, the Group and in particular the Parent Mondo TV S.p.A. has changed its production and sales strategy, focusing efforts and investments mainly on new productions with high licensing potential, coproduced with third parties, and on the distribution of third-party libraries.

The economic context in 2020 was significantly affected by the Covid emergency, although the media sector was among the least impacted; in a context that saw the cancellation of the main trade fairs in the sector, the Group focused on working on the productions already acquired, although this did not prevent it from starting production of the animated series Grisù, which involves three group companies (Mondo TV S.p.A., Mondo TV France and Mondo TV Producciones Canarias) in various capacities.

More significant was the negative impact on licensing and merchandising sales, as many licensees preferred to delay product releases until 2021.

Below is a brief description of the business of the Parent and of the subsidiaries, as well as of the relevant strategic missions:

The Parent **Mondo TV S.p.A.** emphasised its vocation as a 'strongbox', dedicated to the creation and, to a lesser extent, the acquisition of rights that could be exploited in both the television sector and in the diversified field of ancillary and related rights (licensing and merchandising).

Mondo TV France S.A. produces and coproduces animated television series for French broadcasters and, from a strategic point of view, allows the Mondo TV Group to expand its operations to France and French-speaking countries. The company is listed at the AIM Italy - Alternative Capital Market (hereinafter, "AIM Italy") organised and managed by Borsa Italiana S.p.A. (Italian Stock Exchange); the percentage of investment of Mondo TV S.p.A. at 31 December 2020 amounts to about 21%.
The subsidiary closed the 2020 financial year with a loss of Euro 27 thousand and shareholders' equity of Euro 3,070 thousand.

Mondo TV Suisse S.A. mission is the production and co-production of animated television series for non-European customers.
Of particular note, among others, is the agreement with CJ for the production and marketing of the animated series Robot Trains.
The company is listed at the AIM Italy - Alternative Capital Market (hereinafter, "AIM Italy") organised and managed by Borsa Italiana S.p.A. (Italian Stock Exchange). The percentage of investment of Mondo TV S.p.A. at 31 December 2020 was approximately 63%.
The subsidiary ended the 2020 financial year with a profit of CHF 349 thousand and net assets of CHF 2,354 thousand

The mission of **Mondo TV Iberoamerica S.A.** is to sell the television rights of the Group's Library in Spain, Portugal, and South America, and to produce and coproduce animated television series in Spanish and Portuguese for TV broadcasters. The company was listed in 2016 on the Mercato Alternativo Bursatil (MAB) on the Madrid Stock Exchange. The percentage of investment of Mondo TV S.p.A. at 31 December 2020 was 78%.
The subsidiary closed the 2020 financial year with a loss of Euro 618 thousand and shareholders' equity of Euro 2,339 thousand.

Mondo TV Toys S.A., incorporated by the Parent Company in HY1 2016, was placed in voluntary liquidation on 26 June 2017. The percentage of investment of Mondo TV S.p.A. is 100%.
The liquidation phase was completed as at 30 June 2018 and the cancellation of the company from the register of companies is pending.

Mondo TV Producciones Canarias S.L.U. also incorporated in 2016, is aimed at the realisation of specific phases of production of animated series and, more generally, of television productions. The percentage of investment of Mondo TV S.p.A., through Mondo TV Iberoamerica S.A., which holds 100% of the share capital, is 78%.
The subsidiary closed the 2020 financial year with a profit of Euro 667 thousand and shareholders' equity of Euro 1,530 thousand.

The table below summarises the sectors into which Mondo TV Group's business is broken down, indicating the relevant companies:

The Mondo TV Group	
Company	**Sectors**
Mondo TV S.p.A.	*Production, Distribution, Licensing*
Mondo TV Suisse S.A.	*Production, Distribution*
Mondo France S.A.	*Production*
Mondo TV Iberoamerica S.A.	*Distribution*
Mondo TV Toys S.A.	*Distribution*
Mondo TV Producciones Canarias S.L.U.	*Production*

The television distribution business consists in the selling and/or licensing of television rights relating to the series and full-length animated movies in the Group's Library.
The main buyers are coproducers, distributors, and over-the-air, cable, and satellite TV broadcasters, either public or private, in Italy and abroad.
Furthermore, the development of new technologies in the multimedia communication field opens new and interesting markets and/or market niches for the Group.
The Group carries out production on its own behalf or, as customary in this business, in partnership with third-party companies that participate in production, bearing part of the costs and/or organisational and production expenses, while the Group is responsible for creative development and governs, de facto, the entire production process.
Production is carried out under the direction and supervision of the Group's management, which uses, in whole or in part and as per standard industry practice, external artists, screenwriters and directors as well as animation studios entrusted with the production of the series and of the full-length animated movies.
In short, the steps in producing a television series are as follows:

Pre-production	Story and characters
	Screenplay
	Basic drawings
	Storyboard
Production	Drawings
	Direction
Post-production	Verification and completion of compositing
	Final editing
	Dialogue track and sound track
	Synchronisation and mixing

The Group is developing the strategic line already traced in the previous years that envisages:

1. relaunching the animated cartoon production business through the acquisition of new highly marketable co-productions;
2. expanding the range of third parties' products, both in the historical business of cartoons and in relation to live action products for the young audience;
3. strengthening the foreign markets where the Group already operates, and developing new markets, in particular the Chinese and, more in general, the East Asian markets in order to increase their sales;
4. optimising synergies in the audiovisual, licensing and merchandising businesses for the acquisition of new property and for product sales;
5. reorganising internal work, in particular in the production business, for cost reduction and efficiency purposes.

The line of strategic development traced out is that of a gradual increase of the titles constituting the Library accompanied by an increasingly intense and widespread exploitation, both in the conventional sector of the granting of TV rights and in the "newer" (for the Group) field of related sectors.

2.2 IMPLICATIONS OF THE COVID-19 PANDEMIC ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

In early January 2020, the World Health Organization (WHO) announced the spread of Covid-19 infection in China, specifically in the Wuhan district, and then declared a state of international health emergency on 30 January. February saw the spread of the virus in Europe and America, which led to a general lockdown during March and April.

From the outset, Mondo TV Group companies have closely monitored the spread of Covid-19 and promptly adopted all necessary measures to prevent, control and contain the pandemic.

In particular, all the necessary measures have been taken to counter the virus and protect the health of its employees and collaborators by sanitising premises, purchasing personal protective equipment, measuring temperature, disseminating rules of hygiene and social distancing and extending smart working.

As regards financial aspects, accepting the prudent approach proposed by the Board of Directors, the Parent Company's Shareholders' Meeting of 13 May resolved not to distribute dividends on 2019 profits. This decision was made in order to support the Group's capital solidity and contain future economic and financial impacts.

In order to face this difficult market period, the Group's financial structure has been further strengthened, with new medium/long-term loan agreements for a total amount of Euro 4.9 million and with the implementation of an extraordinary finance operation for a total amount of Euro 10.5 million concluded in the first months of 2021 with the full conversion of the bond loan.

During the preparation of the financial statements, the main financial and operational risks to which the Group is exposed were analysed in order to assess any negative effects arising from the Covid-19 pandemic.

With specific regard to credit risk, it should be noted that the main counterparties of the subsidiaries have substantially respected the commercial deadlines envisaged; with regard to those of the Parent Company, on the other hand, whose counterparties are mainly Asian, after the slowdown in the first part of the year, from the beginning of the second half of the year constant payment flows have resumed with most customers.

There were no supply problems or particular financial strains on the Group's strategic suppliers.

In general, the analysis carried out did not reveal any critical issues that could have a significant impact on the Group's financial position or performance.

3. KEY DATA OF THE GROUP AND PARENT

3.1 MONDO TV GROUP

The Mondo TV Group's reclassified financial position, financial performance and cash flows are shown below in comparison with the data of the previous year.

Reclassified condensed consolidated statement of financial position		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Non-current fixed assets	**59,086**	**50,492**
Current assets	33,486	27,681
Current liabilities	(18,339)	(14,594)

Net working capital	**15,147**	**13,087**
Non-current liabilities	**(838)**	**(632)**
Invested capital	**73,395**	**62,947**
Net financial position	(4,056)	(1,375)
Shareholders' equity	**69,340**	**61,573**
Non-controlling interests	700	1,211
Equity attributable to owners of the Parent	**68,640**	**60,362**

Reclassified condensed consolidated income statement		
(Euro thousands)	**2020**	**2019**
Revenues	25,339	23,190
Capitalisation of internally produced animated series	5,018	3,493
Operating costs	(11,549)	(10,285)
EBITDA	**18,808**	**16,398**
Amortisation and depreciation, impairment, and provisions	(10,487)	(10,055)
EBIT	**8,321**	**6,343**
Net finance income (expenses)	(2,354)	(334)
Profit (loss) of the period before tax	**5,967**	**6,009**
Income tax expense	(2,041)	(2,108)
Net profit (loss) for the period	**3,926**	**3,901**
Profit (loss) for the year attributable to non-controlling interests	(442)	69
Profit (loss) attributable to owners of the Parent	**4,368**	**3,832**
Losses/Earnings per share (basic and diluted)	**0.11**	**0.11**

Consolidated net financial position		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Cash and cash equivalents	9,905	7,999
Current financial receivables	169	0
Current financial payables due to banks	(2,967)	(3,298)
Financial payables for IFRS 16 application	(542)	(431)
Current payables due to COFILOISIR	(1,830)	(1,531)
Net current financial position	**4,735**	**2,739**
Financial payables for IFRS 16 application	(418)	(1,077)
Financial payables for convertible bonds	(1,750)	0
Non-current payables due to banks	(6,623)	(3,037)

Net non-current financial position	**(8,791)**	**(4,114)**
Net financial debt as per comm. Consob DEM/6064293	**(4,056)**	**(1,375)**
Non-current receivables due from third parties	0	0
Consolidated net financial position	**(4,056)**	**(1,375)**

Financial ratios		
	2020	**2019**
ROI (EBIT / invested capital)	11.34%	10.08%
ROS (EBIT / revenue)	32.84%	27.35%
ROE (profit for the year / equity of the Group)	6.36%	6.35%
Equity to non-current assets ratio (cons. equity+equity / NCA)	1.19	1.23
NFP / equity	0.06	0.02

Management uses the items indicated in the above reclassified Group's statements in assessing the company's performance. These measures are in part taken from the statutory financial statements and reported further on in this document, and are in part the result of aggregations; as required by recommendation CESR/05 – 178 b, the composition of each measure and the references to the items in the statutory financial statements are shown below.

Fixed assets: the item consists of intangible assets, property, plant and equipment, rights of use on leased assets, investments (in other companies) and deferred tax assets.
Current assets: the item consists of trade receivables, tax credits, and other current assets.
Current liabilities: the item consists of trade payables, tax liabilities, and other short-term liabilities and provisions.
Non-current liabilities: the item consists of provisions for risks and charges, deferred tax liabilities, and post-employment benefits.
Net financial position: the item consists of current and non-current financial receivables, cash and cash equivalents, current and non-current financial payables.
Revenues: the item consists of revenues from sales and services and other revenues.
Operating costs: the item consists of costs for consumption of raw materials, consumables and goods, personnel costs and other operating costs.
Amortisation, depreciation, impairment and provisions: the item consists of amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, amortisation of rights of use and the allowance for doubtful debts.
Current financial payables due to banks and Current payables due to Cofiloisir: these two items are shown as an aggregate in the statutory financial statements; their composition is detailed in note 11 to the Consolidated Financial Statements.
Non-current payables due to banks: their composition is detailed in note 13.
Financial payables for convertible bonds: their composition is detailed in note 13.

The items mentioned above, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), EBIT, and net financial position are usually identified without having a consistent definition in the accounting standards or in the Italian Civil Code, and therefore may not be comparable with items of the same name reported by other companies. Please refer to the general commentary for more details on the net financial position.
The above ratios show a substantial improvement in the income statement and statement of financial position compared to the previous year when a significant loss was reported against the positive result for the current year.

3.2 MONDO TV S.P.A. PARENT

The reclassified financial position, financial performance and cash flows of the Parent Mondo TV S.p.A. (hereinafter also “Mondo TV” or the “Company”) are shown below reclassified and in comparison with the data

of the previous year:

Condensed statement of financial position		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Non-current fixed assets	**62,894**	**56,972**
Current assets	28,288	20,942
Current liabilities	(13,681)	(12,408)
Net working capital	**14,607**	**8,534**
Non-current liabilities	**(4,932)**	**(4,726)**
Invested capital	**72,569**	**60,780**
Net financial position	6	3,126
Shareholders' equity	**72,575**	**63,906**

Condensed statement of comprehensive income		
(Euro thousands)	**2020**	**2019**
Revenues	21,906	17,954
Capitalisation of internally produced animated series	1,102	1,113
Operating costs	(4,271)	(4,824)
EBITDA	**18,738**	**14,243**
Amortisation and depreciation, impairment, and provisions	(9,675)	(7,390)
EBIT	**9,063**	**6,853**
Net finance income (expenses)	(2,200)	(1,192)
Profit (loss) of the period before tax	**6,863**	**5,661**
Income tax expense	(2,434)	(1,916)
Profit (loss) for the year	**4,428**	**3,746**
Earnings per share	**0.12**	**0.10**
Diluted earnings per share	**0.12**	**0.10**

Net financial position		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Cash and cash equivalents	7,857	6,375
Short-term securities	0	0
Current financial receivables	314	145
Current financial payables due to banks	(1,369)	(1,187)
Current financial payables for IFRS 16 application	(460)	(270)
Net short-term financial position	**6,342**	**5,063**
Non-current financial receivables	1,127	1,694
Non-current financial payables due to banks	(5,298)	(2,568)
Payables for convertible bonds	(1,750)	0

Non-current financial payables for IFRS 16 application	(415)	(1,062)
Net medium/long-term financial position	**(6,336)**	**(1,936)**
Net financial position	**6**	**3,127**

Financial ratios		
	2020	**2019**
ROI (EBIT/invested capital)	12%	11%
ROS (EBIT/revenue)	41%	38%
ROE (profit for the year/equity)	6%	6%
Equity to non-current assets ratio (cons. equity+equity/NCA)	1.08	1.23
NFP/equity	0.00	0.02

Management uses the items indicated in the above reclassified statements in assessing the Company's performance. These measures are in part taken from the statutory financial statements and reported further on in this document, and are in part the result of aggregations; as required by recommendation CESR/05 – 178 b, the composition of each measure and the references to the items in the statutory financial statements are shown below.

Fixed assets: the item consists of intangible assets, property, plant and equipment, rights of use on leased assets, investments and deferred tax assets.
Current assets: the item consists of trade receivables, tax assets, and other current assets.
Current liabilities: the item consists of trade payables, tax liabilities, and other short-term liabilities and provisions.
Non-current liabilities: the item consists of provisions for risks and charges, deferred tax liabilities, and post-employment benefits.
Net financial position: the item consists of current and non-current financial receivables, cash and cash equivalents, current and non-current financial payables.
Revenues: the item consists of revenues from sales and services and other revenues.
Operating costs: the item consists of costs for consumption of raw materials, consumables and goods, personnel costs and other operating costs.
Amortisation, depreciation, impairment and provisions: the item consists of amortisation and impairment of intangible assets, depreciation and impairment of property, plant and equipment, amortisation of rights of use and the allowance for doubtful debts.
Current financial payables due to banks: these two items are shown as an aggregate in the statutory financial statements; their composition is detailed in note 12 to the annual financial statements.
Non-current payables due to banks: their composition is detailed in note 13 to the annual financial statements.
Financial payables for convertible bonds: their composition is detailed in note 13.

The items mentioned above, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), EBIT, and net financial position are usually identified without having a consistent definition in the accounting standards or in the Italian Civil Code, and therefore may not be comparable with items of the same name reported by other companies. Please refer to the general commentary for more details on the net financial position.

4. LIBRARY INVESTMENTS, ACQUISITION AND INCORPORATION OF NEW COMPANIES AND SIGNIFICANT EVENTS IN 2020

4.1 INVESTMENTS IN LIBRARY

In 2020, the typical production activity of the Parent Company Mondo TV continued as well as the acquisition by other Group companies; in particular, the most significant investments concern the production of the animated series Invention Story, MeteoHeroes, and Nina Y Olga by the Parent Company and Grisù and Disco Dragon by the subsidiary Mondo TV France.

Group Investments in Library (Euro thousands)		
Category	**31.12.2020**	**31.12.2019**
Animated series	18,183	13,419
Live series	0	289
Sub-total of investments in new productions	***18,183***	***13,708***
Temporary licenses – animation	0	266
Temporary licenses – live series	272	132
Total	**18,455**	**14,106**

4.2 ACQUISITION AND INCORPORATION OF NEW COMPANIES

During 2019, a minority stake had been acquired in the UK-registered company Mars1982, a start-up operating in the online game sector for smartphones.
In 2020, the holding increased to 49%.

4.3 SIGNIFICANT EVENTS OF 2020

The following are the significant transactions and events that occurred in 2020.

a) Tax disputes

On 17 December 2020, the Company signed a framework agreement with the Rome Revenue Agency in relation to the partial definition and filing of the notice of assessment drawn up on 23 May 2019 against the Company in relation to 2014 and any further years from 2013 to 2019, as well as a deed of settlement relating to the proceedings initiated with the Company's appeal against the tax objections for 2012.

It should be noted that the report was issued for an initial amount, in relation to the year 2014, of approximately Euro 1.1 million plus penalties and interest, and therefore for a total amount that can be estimated at Euro 2.5 million; furthermore, said report contained a report to the offices and the company in relation to the use of the tax credit in other years that could therefore have been subject to further verifications.

On the basis of the aforementioned report, the Revenue Agency also sent the Company a recovery notice for 2012 for an amount of Euro 2,328 thousand plus penalties and interest, and therefore for a total estimated amount of Euro 5.3 million against which the Company filed an appeal; all the disputes, formalised and theoretical, referred to the offsetting made through the tax credit generated by the "conversion" of deferred tax assets ("DTA") into tax credits carried out pursuant to article 2, paragraphs 55-58, DL no. 225/2010. The Company has always maintained that it acted correctly in the case in question, and the Revenue Agency, recognising the great complexity of the technical aspects of the contested case, has acknowledged the good faith of the directors of Mondo TV to the extent of cancelling all penalties and has disavowed a large part of the objections put forward to the extent of significantly reducing their scope.

In particular, for 2012, the settlement agreement provides for the payment of an amount of Euro 0.5 million against the Euro 5.3 million requested, while the framework agreement provides for the payment for 2014 only of an amount of Euro 0.2 million against approximately Euro 2.5 million (including penalties and interest) disputed. The framework agreement also provides for the payment of a total sum of Euro 2.1 million for the additional years (2013, 2015, 2016, 2017, 2018 and 2019). The amounts due under the above agreements totalling Euro 2.8 million will be paid by the Company in several instalments over the next four years.

Although the Company still believes that the disputes were unfounded, it was considered convenient to avoid long and costly litigation the outcome of which by its very nature would have remained uncertain for several years: the agreement reached appears to be an excellent agreement considering a risk of losing the case of Euro 7.8 million for the years 2012 and 2014 alone but with a theoretical risk of further disputes for subsequent years for an amount that could have been around Euro 23 million.

In addition, the company will be able to benefit from higher tax-deductible depreciation and amortisation on these amounts starting from the 2020 financial year.

With the signing of these agreements, Mondo TV S.p.A. no longer has any disputes with the Revenue Agency.

b) Trade agreements

In Q1 2020, the collaboration with the German company Toon2Tango was strengthened, reinforcing the Group's presence in Northern European countries, with the start of the development of three additional productions and with the worldwide distribution mandate to Mondo TV, for both television and licensing rights for two additional series produced by third parties.

The sale of the animated series Sissi and Meteo Heroes to Swiss television RSI was completed on 20 February.

In March, the subsidiary Mondo TV Iberoamérica renewed with Turner Italia the sale of the rights to the first two seasons of the live series Yo Soy Franky, and part of the IP of Bat Pat 2 to RTVE was sold by the subsidiary Mondo TV Producciones Canarias.

April saw the launch in Italy of the Meteo Heroes series (première on 22 April) and Invention Story with satisfactory audience results.

Also in April, the subsidiary Mondo TV Producciones Canarias signed a new co-production contract with Enanimation for the development of a 52-episode series called Nina Y Olga, from the book of the same name by the famous writer and illustrator Nicoletta Costa.

In May, the Parent Company Mondo TV signed a licensing agreement with TIM for six programs to be broadcast on TIMVISION, including Invention Story, Robot Trains and Sissi.

On 20 May, the Parent Company also reached an agreement with Samsung for the launch in the fall of a channel entirely dedicated to children under the Mondo TV brand within the Samsung TV Plus service, offered as a bundle on Samsung devices in Italy.
The partnership includes a revenue share system of advertising revenue from the offering of more than 50 movies and over 20 series among Mondo TV programs within the service. The contract is for a period of one year.

On 22 June, the parent company announced that it had reached an agreement with two companies in the Huawei group for the inclusion of 58 of its own animated television series on the Huawei online platform. The programmes will be made available to the public globally in 26 countries including Italy, Spain, UK, France, Germany, Poland, Sweden, Turkey, Finland, Norway, Denmark, Russia, Mexico, Colombia, Chile, Philippines, Malaysia, Thailand, Hong Kong, Singapore, India, Japan, Saudi Arabia, Egypt, United Arab Emirates and South Africa.

The partnership includes a revenue share system based on the viewing of the 58 licensed animated series belonging to the Mondo TV library for two years from the launch with the possibility of renewal.

On 1 July 2020, the Parent Company Mondo TV was notified by HK Tianhai Culture Technology Co. Ltd. of the takeover of Harmony Technology Co. Ltd. in the production contract for the animated TV series Invention Story originally entered into in 2015 and amended in 2017 and 2018.

The subsidiary Mondo TV Iberoamérica announced on 23 July 2020 that RTVE (Radio Televisión Española,

Spanish national public channel) has confirmed its participation in the co-production of the animation series Annie & Carola, coproduced by Mondo TV Producciones Canarias, S.L.U. and MB Producciones, S.L., and of which Mondo Canarias currently holds 93% of the intellectual property rights.
Annie & Carola is the first co-production to be made entirely by the Canary Islands Company, which will take care of its development in the new 3D CGI offices; Annie & Carola, which will consist of 52 episodes lasting 11 minutes each, will still be made in 2D high definition, and is a project that aspires to create a rich cosmos of characters who immerse themselves in the world of emotions by sharing the aspirations and concerns of today's children. It is expected to be released in the second half of 2022.

This agreement reinforces the Group's growth, laying the foundations for increased development of its own intellectual property products and reaffirming the growing recognition of the importance of the animation production hub in the Canary Islands.

On 16 November, Mondo TV France with its German partner Toon2Tango closed a co-production agreement with ZDF Enterprises GmbH, a company belonging to the group of the main German national broadcaster ZDF. The Mondo TV Group, Toon2Tango and ZDF Enterprises will jointly coproduce the new series based on the animated classic Grisù, created by its original creators Nino and Toni Pagot. The new series, currently in the pre-production phase, will consist of 52 new episodes of 11 minutes each that will be made with the 3D CGI technique by Mondo TV Group companies with the consultancy of our partner Toon2Tango. ZDF Enterprises will be responsible for the worldwide distribution of audiovisual rights, excluding the territories of Italy, France and Spain. Under the agreement with ZDF Enterprises, worldwide rights to L&M will remain with the partners Mondo TV/Toon2Tango. As part of the agreement, ZDF Enterprises will also be actively involved in artistic and creative activities. For the first time in the history of the group, the production will be largely carried out internally by the Mondo TV Group, also with the involvement of the new Tenerife studio currently being set up and managed by Mondo TV Producciones Canarias. Mondo TV France and Mondo TV S.p.A. will participate as coproducers, dealing mainly with pre-production and post-production. The series is expected to be completed in the second half of 2022, and will also have Rai on board the project, with whom an agreement was closed in January for the sale of exploitation rights in the Italian territory.

c) New bank loans and extraordinary finance transaction

In May, the parent company Mondo TV S.p.A. finalised a 5-year loan with Credem, for a total amount of Euro 1 million.

In August, the parent company Mondo TV S.p.A. also finalised a 6-year loan with Credit Agricole, for a total amount of Euro 2 million.

During the year, new loans were also obtained for Euro 1.6 million from the Mondo TV Iberoamerica Group and for Euro 0.3 million from the subsidiary Mondo TV Suisse S.A.

On 13 October, the Extraordinary Shareholders' Meeting of the Parent Company approved the issue of a bond convertible into shares totalling Euro 10.5 million reserved for Atlas Special Opportunities; this issue is aimed at supporting the Group's growth and investments, with particular reference to the new co-productions with the German partner Toon2Tango and the creation of the production studio in the Canary Islands; at 31 December 2020, bonds for a total of Euro 6.25 million have been issued and collected, of which Euro 4.5 million already converted into shares; at the date of this report, the entire Atlas line was collected and converted into shares, thus strengthening the Group from both a financial and equity point of view.

The following are the main characteristics of the transaction:

a. the issuance of a bond convertible cum warrant into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a maximum nominal amount of Euro 10.5 million, represented by a maximum total of 42 convertible bonds with a nominal value of Euro 250,000 each;
b. simultaneous issuance and free assignment of 1,500,000 warrants giving the holder the right to subscribe to an equal maximum number of newly issued Mondo TV ordinary shares, with a nominal value of Euro 0.50 each, at a price of Euro 3;

c. share capital increase pursuant to article 2420-bis, second paragraph, of the Italian Civil Code and article 2441, fifth and sixth paragraphs, of the Italian Civil Code, in divisible form, to service the conversion of the Bond Loan (the "Capital Increase to Service the POC"), for a maximum amount of Euro 10.5 million including share premium, to be paid through the issuance of new ordinary shares (the "New Shares");
d. share capital increase in divisible form, with the exclusion of option rights, to service the exercise of the Warrants against payment, for a maximum amount of Euro 4.5 million including share premium through the issuance of ordinary shares (the "Conversion Shares").

d) Other significant events

In June, the subsidiary Mondo TV Iberoamérica announced that it has initiated an important strategic change that will affect both the future strategy of the Spanish subsidiary and the entire Mondo TV Group: the subsidiary Mondo TV Producciones Canarias, S.L.U., in fact, will expand its studios in Santa Cruz de Tenerife in order to implement a 3D CGI animation production line that will be operational from September 2020.
The initial investment foreseen is about Euro 300 thousand for the renovation of the new offices and the purchase of the technological devices necessary for 3D CGI production; at the same time as the renovation of the offices, the selection of personnel will be started with the aim of employing about 30 resources in the new structure, including illustrators and animators, to carry out the first project currently under negotiation.

This investment will have an impact not only on the evolution of turnover and on the future cost structure of the Mondo TV Iberoamerica Group, but it will also have an impact on the entire Mondo TV Group: in fact, the parent company Mondo TV, while continuing to operate through third-party suppliers who have distinguished themselves in recent years, will have the possibility for some future projects that require close quality control to use the Canary Island studio, thus internalising the cost of the service normally outsourced. The same principle may also be applied by the other Group companies.

5. INFORMATION ON SHAREHOLDERS AND THE SHARE PRICE

Mondo TV S.p.A.'s shareholding structure as at 31 December 2020 was as follows:

Largest shareholders		
	no. of shares	**%**
Giuliana Bertozzi	7,570,000	18.97%
Matteo Corradi	2,867,500	7.18%
Monica Corradi	2,015,092	5.05%
Riccardo Corradi	2,130,092	5.34%
Sub-total	**14,582,684**	**36.54%**
Other shareholders	25,330,483	63.46%
Total	**39,913,167**	**100.00%**

The issuer is unaware of the existence of shareholders' agreements as described in art. 122 of the Consolidated Finance Act (TUF, Testo Unico sulla Finanza); the Shareholders' Meeting did not delegate any powers to increase the share capital, issue bonds, or purchase treasury shares. No agreements exist between the Company and the directors regarding any severance pay for the corporate bodies in case of resignation or dismissal without just cause or termination of employment following a takeover bid.

The share price trend went from Euro 2.39 on 30 December 2019 to a low of Euro 1.11 in March, following the crisis in the financial markets due to the Coronavirus, to then recover and close the year at a value of Euro 1.33.

At the date of approval of this report, the stock was quoted at Euro 1.37 with a market capitalisation of approximately Euro 61 million.

6. BUSINESS OUTLOOK, MAIN RELEVANT RISKS

The Group is implementing the strategic line defined in the Business Plan approved by the Board of Directors on 10 December 2018 (subsequently confirmed by the same Board of Directors on 29 March 2019), through the acquisition of new productions oriented towards licensing and the internationalisation of the Group. This line was confirmed in the budget for 2021 approved by the Board of Directors on 22 March 2021, which forecasts at consolidated level total revenues of approximately Euro 29.6 million (Euro 25.3 million in 2020), capitalisation of Euro 5.3 million (5 million in 2020), EBITDA of Euro 24.6 million (18.8 million in 2020) and net Profit of Euro 5.9 million (Euro 4.4 million in 2020), thanks above all to the great development of the business of the subsidiaries and the new projects under development.

These results for 2021 relate to Group companies as follows:

- as regards Mondo TV S.p.A., revenues are expected from the production and sale of the animated series Meteo Heroes, of which production of the second season has begun following the success in terms of ratings of the first, Robot Trains, Invention story, and the new series Annie and Carola and Grisù, and from the start of new co-productions with Toon2tango, with particular reference to Agent 203, the first co-production already started;
- as regards the subsidiary Mondo TV France, from the delivery of the animated series Disco Dragon and the first episodes of Grisù;
- as regards Mondo TV Suisse, revenues are expected from the exploitation of the animated series Robot Trains, from the licensing exploitation of the proprietary series (Robot Trains and Grisù) and from revenues deriving from the start of co-productions with Toon2tango, of which Mondo TV Suisse owns part of the rights;
- as regards the Mondo TV Iberoamerica Group, the group, through its wholly-owned subsidiary Mondo TV Producciones Canarias, has made an important investment aimed at creating its own 3D animation studio to serve both the Mondo TV Group and third parties, in addition to the now consolidated pre-production activities, also carried out in the Canary Islands, and the trading of rights by Mondo TV Iberoamerica in Madrid; in 2021, these investments will see their first results with the animation of the first animated series, Grisù, which is expected to generate revenues from the sale of rights of approximately Euro 2.5 million.

At the same meeting on 22 March 2021, the Board of Directors also approved the Parent Company's objectives for the five-year period 2021-2025 in order to reflect the new elements that have occurred since the approval of the previous Business Plan, with particular reference to new production and the effects of the Covid-19 pandemic. With regard to this aspect, as previously indicated in the section on Implications of the COVID-19 pandemic on the financial statements at 31 December 2020 of this report, the Parent Company and the Group have not suffered any significant effects on their operations and on the achievement of the objectives set out in the previously approved business plan, except for the slowdown in collections in the first part of the 2020 financial year which subsequently improved up to the date of this report.
In light of the above, the objectives set and the strategy already contained in the previous plan are confirmed in substance.

In conformity with article 154-ter, paragraph 4, of the Consolidated Finance Act, it should be noted that the main risks associated with the Company's business that could affect its outlook are as follows:

1. Financial Risks

The Group's financial instruments consist in the credit lines and bank loans, finance leases and on-demand bank deposits.
Such instruments are aimed at financing the Group's operations. The Group has various other financial instruments, such as trade payables and trade receivables deriving from operations. The main risks generated by the Company's financial instruments are:

a) Credit risk
b) Liquidity risk
c) Exchange rate risk

d) Interest rate risk

a) Credit risk

Credit risk represents the Group companies' exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
Positions for which there is a risk of partial or total non-collectability are impaired on an individual basis, in accordance with a Group policy that also takes account of the classification of receivables by seniority of maturity, and partial or total impairments are applied when the past due amount exceeds certain parameters.
Performing trade receivables have not been impaired since no significant indication of impairment emerged, based on an analysis conducted that took into account the reliability of the individual customers.

The Mondo TV Group, and in particular the Parent Company, is currently exposed to a potential credit risk associated with the high concentration of its trade receivables from certain Asian customers located in China (at 31 December 2020, approximately 70% of the entire credit balance); in particular, it is pointed out that the risk of a contraction of the Chinese economy or the difficulties of these customers in guaranteeing on-time payments abroad, given certain currency restrictions imposed by the Chinese government, could have an impact on incoming cash flows, lengthening payment times compared to those contractually agreed, with consequent effects also on the availability of liquidity within the Group.
The Parent Company Mondo TV S.p.A. is constantly monitoring credit exposure and cash flows relating to these customers, at times resorting, when the opportunity arises, to signing triangular compensation agreements for credit and debit items with these customers and some suppliers located in China, in order to accelerate the repayment of credit positions. Moreover, as already outlined in the 2019-2023 business plan, the Parent Company has set itself the objective of diversifying its activities also from a geographical point of view in order to limit as much as possible the risks arising from the high concentration of its receivables from customers located in that geographical area.

b) Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected.
In this regard, in order to be best protected against these risks, the Mondo TV Group adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.
Moreover, the Group has a cash reserve of approximately Euro 10 million as at 31 December 2020.

The following table shows the breakdown of Mondo TV Group's credit lines, expressed in millions of Euro, made available by banks as at 31 December 2020:

	CREDIT LINES - MONDO TV GROUP - 31.12.2020			
(values in Euro millions)	**Cash**	**Trade**	**Loans**	**Total**
UBS	0	1.00	0	**1.00**
Raiffeisen	0	0	2.30	**2.30**
Credit Suisse	0	0.50	0.20	**0.70**
Bankinter	0	0.30	0	**0.30**
Sabadell	0	0.50	0.20	**0.70**
Bankia	0	0	0.20	**0.20**
Santander	0	0.60	0.30	**0.90**
Triodos	0	0	0.50	**0.50**
BBVA	0	0.30	0.10	**0.40**
CREDEM	0	0.40	1.00	**1.40**
SIMEST	0	0	0.10	**0.10**
Credit Agricole	0	0.50	2.50	**3.00**

Veneto Banca	0	0	0.10	**0.10**
Total	**0**	**4.10**	**7.50**	**11.60**

The following table shows instead the breakdown of the credit lines, expressed in millions of Euro, of the Parent Mondo TV S.p.A., made available by banks as at 31 December 2020:

	CREDIT LINES - MONDO TV SPA - 31.12.2020			
(values in Euro millions)	**Cash**	**Trade**	**Loans**	**Total**
Raiffeisen	0	0	2.30	**2.30**
Credit Agricole	0	0.50	2.50	**3.00**
CREDEM	0	0.40	1.00	**1.40**
SIMEST	0	0	0.10	**0.10**
Veneto Banca	0	0	0.10	**0.10**
Total	**0**	**0.90**	**6.00**	**6.90**

c) Exchange rate risk

The Group has an exposure arising from currency transactions (US Dollars). Such exposure is generated mainly by library sales, production contracts of animated series with suppliers and licenses purchases.
The exchange rate risk is managed by keeping a portion of the liquidity in US Dollars, while no exchange rate hedging is envisaged. It should be noted that in 2020, the fluctuation in the value of the Dollar against the Euro resulted in a significant foreign exchange loss (approximately Euro 1.8 million), particularly for the Parent Company.

d) Interest rate risk

The interest rate fluctuations influence the cash flows, the market value of the company's financial assets and liabilities, and the level of the net financial income/expenses.
The Group's financial debt is regulated by variable interest rates. In consideration of the low financial exposure, the Group Companies are marginally subject to interest rate risk.

2. Risks associated with dependency on key managers

Some members of the Corradi family and some managers of the Subsidiaries have strategic importance for the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.
In particular, some members of the Corradi family have a significant role in the management of the business of the company Mondo TV S.p.A.
Neither the members of the Corradi family nor other managers of the Subsidiaries have entered into sole-agency or non-compete agreements with the Group's companies.

3. Risks associated with the commercial exploitation of intellectual property rights of third parties

The Group's revenue may be influenced by factors, independent of the Group companies, that affect the availability and the commercial exploitation of third-parties' property, the subject of the series. Should these factors occur, they could cause earnings expectations to be revised down, negatively affecting the Group's performance, financial position and cash flows.

4. Risks associated with litigation

To date, there are no significant legal disputes that could give rise to significant charges for the Group.

5. Risks associated with the Group companies' tax position

On 17 December 2020, the Company signed a framework agreement with the Rome Revenue Agency in relation to the partial definition and filing of the notice of assessment drawn up on 23 May 2019 against the

Company in relation to 2014 and any further years from 2013 to 2019, as well as a deed of settlement relating to the proceedings initiated with the Company's appeal against the tax objections for 2012.
With the signing of these agreements, Mondo TV S.p.A. no longer has any outstanding disputes with the Revenue Agency.

7. BASIS FOR THE ADOPTION OF THE GOING CONCERN ASSUMPTION IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The going concern assumption is a fundamental principle in the preparation of financial statements. On the basis of this assumption, technically the company is normally considered capable of continuing to carry on its business in the foreseeable future (at least 12 months from the reporting date) without there being any intention or need to put it into liquidation, cease business or subject it to bankruptcy proceedings as required by law or regulations. Assets and liabilities are therefore accounted for on the basis of the assumption that the company is able to realise its assets and meet its liabilities in the normal course of business.
In preparing the financial statements, management shall make an assessment of the entity's ability to continue as an operating entity. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease business, or has no realistic alternative but to do so. If management is aware, in making its assessments, of material uncertainties related to events or conditions that may cast significant doubt about the entity's ability to continue as an operating entity, the entity shall disclose those uncertainties.

The following are the elements or circumstances taken into consideration that may constitute a state of risk:

a) the deterioration of the international economic environment;
b) delays in the collection of trade receivables that arose in previous years;
c) the death of founder Orlando Corradi at the end of 2018 removed the creative figure of reference for Mondo TV S.p.A.

The Directors believe that the parent company Mondo TV S.p.A. and the Group as a whole have adequate financial strength and adequate resources to continue operating in the foreseeable future and, consequently, have adopted the going concern basis for the preparation of the annual and consolidated financial statements as at 31 December 2020.

The assessments made by the Directors, who considered the going concern assumption in the preparation of the annual and consolidated financial statements of the Group to be adequate, are also based on the following indicators:

1. Financial indicators

- At 31 December, the group had liquidity totalling Euro 10 million; during the first quarter of 2021, liquidity increased due to the collection of the residual portion of the Atlas bond, for an amount of Euro 4,250 after deducting stock exchange fees.
- Short-term financial indebtedness, which is not significant overall, is covered by assets. In addition, during 2021 it was reduced due to the full conversion of the remaining portion of the bond into shares of the parent company.
- There are no signs/indications of cessation of financial support from lenders and other creditors.
- The forms of payment are generally respected and no significant forms of credit recovery and/or enforcement have been activated.

2. Operating indicators

- Company operations are carried out in the normal way and on the basis of industry protocols and reference regulations.
- Ordinary activities show a positive and growing marginality.
- There are no difficulties in staffing or difficulties in maintaining the normal flow of supplies from major suppliers.

3. Other indicators

- The Group, and in particular the Parent Company Mondo TV S.p.A., are strongly capitalised (equity is well above the legal limits).
- Past tax disputes have been resolved.
- No legislative changes or government policies are expected to have an adverse effect on the Company.

In view of the above, the Directors, while taking into account the uncertainties caused by changes in the economic environment, due in part to the Covid 19 crisis, believe that it is reasonable to expect that the Company and the Group will have access to adequate financial resources to continue operating in the foreseeable future and, consequently, have adopted the going concern basis for the preparation of the annual consolidated financial statements at 31 December 2020.

8. HUMAN RESOURCES AND RESEARCH AND DEVELOPMENT ACTIVITIES

As at 31 December 2020, the Group had 53 employees, of which 4 executives, 49 white-collar workers and middle managers, up 2 employees compared to 31 December 2019. The breakdown of employees by company is as follows: Mondo TV S.p.A. 25 employees, Mondo TV France S.A. 4 employees, Mondo TV Suisse S.A. 3 employees, Mondo TV Iberoamerica S.A. 6 employees and Mondo TV Producciones Canarias S.L.U. 15 employees.

The Group has a moderate turnover rate.

No serious work accidents occurred and no charges for occupational illness or mobbing were reported in any company of the Group during the year.

The Group conducts research and development activities for the purpose of launching new products, selecting and developing stories and characters also by means of tests carried out in partnership with childhood sociologists.

9. TREASURY SHARES

The Parent does not hold treasury shares, either directly or through subsidiaries, trust companies or nominees

10. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

To date, there have been no events after 31 December 2020 such as to make the current financial position substantially different from that resulting from the balance sheet at that date or to require adjustments or supplementary notes to the Financial Statements.

On 11 January 2021 after the co-production agreement with ZDF Enterprises GmbH signed at the end of 2020, a new contract was signed with Italian television RAI for the pre-purchase of the animated series Grisù. The agreement provides for the granting of licenses for a period of 7 years from the date of completion for Free TV, Pay TV, Pay per view, VOD and ancillary rights for the Italian territory. This agreement is of great importance to the Mondo TV Group as it significantly supports the production budget of the animated series.

In the first quarter of 2021, the remaining Euro 4.25 million related to the issuance of convertible bonds in favour of Atlas was collected; at the date of this report, all bonds have been converted into shares, and therefore no debts remain in favour of Atlas.

In order to reflect the new elements that have occurred since the approval of the previous Business Plan with particular reference to new production and the effects of the Covid-19 pandemic, the Board of Directors

approved the consolidated budget for 2021 on 22 March 2021. At the same meeting, the Board of Directors also approved the Parent Company's objectives for the five-year period 2021-2025.
With reference to the COVID-19 pandemic, it is confirmed that it did not have a significant impact on operations and on the achievement of the Company's and the Group's objectives set out in the previously approved Business Plan, except for the slowdown in collections in the first part of the 2020 financial year, which subsequently improved up to the date of this report.
In light of the above, the objectives set and the strategy already contained in the previous plan are substantially confirmed.

11. RELATED PARTY AND INTRA-GROUP TRANSACTIONS

11.1 RELATED PARTIES OF THE GROUP

The Mondo TV Group engages in significant transactions with related parties, the complete list of which is reported in Annex 5.
These transactions are at arm's length and substantially have three different origins:
- payment of consideration for service rendered;
- payments for leases and other services;
- sundry transactions with shareholders and directors.

The table below shows the costs and financial payables associated with the above-mentioned transactions at 31 December 2020.

(Euro thousands)	Receivables as at 31.12.2020	Cost 2020	Payables as at 31.12.2020	Rights of use IFRS 16 31.12.2020	Financial payables IFRS 16 31.12.2020	Nature of the transactions
Remuneration of directors and executives						
Matteo Corradi	21	196	0	0	0	Chair and CEO
Monica Corradi	0	92	0	0	0	Director
Aurelio Fedele	0	35	15	0	0	Independent Director
Angelica Mola	0	13	6	0	0	Independent Director
Carlo Marchetti	0	165	15	0	0	Director
Totals	**21**	**501**	**36**	**0**	**0**	
Real-estate and service companies						
Trilateral Land S.r.l.	45	396	0	738	850	Office leasing
Totals	**66**	**897**	**36**	**738**	**850**	

***** Of which Euro 105 thousand as Parent Company executive compensation and Euro 60 thousand as Board Director of the Parent Company and some subsidiaries.

The information relating to intra-group transactions have been provided in compliance with the provisions of CONSOB Regulation concerning related parties approved with resolution no. 17221 of 12 March 2010, subsequently amended by resolution no. 17389 of 23 June 2010. For further details, reference is made to the Notes.

11.2 INTRA-GROUP TRANSACTIONS AT GROUP LEVEL

As for the transactions between the Parent and the other companies of the Mondo TV Group, and also those between the latter without the involvement of the Parent, first it should be noted that the operations of the

various companies tend to be integrated, as in this industry companies belonging to the same Media Group typically pursue common policies in terms of production, acquisition, and exploitation of rights. These Groups, indeed, tend to structure themselves into separate entities specialised in the exploitation of different rights, and, at the same time, they attempt to pursue common strategies for the procurement and marketing of rights, in order to exploit the synergies and greater contractual strength deriving from acting in concert.

All transactions between the various companies of the Group were a market conditions.

Based on the provisions of the Consob Regulation of 12 March 2010, no. 17221, the Board of Directors of Mondo TV S.p.A., following the favourable opinion of the Independent Committee, has adopted a regulation on transactions with related parties. It entered into force on 1 December 2010.

The main transactions which became effective during 2020 are described below (eliminated in the consolidated financial statements):

Mondo TV France S.A.
In 2020, the subsidiary sold exploitation rights relating to the Lulù Vroumette animation series for Euro 250 thousand and re-invoiced the costs related to the listed status and incurred by Mondo TV S.p.A. for a total amount of Euro 68 thousand.

Mondo TV Iberoamerica S.A.
In previous years, Mondo TV S.p.A. granted interest-bearing loans to the subsidiary for the production of the live series *Heidi* and for the financial support of its cash requirements; this loan has a term of three years and is remunerated at a rate equal to three-month Euribor increased by 3%; at 31 December 2020, it amounted to Euro 1,127 thousand (Euro 1,694 thousand at 31 December 2019); on the loan granted by the parent company to the subsidiary, interest was charged during the year for an amount of Euro 23 thousand.
The subsidiary charged the Parent Company, in relation to its status as listed company, costs for a total amount of Euro 91 thousand.
Over the years, Mondo TV Iberoamerica has granted interest-bearing loans to its subsidiary Mondo TV Producciones Canarias, the residual amount of which at 31 December 2020 was equal to approximately Euro 580 thousand; furthermore, during the year, Mondo TV Iberoamerica charged its subsidiary for costs related to the development of productions for a total amount of approximately Euro 228 thousand.

Mondo TV Producciones Canarias S.L.U.
During the financial year, in relation to the production contracts for the animated series *Invention Story, Nina & Olga,* and *Robot Trains* and the study of models and backgrounds was carried out for an amount of Euro 339 thousand, which represents an investment in the Mondo TV S.p.A. library; Mondo TV S.p.A. also acquired the distribution rights for the animated series Heidi second season for some territories for Euro 350 thousand.
Lastly, the subsidiary charged costs to the parent company in the amount of Euro 54 thousand, mainly for the reversal of commercial personnel costs for services rendered to Mondo TV S.p.A.
Lastly, Mondo TV Producciones Canarias invoiced Mondo TV France for approximately Euro 400 thousand in relation to the production contract for the animated series Grisù.

Mondo TV Suisse S.A.
Mondo TV S.p.A. realizes the executive productions for contracts acquired by the subsidiary. Transactions are governed by a specific framework contract that basically envisages a production cost for Mondo TV Suisse of 85% of the amount paid by the final customer.
There were no new productions on behalf of Mondo TV Suisse during 2020.
In 2020, Mondo TV Suisse S.A. sold to Mondo TV S.p.A. rights to the animated series Yohoo and Friends for Euro 400 thousand and Robot Trains for Euro 350 thousand.
Costs were charged back by the subsidiary relating to the listed status and of Mondo TV S.p.A. for a total amount of Euro 168 thousand.

Mondo TV Toys S.A.

Mondo TV S.p.A. financially supported the company in 2016 with the granting of non-interest bearing loans totalling Euro 134 thousand, in addition to Euro 5 thousand disbursed in 2017 and Euro 6 thousand disbursed in 2018.

Mars 1982 Ltd.
Mondo Tv S.p.A. provided financial support to the company in 2020 by granting non-interest-bearing loans for Euro 169 thousand.

11.3 RELATED PARTIES OF THE PARENT

The Company engages in significant transactions with related parties, the complete list of which is reported in Annex 5. These transactions are at arm's length, are carried out to benefit the Company and substantially have three different origins:
- payment of consideration for service rendered;
- payments for leases and other services;
- sundry transactions with shareholders.

In detail:
- The members of the Corradi family, such as Matteo Corradi, Chair and Chief Executive Officer, and Monica Corradi, Board Director;
- Trilateral Land S.r.l., a company directed by Matteo Corradi, the owner of the buildings located in Rome, Milan, and Guidonia used by the Mondo TV Group's companies.

The main transactions with the above related parties are as follows:
- Matteo Corradi provides managerial services as part of his job with Mondo TV;
- Monica Corradi provides managerial services as part of her job with Mondo TV;
- the transactions with Trilateral Land S.r.l. refer to the payments for the lease of the buildings where the Company's operations are based to Trilateral Land S.r.l.

The table below shows the costs and financial payables of Mondo TV S.p.A. associated with the above-mentioned transactions at 31 December 2020:

Remuneration of directors					
(Euro thousands)	**Loans**	**Receivables**	**Payables**	**Costs**	**Revenues**
Monica Corradi	0	0	0	92	0
Matteo Corradi	0	21	0	71	0
Aurelio Fedele	0	0	15	35	0
Angelica Mola	0	0	6	13	0
Carlo Marchetti	0	0	15	120	0
Total for directors	***0***	***21***	***36***	***332***	**0**
Other related parties					

(Euro thousands)	Financial payables IFRS 16	Receivables	Payables	Costs	Revenues
Trilateral Land S.r.l.	850	45	0	395	0
TOTAL	**850**	**66**	**36**	**727**	**0**

***** Of which Euro 105 thousand as executive compensation and Euro 15 thousand as Board Director.

11.4 INTRAGROUP TRANSACTIONS AT PARENT LEVEL

As for the transactions between the Parent and the other companies of the Mondo TV Group, and also those between the latter without the involvement of the Parent, first it should be noted that the operations of the various companies tend to be integrated, as in this industry companies belonging to the same Media Group typically pursue common policies in terms of production, acquisition, and exploitation of rights. These groups, indeed, tend to structure themselves into separate entities specialised in the exploitation of different rights, and, at the same time, they attempt to pursue common strategies for the procurement and marketing of rights, in order to exploit the synergies and greater contractual strength deriving from acting in concert.
All transactions between the various companies of the Mondo TV Group were a market conditions. The main transactions which became effective during 2020 are described below:

Mondo TV France S.A.
In 2020, the subsidiary sold exploitation rights relating to the Lulù Vroumette animation series for Euro 250 thousand and re-invoiced the costs related to the listed status and incurred by Mondo TV S.p.A. for a total amount of Euro 68 thousand.

Mondo TV Iberoamerica S.A.
In previous years, Mondo TV S.p.A. granted interest-bearing loans to the subsidiary for the production of the live series *Heidi* and for the financial support of its cash requirements; this loan has a term of three years and is remunerated at a rate equal to three-month Euribor increased by 3%; at 31 December 2020, it amounted to Euro 1,127 thousand (Euro 1,694 thousand at 31 December 2019); on the loan granted by the parent company to the subsidiary, interest was charged during the year for an amount of Euro 23 thousand.
The subsidiary charged the Parent Company, in relation to its status as listed company, costs for a total amount of Euro 91 thousand.

Mondo TV Producciones Canarias S.L.U.
During the financial year, in relation to the production contracts for the animated series *Invention Story, Nina & Olga,* and *Robot Trains* and the study of models and backgrounds was carried out for an amount of Euro 339 thousand, which represents an investment in the Mondo TV S.p.A. library; Mondo TV S.p.A. also acquired the distribution rights for the animated series Heidi second season for some territories for Euro 350 thousand.
Lastly, the subsidiary charged costs to the parent company in the amount of Euro 54 thousand, mainly for the reversal of commercial personnel costs for services rendered to Mondo TV S.p.A.

Mondo TV Suisse S.A.
Mondo TV S.p.A. realizes the executive productions for contracts acquired by the subsidiary. Transactions are governed by a specific framework contract that basically envisages a production cost for Mondo TV Suisse of 85% of the amount paid by the final customer.
There were no new productions on behalf of Mondo TV Suisse during 2020.
In 2020, Mondo TV Suisse sold to Mondo TV S.p.A. rights to the animated series Yohoo and Friends for Euro 400 thousand and Robot Trains for Euro 350 thousand.
Costs were charged back by the subsidiary relating to the listed status and of Mondo TV S.p.A. for a total amount of Euro 168 thousand.

Mondo TV Toys S.A.
Mondo TV S.p.A. financially supported the company in 2016 with the granting of non-interest bearing loans totalling Euro 134 thousand, in addition to Euro 5 thousand disbursed in 2017 and Euro 6 thousand disbursed

in 2018.

Mars 1982 Ltd.
Mondo Tv S.p.A. provided financial support to the company in 2020 by granting non-interest-bearing loans for Euro 169 thousand.

Transactions with direct and indirect subsidiaries and associated companies

(Euro thousands)	Loans	Trade receivables	Payables	Costs	Revenues
Mondo TV France	0	0	550	68	0
Mondo TV Suisse	0	0	1,448	178	0
Mondo TV Iberoamerica	1,127	0	0	91	23
Mondo TV Canarie	0	0	1,019	54	0
Mars 1982 Ltd.	169	0	0	0	0
Mondo TV Toys	145	0	0	0	0
TOTAL	**1,441**	**0**	**3,017**	**391**	**23**

The table below shows total transactions with directors, related parties and subsidiaries and associated companies in 2020.

Transactions with Group companies and related parties

(Euro thousands)	Financial payables (IFRS 16)	Loans	Trade receivables	Payables	Costs	Revenues
Transactions with directors	0	0	21	36	332	0
Transactions with other related parties	850	0	45	0	395	0
Transactions with subsidiaries	0	1,441	0	3,017	391	23
Total	**850**	**1,441**	**66**	**3,053**	**1,118**	**23**

12. STATEMENT OF RECONCILIATION OF CONSOLIDATED EQUITY AND ECONOMIC RESULT WITH THE PARENT

The reconciliation of the Parent's equity as at 31 December 2020 to the Group's equity as at the same date is summarised in the table below:

(Euro thousands)	Income Statement	Shareholders' equity
Mondo TV S.p.A. Separate Financial Statements	**4,428**	**72,575**
Individual data of the subsidiaries	345	8,964
Eliminations of the carrying amount of net equity investments	0	(6,801)
Intra-group adjustments	(847)	(5,398)
Attribution of subsidiaries' equity to non-controlling interests	442	(700)
Consolidated Financial Statements	**4,368**	**68,640**

13. PROPOSAL FOR THE ALLOCATION OF PROFIT (LOSS) FOR THE YEAR

With reference to the profit for the year of Euro 4,428,290, it is proposed that Euro 221,415 be allocated to the legal reserve and Euro 4,206,875 be carried forward.

Rome, 22 March 2021

On behalf of the Board of Directors

_____

Chief Executive Officer
Matteo Corradi

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AS AT 31 DECEMBER 2020

FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position

(Euro thousands)	Notes	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
- Intangible rights		*44,731*	*35,733*
- Other intangible assets		*55*	*40*
Intangible assets	5	44,786	35,773
Tangible assets	5	337	246
Rights of use on leased assets	6	880	1,372
Equity investments	5	0	95
Deferred tax assets	7	13,042	12,965
Other non-current assets	8	41	41
		59,086	**50,492**
Current assets			
Trade and other receivables	8	30,694	24,857
Current financial receivables	8	169	0
Tax receivables	7	2,567	2,562
Other current assets	9	226	262
Cash and cash equivalents	10	9,905	7,999
		43,561	**35,680**
Total Assets		**102,647**	**86,172**
EQUITY AND LIABILITIES			
Equity			
- Share capital		*19,957*	*18,207*
- Share premium		*33,528*	*30,778*
- Legal reserve		*3,248*	*3,062*
- Other reserves		*7,383*	*7,971*
- Retained earnings (losses)		*156*	*(3,489)*
- Profit (loss) for the year		*4,368*	*3,832*
Equity attributable to owners of the Parent		68,640	60,361
Non-controlling interests		700	1,211
Total equity	11	**69,340**	**61,572**
Non-current liabilities			
Provision for post-employment benefits	12	653	566
Deferred tax liabilities	7	186	66
Non-current financial payables	13	8,372	3,037
Non-current financial payables on leased assets	13	418	1,077
		9,629	**4,746**
Current liabilities			
Provisions for risks and charges	12	100	27
Current financial payables	13	4,797	4,829
Current financial payables on leased assets	13	542	431
Tax payables	7	3,552	796
Trade and various payables and other current liabilities	13	14,687	13,771
		23,678	**19,854**
Total Liabilities		**33,307**	**24,600**
Total Shareholders' Equity and Liabilities		**102,647**	**86,172**

CONSOLIDATED SEPARATE INCOME STATEMENT

Consolidated separate income statement			
(Euro thousands)	**Notes**	**2020**	**2019**
Revenue from sales and services	17	24,699	23,056
Other income	17	640	134
Capitalisation of internally produced animated series	18	5,018	3,493
Raw materials, consumables and goods	19	(57)	(59)
Personnel costs	20	(4,855)	(4,073)
Amortisation and impairment of intangible assets	21	(9,458)	(9,264)
Depreciation and impairment of tangible assets	21	(92)	(95)
Amortisation of rights of use	21	(541)	(580)
Allowance for doubtful debts	8	(396)	(157)
Other operating costs	22	(6,637)	(6,111)
EBIT		**8,321**	**6,344**
Finance income	23	403	328
Financial expenses	23	(2,757)	(662)
Profit (loss) of the period before tax		**5,967**	**6,010**
Income tax expense	24	(2,041)	(2,109)
Net profit for the period		**3,926**	**3,901**
Profit (loss) for the year attributable to non-controlling interests		(442)	69
Profit (loss) attributable to owners of the Parent		**4,368**	**3,832**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Comprehensive income statement		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Profit (loss) for the year	3,926	3,901
Other items of the consolidated comprehensive income statement	(384)	1,719
Comprehensive net profit (loss) for the year	**3,542**	**5,620**
Total profit (loss) attributable to non-controlling interests	(511)	3,260
Total profit (loss) attributable to the Group	**4,053**	**2,360**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in Equity									
(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings (losses)**	**Share premium**	**Other reserves**	**Profit (loss) for the year**	**Attributable to owners of the Parent**	**Non-controlling interests**	**Total equity**
Consolidated Financial Statements as at 31.12.2018	**18,207**	**3,061**	**20,365**	**45,868**	**10,194**	**(39,514)**	**58,181**	**(2,071)**	**56,110**
Transactions with shareholders recognised in equity:									
Atlas capital increase							-		-
Items of comprehensive income for the year:									-
IFRS 16			(205)				(205)	(6)	(211)
Allocation of loss for the year 2018			(23,708)	(15,090)	(716)	39,514	-		-
Transactions subsidiary shares					(1,442)		(1,442)	3,191	1,749
Translation reserve Mondo TV Suisse					26		26	23	49
Actuarial effect of employee benefits					(30)		(30)		(30)
Other changes		1	59		(61)		(1)	5	4
Result for the period						3,832	3,832	69	3,901
Consolidated Financial Statements as at 31.12.2019	**18,207**	**3,062**	**(3,489)**	**30,778**	**7,971**	**3,832**	**60,361**	**1,211**	**61,572**
Transactions with shareholders recognised in equity:									
ATLAS capital increase	1,750			2,750	(278)		4,222		4,222
Items of comprehensive income for the year:									-
Allocation of profit (loss) for the year 2019		186	3,645			(3,832)	(1)		(1)
Transactions subsidiary shares					(305)		(305)	(69)	(374)
Translation reserve Mondo TV Suisse					4		4	-	4
Actuarial effect of employee benefits					(10)		(10)		(10)
Other changes					1		1	-	1
Result for the period						4,368	4,368	(442)	3,926
Consolidated Financial Statements as at 31.12.2020	**19,957**	**3,248**	**156**	**33,528**	**7,383**	**4,368**	**68,640**	**700**	**69,340**

For further information on equity, reference should be made to note no. 11.

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement		
(Euro thousands)	**2020**	**2019**
A. OPENING CASH AND CASH EQUIVALENTS	**7,999**	**12,463**
Group result of the year	4,368	3,832
Minorities result of the year	(442)	69
Total profit of the year	3,926	3,901
Depreciation, amortisation and impairment	10,487	10,096
Net change in provisions	160	21
Deferred taxes	43	1,715
Cash flow from (used in) operating activities before changes in working capital	**14,616**	**15,733**
(Increase) decrease in trade receivables	(6,232)	(4,402)
(Increase) decrease in tax assets	(5)	1,126
(Increase) decrease in other assets	36	200
Increase (decrease) in trade payables	861	(7,860)
Increase (decrease) in tax liabilities	2,756	341
Increase (decrease) in other liabilities	55	0
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**12,087**	**5,138**
(Acquisition) / Disposal of		
- Intangible assets	(18,471)	(14,120)
- Tangible assets	(183)	(72)
- Rights of use on leased assets	(49)	(18)
- Financial assets	95	(95)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(18,608)**	**(14,305)**
Share capital increases	4,222	
Net disposal/(purchase) of minority interests in subsidiaries	(381)	1,766
(Increase) decrease in financial receivables and securities	(169)	0
Increase (decrease) in financial payables	4,755	2,937
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**8,427**	**4,703**
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**1,906**	**(4,464)**
F. CLOSING CASH AND CASH EQUIVALENTS	**9,905**	**7,999**

CONSOLIDATED FINANCIAL STATEMENTS PROVIDING RELATED PARTY DISCLOSURES

In compliance with Consob Resolution 15519 of 28 July 2006 "Provisions on financial statements", in addition to mandatory disclosure, separate income statement and statement of financial position have been provided with the significant transactions with related parties shown separately from the relevant item.

Consolidated statement of financial position				
(Euro thousands)	**31.12.2020**	**related parties**	**31.12.2019**	**related parties**
ASSETS				
Non-current assets				
- Intangible rights	*44,731*		*35,733*	
- Other intangible assets	*55*		*40*	
Intangible assets	44,786		35,773	
Tangible assets	337		246	
Rights of use on leased assets	880	738	1,372	1,112
Equity investments	0		95	
Deferred tax assets	13,042		12,965	
Other non-current assets	41		41	
	59,086		**50,492**	
Current assets				
Trade and other receivables	30,694	66	24,857	26
Financial receivables	169		0	
Tax receivables	2,567		2,562	
Other current assets	226		262	
Cash and cash equivalents	9,905		7,999	
	43,561		**35,680**	
Total assets	**102,647**		**86,172**	
EQUITY AND LIABILITIES				
Equity				
- Share capital	*19,957*		*18,207*	
- Share premium	*33,528*		*30,778*	
- Legal reserve	*3,248*		*3,062*	
- Other reserves	*7,383*		*7,971*	
- Retained losses	*156*		*(3,489)*	
- Profit (loss) for the year	*4,368*		*3,832*	
Equity attributable to owners of the Parent	68,640		60,361	
Non-controlling interests	700		1,211	
Total equity	**69,340**		**61,572**	
Non-current liabilities				
Provision for post-employment benefits	653		566	
Deferred tax liabilities	186		66	
Non-current financial payables	8,372		3,037	
Non-current financial payables on leased assets	418	418	1,077	1,062
	9,629		**4,746**	
Current liabilities				
Provisions for risks and charges	100		27	

Current financial payables	4,797	432	4,829	211
Current financial payables on leased assets	542		431	
Tax payables	3,552		796	
Trade and various payables and other current liabilities	14,687	36	13,771	84
	23,678		**19,854**	
Total liabilities	**33,307**		**24,600**	
Total shareholders' equity and liabilities	**102,647**		**86,172**	

Consolidated income statement				
(Euro thousands)	**2020**	**of which with related parties**	**2019**	**of which with related parties**
Revenue from sales and services	24,699		23,056	
Other income	640		134	
Capitalisation of internally produced animated series	5,018		3,493	
Raw materials, consumables and goods	(57)		(59)	
Personnel costs	(4,855)	(105)	(4,073)	(96)
Amortisation and impairment of intangible assets	(9,458)		(9,264)	
Depreciation and impairment of tangible assets	(92)		(95)	
Amortisation rights of use	(541)	(374)	(580)	(374)
Allowance for doubtful debts	(396)		(157)	
Other operating costs	(6,637)	(396)	(6,111)	(367)
EBIT	**8,321**		**6,344**	
Finance income	403		328	
Financial expenses	(2,757)	(22)	(662)	(30)
Profit (loss) of the period before tax	**5,967**		**6,010**	
Income tax expense	(2,041)		(2,109)	
Net profit for the period	**3,926**		**3,901**	
Profit (loss) for the year attributable to non-controlling interests	(442)		69	
Profit (loss) attributable to owners of the Parent	**4,368**		**3,832**	

Consolidated cash flow statement with related parties				
(Euro thousands)	**2020**	**related parties**	**2019**	**related parties**
A. OPENING CASH AND CASH EQUIVALENTS	**7,999**		**12,463**	
Group profit (loss) of the period	4,368	-	3,832	-
Profit (loss) for the year attributable to non-controlling interests	(442)	-	69	-
Total profit (loss) of the period	3,926	-	3,901	-
Depreciation, amortisation and impairment	10,487	-	10,096	-
Net change in provisions	160	-	21	-
Deferred taxes	43		1,715	
Cash flow from (used in) operating activities before changes in working capital	**14,616**		**15,733**	
(Increase) decrease in trade receivables	(6,232)	(40)	(4,402)	6
(Increase) decrease in tax assets	(5)	-	1,126	-
(Increase) decrease in other assets	36	-	200	-
Increase (decrease) in trade payables	861	(48)	(7,860)	53
Increase (decrease) in tax liabilities	2,756	-	341	-
Increase (decrease) in other liabilities	55	-	0	-
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**12,087**		**5,138**	
(Acquisition) / Disposal of				
- Intangible assets	(18,471)	-	(14,120)	-
- Tangible assets	(183)	-	(72)	-
- Rights of use on leased assets	(49)	-	(18)	-
- Financial assets	95	-	(95)	-
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(18,608)**		**(14,305)**	
Share capital increases	4,222	-		-
Net disposal/(purchase) of minority interests in subsidiaries	(381)	-	1,766	-
(Increase) decrease in financial receivables and securities	(169)	-	0	-
Increase (decrease) in financial payables	4,755	(423)	2,937	-
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**8,427**		**4,703**	
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**1,906**		**(4,464)**	
F. CLOSING CASH AND CASH EQUIVALENTS	**9,905**		**7,999**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Form and content

The Group is formed by the Parent Company Mondo TV S.p.A., a joint-stock company registered with the Office of the Register of Companies in Rome, listed on the Italian Stock Exchange (STAR segment), and the following companies subject to direct and/or indirect control:

- Mondo TV France S.A., based in Paris listed on the AIM Italy/Alternative Capital Market (hereinafter, "AIM Italy") organised and managed by Borsa Italiana S.p.A.;
- Mondo TV Suisse S.A., based in Lugano, also listed on the AIM Italy/Alternative Capital Market;
- Mondo TV Iberoamerica S.A., based in Madrid, since December 2016, listed on the Mercato Alternativo Bursatil (MAB) on the Madrid stock exchange;
- Mondo TV Toys S.A., based in Lugano, incorporated in 2016 and placed in voluntary liquidation on 26 June 2017;
- Mondo TV Producciones Canarias S.L.U., based in Tenerife, also incorporated in 2016 (controlled indirectly through Mondo TV Iberoamerica S.A., which holds its entire share capital).

The consolidated financial statements (Financial Statements) of the Mondo TV Group (Group) have been prepared on a going concern basis. It should be noted that the going concern assumption, on the basis of which these consolidated financial statements were prepared, is a fundamental principle in the preparation of the financial statements. On the basis of this assumption, technically the company is normally considered capable of continuing to carry on its business in the foreseeable future (at least 12 months from the reporting date) without there being any intention or need to put it into liquidation, cease business or subject it to bankruptcy proceedings as required by law or regulations. Assets and liabilities are therefore accounted for on the basis of the assumption that the company is able to realise its assets and meet its liabilities in the normal course of business. Taking into account the complex general economic situation and the particular situation of the Mondo TV Group companies, the main elements that highlight risk situations and the relative countermeasures adopted by the Group have been taken into consideration. Ample disclosure has been provided in the Report on Operations to which reference is made. Based on the risks and uncertainties that exist and the initiatives taken, the Directors believe that the going concern assumption, on the basis of which these consolidated financial statements were prepared, has been met.

The main activities of the Group's companies and subsidiaries are described in the Report on Operations. Amounts included in these Financial Statements are denominated in Euro being the currency in which most of the Mondo TV Group's transactions are made. Operations abroad are included in these Financial Statements in compliance with the standards indicated in the following notes. All the amounts included in these Financial Statements are expressed in thousands of Euro, unless otherwise indicated.

In compliance with Regulation (EC) no. 1606/2002 of 19 July 2002 and Legislative Decree no. 38 of 28 February 2005, the Consolidated Financial Statements of the Mondo TV Group as at 31 December 2020 have been prepared in accordance with International Accounting Standards IAS/IFRS (hereinafter IFRS) approved by the European Commission pursuant to Regulation (EC) no. 1606/2002, integrated by the relative interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) issued by the International Accounting Standards Board (IASB) and in force at year-end.

The consolidated financial statements consist of the consolidated statement of financial position, the consolidated separate income statement, the consolidated comprehensive income statement, the consolidated cash flow statement, the statement of changes in consolidated equity and the related notes.

They are consistent with the company accounts, which fully reflects the transactions carried out in the year, and comply with the applicable accounting standards. Specifically, they are prepared:

- on an accrual basis: events and transactions are recognised when they occur regardless of when the related receipts and payments take place;
- on a going concern basis: the continuity of operations is assumed to be maintained in the next twelve months;

- based on the substance over form principle: when operating events are recognised in the statements, priority is given to the principle of substance over form.

The asset and liability items were measured by applying, wherever necessary, assumptions based on reliable items, past experience, and information available at the date of preparation of these Financial Statements.

The accounting standards and policies applied to these financial statements are consistent with those used in preparing the financial statements at 31 December 2019.

In preparing these Financial Statements the cost method was applied, except for the derivative instruments and some financial assets for which IFRS 9 requires or, limited to financial assets, allows measurement at fair value.

The consolidated statement of financial position, separate income statement, statement of comprehensive income, cash flow statement and statement of changes in equity show the comparison with the figures relating to the last year of the Group ended 31 December 2019.

These Financial Statements were approved by the Board of Directors' meeting of 22 March 2021 which authorised their publication on that same date and convened the Shareholders' Meeting for relevant approval on 21 April 2021 (single call).

The Financial Statements are subject to audit by BDO Italia S.p.A.

FORMAT OF FINANCIAL STATEMENTS

As regards the format adopted for the reporting year, the Company has resolved to present the following types of financial statements.

Consolidated Statement of Financial Position
The Statement of Financial Position as at 31 December 2020 is presented in opposite sections, keeping separate Assets, Liabilities and Equity. In addition, the asset and liability items are classified as current and non-current.

Consolidated Separate Income Statement
Items in the Income statement for the year 2020 are classified by nature.

Consolidated Comprehensive Income Statement
The Comprehensive Income Statement is presented as a separate statement with respect to the Consolidated Separate Income statement as allowed by IAS 1 Revised.

Consolidated Cash Flow Statement
The Cash Flow Statement was prepared using the indirect method.

Consolidated Statement of Changes in Shareholders' Equity
The Statement of changes in equity was prepared in compliance with IAS 1 Revised.

Note 2 Scope of consolidation

(a) Scope of consolidation

The Mondo TV Group's Consolidated Financial Statements as at 31 December 2020 include the Financial Statements of the Parent Mondo TV S.p.A. and the Financial Statements of all its direct and indirect subsidiaries.

For the preparation of the Consolidated Financial Statements as at 31 December 2020, use has been made of the Financial Statements as at 31 December 2020 of the consolidated companies approved by the respective Boards of Directors. The consolidated income statements, balance sheet and financial reports prepared by the subsidiaries were adjusted, where necessary, by the Directors of the Parent to make them adherent to IFRS.

Annex no. 4 of these Notes lists the companies included in the scope of consolidation; all companies are consolidated on a line-by-line basis.

(b) Subsidiaries

Subsidiaries are all companies (including *special purpose entities*) in which the Group has at the same time:

- decision-making power, or the ability to direct the relevant activities of the investee, i.e. activities that have a significant influence on the results of the investee;
- the right to variable results (positive or negative) of the investee;
- the ability to use its own decision-making power to determine the amount of the results arising from the shareholding in the entity.

The subsidiaries are consolidated starting from the date when the Group acquires control. They will be deconsolidated on the date when such control is lost.

Business combinations are accounted for by applying the acquisition method in which the buyer records the assets and liabilities of the acquired entity at their fair value at the acquisition date.
The cost is based on the fair value at the acquisition date, of the assets acquired, the liabilities assumed and any equity instruments issued by the subsidiary and on all other ancillary expenses. The fair value is also applied in the valuation of assets/liabilities purchased pertaining to third parties. Any difference between the cost and fair value of the operation at the acquisition date of the net assets and liabilities acquired is allocated to goodwill on a residual basis and is subject to impairment tests as follows. If the acquisition price allocation process results in a negative differential, it is recognized immediately in the income statement at the acquisition date. In the case of the purchase of non-totalitarian controlling interests, goodwill is recognized only for the portion attributable to the Parent. The values resulting from transactions between consolidated companies have been eliminated, in particular related to receivables and payables at the end of the period, the costs and revenues as well as other expenses and income recorded in the income statements of the same. The gains and losses realized between consolidated companies have also been eliminated, with the related tax adjustments. Gains and losses from transactions with minority third parties are recognised, when significant, in the income statement according to the approach envisaged by the parent theory for such operations. Mergers between Group companies are recognized in continuity of values with the consolidated figures of the previous year.

In accordance with IFRS 10, changes in a parent's equity interest in a subsidiary that does not result in the loss of control, are accounted for as equity transactions. In such circumstances, the carrying amounts of the majority and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the value of adjusted minority interests and the fair value of the amount paid or received is recognised directly in equity and attributed to the shareholders of the parent company.

(c) Equity investments in other companies

Investments in other companies are equity investments where the amount of the shares or units held do not allow exercising either dominant or significant influence over the management of the company, but which however represent a lasting investment by choice of the economic entity. This type of investment is not included in the consolidation.

(d) Change in the scope of consolidation

Compared to 31 December 2019, the percentages of investment in Mondo TV France, Mondo TV Iberoamerica and Mondo TV Suisse have changed, already controlled and consolidated using the full method in the previous year.

(e) Translation of accounting data of the companies denominated in currencies other than the functional currency

All assets and liabilities of foreign companies in currencies other than the Euro that are included in the scope of consolidation are translated using the exchange rates prevailing at the reporting date (current exchange rate method), while the related revenues and costs are translated using the average exchange rates for the year.
Exchange rate differences resulting from the application of this method are classified as item of equity until the full disposal of the investment or when the investee ceases to qualify as a subsidiary. At the time of the partial disposal, without loss of control, the portion of exchange differences relating to the portion of the investment disposed of is attributed to the equity of minority interests.
The balance sheet as at 31 December 2020 of the foreign subsidiaries Mondo TV Suisse S.A. and Mondo TV Toys S.A. has been converted at the Euro/Swiss Franc exchange rate at year-end; the income statement, instead, was converted at the annual average exchange rate. The exchange difference emerging from the conversion was recognized in "Other reserves" for the portion attributable to the Group and in "Non-controlling interests" for the portion attributable to third parties.

Note 3 Accounting standards and measurement bases

The most significant measurement bases adopted for drafting the Consolidated Financial Statements are detailed below.

Intangible rights and other intangible assets

Intangible assets are identifiable non-monetary items without physical substance, and a resource that is controlled by the entity and from which future economic benefits are expected. These items are recognised at the acquisition and/or production cost, including all directly attributable costs of preparing the asset for its intended use, net of cumulative amortisation and any impairment losses. Any interest payable accrued during and for the development of intangible assets is considered part of the acquisition cost.

If availability of and payment for an intangible asset acquired are deferred beyond normal terms, the purchase price and the corresponding payable are discounted by recognising the finance costs implicit in the original price.
All rights on films and animated series that constitute the Library of the Companies are amortised on a straight-line basis over a period of 7 years from 2016 to incorporate amendments to IAS 38 that no longer allow for a revenue-based amortisation method. The costs incurred for the production of intangible assets in currencies other than the Euro are translated based on the exchange rate applicable on the date of the transaction.
In compliance with IAS 36, considering their significant amount and intangible nature, these costs are tested for impairment annually or more frequently if there is an indication of impairment, in order to assess if the recoverable value is at least equal to the carrying amount.

Other intangible assets have an estimated 5-year useful life.

Property, plant and equipment

Property, plant and equipment are accounted for at the acquisition or production cost, net of accumulated depreciation and any impairment losses. The cost of property, plant and equipment also includes any directly attributable costs of preparing the asset for its intended use, as well as any cost for destruction and removal incurred in compliance with contractual obligations of restoring the asset to its original conditions.
The finance costs directly attributable to the acquisition, creation, or production of an asset are capitalised on the asset as part of its cost. The costs incurred for repair and maintenance are recognised in profit or loss as incurred. The capitalisation of costs relating to the expansion, modernisation, or improvement of facilities,

whether owned or used by third parties, is possible if they satisfy the requirements for separate classification as an asset or part of an asset.
They are depreciated on a straight-line basis each year at specific depreciation rates based on the future economic benefits expected by the Company.
The rates adopted for the industrial equipment cover a period of 5 years.
Other assets include furniture, fittings and electronic equipment with a 5-to-7-year useful life.

Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment that are not fully amortised/depreciated are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. Any impairment loss with respect to the carrying amount is recognised in profit or loss. The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use (i.e. the present value of future cash flows expected to be derived from the asset). If an asset that does not generate largely independent cash flows, the realisable value is determined based on the cash generating unit to which the asset belongs. In order to determine the value in use, the expected future cash flows are discounted based on a discount rate that reflects the current market value of the cost of money, in relation to the investment period and asset's specific risks.

Fair value (net of costs to sell) can be determined on the basis of the provisions of IFRS 13 (Fair value measurement), quantifying the price that would be received for the sale of an asset or group of assets in a regular transaction between market operators, taking into account the characteristics in terms of any restrictions on sale and the conditions of use relevant for these operators at the valuation date.

An impairment loss is recognised in profit or loss when the carrying amount of the asset is greater than the recoverable amount. If the reasons for the previously recognised impairment no longer exist, the impairment is reversed and the carrying amount that the asset would have had if the impairment had not been made and if depreciation and amortisation had been performed is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are recorded at their nominal value which, except in cases of significant extensions granted to customers, corresponds to the value determined by applying the amortised cost criterion. The trade and other receivables are included among current assets, except for receivables due after 12 months from the reporting date, which are classified under non-current assets.

As regards the management of trade receivables, the Company's management has defined its business models on the basis of the specific nature of the receivable, the type of counterparty and the collection period; this has been done in order to optimise the management of working capital through the continuous monitoring of the performance of customer collections, the setting of credit collection policies, the management of receivables factoring programmes, and the activation of credit assignments (factoring) consistent with financial planning requirements.

Assessments of the risk and degree of collectability of receivables are substantially derived both from a specific analysis of credit positions and from a generic analysis based on the seniority of receivables and other representative and historical parameters. In this case, different loan impairment percentages were applied depending on the age of the loan. Their value is adjusted at the end of the period to the estimated realisable value and impaired in the event of impairment by assessing the expected losses considering a time horizon of 12 months in the absence of evidence of a significant increase in credit risk.

Impairment of trade receivables is carried out using the simplified approach allowed by IFRS 9. This approach involves estimating the expected loss over the life of the receivable at initial recognition and in subsequent valuations. For each customer segment, the estimate is made mainly by determining the expected non-collectible amount, based on historical-statistical indicators, adjusted if necessary using prospective elements. For certain categories of receivables with specific risk elements, specific assessments are carried out on individual credit positions.

The impairment is measured as the difference between the asset's carrying amount and the present value of the future cash flows and is recorded in the separate income statement under the item “Other operating costs”. If the reasons for the previously recognised impairment no longer exist in subsequent periods, the impairment loss is reversed to the extent of the amount measured at amortised cost.

The allowance for doubtful debts is classified as a deduction from the item “Trade receivables”.
Allocations to the allowance for doubtful debts are classified in the income statement under the item “Allowance for doubtful debts”.

Financial assets

Investments in other companies are measured at fair value or, if the development plans of their assets are not available, at cost adjusted for impairment, if any.
During the year, no impairment indicators were identified and for this reason, no impairment test was carried out.
Therefore, based on the information held by the Group, in this case there are no indications that the cost deviates significantly from their fair value

Cash and cash equivalents

They include cash, bank and postal deposits, which have the requirements of availability on demand, successful outcome and the absence of expenses for collection. "Cash and cash equivalents" are recorded at fair value.

Trade payables

The fair value of trade payables, recorded under the “current” items of the statement of financial position and measured using the amortised cost method, does not diverge from the carrying amounts as at 31 December 2020 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.

Payables due to banks and other lenders (including financial liabilities on leased assets)

Payables due to banks and other lenders are initially recognised at fair value, net of direct ancillary costs. Borrowings are classified under current liabilities, except for those amounts falling due after 12 months from the reporting date and those for which the companies have an unconditional right to defer their payment for at least 12 months from the reporting date.

Tax receivables and payables

"Tax receivables” and "Tax payables" include all those assets and liabilities due from/to Tax Authorities, associated with direct taxes only, that can be collected or offset in the short-term. Tax liabilities arising from indirect taxes are classified under the item “Other liabilities”.

Provisions for risks and charges

Allocations to the provisions are recognised when: (i) a present, legal or implicit, obligation deriving from a past event exists; (ii) it is probable that the fulfilment of the obligation will result in a future cash disbursement; (iii) the amount of obligation can be reliably estimated. Allocations are recorded at the value representing the best estimate of the amount the company would pay to fulfil the obligation or transfer it to third parties. The provisions are periodically updated to reflect the changes of the cost estimates, time, and discount rate; adjustments to provision estimates are classified under the same income-statement item under which the previous allocation was classified or, when the liability relates to assets, they are recognised as an increase or decrease in the carrying amount of the related asset.
The notes to these Financial Statements provide information on contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events that are not fully under the company’s control; (ii)

present obligations deriving from past events, the amount of which may not be reliably estimated or the fulfilment of which most likely does not involve any consideration.

Post-employment benefits

The liabilities related to defined benefit plans (such as post-employment benefits) are calculated net of any assets servicing the plan on the basis of actuarial assumptions and on an accruals basis in line with the work service necessary to obtain the benefits; the liability valuation is verified by independent actuaries. The methodology applied for the determination of these benefits is defined as "credit unit projection method" with recognition of the present value of obligations to employees arising from actuarial calculations. The value of the liability recognized in the financial statements is, therefore, aligned with that resulting from the actuarial valuation of the same with full and prompt recognition of the actuarial gains and losses in the period in which they occur in the overall income statement through a specific equity reserve. In the calculation of liabilities, account is taken of regulatory amendments in accordance with Law 27 December 2006 no. 296 (2007 Finance Act) and subsequent Decrees and Regulations issued in 2007, which introduced, as part of the social security system reform, significant changes to the allocation of accruing portions of the severance pay provision (TFR).

Recognition of revenue and income

Revenues from sales and services are recognised respectively upon the effective transfer of the control deriving from the sale of the property or upon the performance of the service.
In particular, in accordance with international accounting standard IFRS 15 (Revenue from Contracts with Customers), revenues for the Group's main types of sales are recognised according to the following criteria:

- in the case of sale of exploitation rights, the control is understood to be transferred upon delivery of media, in light of the contractual provisions;
- in the case of production, upon achievement of certain contractual phases that are generally dependent on the delivery of materials or the recognition of the state of progress on the part of the customer.

Revenue is recorded net of returns, discounts, rebates, and premiums, as well of any directly related taxes.
Revenue is also recorded including royalties or other types of costs for the use of the rights in the cases in which the risks underlying the transfer (in particular counterparty risk, price risk, and credit risk) remain essentially incumbent upon the Company. For these reasons, recognised revenue from sales and services represents the gross amount invoiced to the end customers, and costs incurred to compensate the various principals are classified under the cost of production.
The interest income is recognised on an accrual basis, based on the loan amount and on the applicable effective interest rate, representing the rate that discounts the future cash collection estimated over the expected life of the financial asset to make it equal to the carrying amount of the asset.
Dividends are recognised when the shareholders are entitled to receive payment.

Lease transactions

On the basis of the provisions of IFRS 16, the accounting treatment of lease contracts payable (which do not constitute the provision of services), takes place through the recognition in the statement of financial position of a financial liability, represented by the present value of future fees, against the recognition in assets of the right of use of the leased asset at fair value at the contract stipulation date, or, if lower, at the present value of the minimum payments due for the lease or rental. This liability is subsequently adjusted over the term of the lease contract to reflect the payment of interest on the debt and the repayment of the principal; the right of use of the leased asset is amortised over the term of the contract.

Foreign exchange transactions

In preparing the financial statements of the individual entities, the transactions in currencies other than Euro are initially recognised at the exchange rates applicable on the dates they occurred. On the reporting date, the monetary assets and liabilities denominated in currencies are expressed at the exchange rates applicable on that date. The exchange differences arising from the adjustment of the monetary items to the exchange rates applicable at the end of the year are recognised in profit or loss.

Taxes

The tax expense of the Group is given by current and deferred taxes. Income taxes are recognised in the separate consolidated income statement, while those attributable to items recognised as income or expense under shareholders' equity are offset in the corresponding shareholders' equity reserves. In the consolidated statement of comprehensive income, the amount is shown of income tax relating to each item included in "other components of the consolidated statement of comprehensive income".

Current taxes are calculated based on the tax regulations applicable in the countries in which the Group operates and in force at the reporting date; possible risks related to different interpretations of positive or negative income components, as well as disputes with the tax authorities, or also all elements that may cause uncertainty in determining the amounts payable to the tax authorities, as required by IFRIC 23, are valued at least quarterly in order to adjust the allocations recognised in the financial statements.

Deferred taxes are calculated based on temporary differences arising between the carrying amount of assets and liabilities and their value for tax purposes as well as on tax losses. The valuation of deferred tax assets and liabilities are calculated by applying the tax rate expected in force at the time when the temporary differences reverse; said forecast is made on the basis of current tax law or substantially in force at the reference date of the period. Deferred tax assets, including those arising from tax losses, are recognized to the extent in which, based on the business plans approved by the Directors, the existence is probable of a future taxable income against which said assets can be used.

Main assumptions used in relation to accounting standards

The preparation of the financial statements also requires the use of estimates and assumptions that may have a significant impact on the items recognised in the statement of financial position and income statement, as well as on disclosure relating to contingent assets and liabilities recognised in the financial statements. The formulation of these estimates involves using available information and subjective assessments also based on historical data, in order to make reasonable assumptions for the recognition of operating events. By their nature, the estimates and assumptions that are used may vary from one period to the next and therefore it is not to be excluded that in subsequent periods, the current figures of the financial statements may be significantly different, following changes in the subjective assessments applied thereto.
The estimates and assumptions are periodically reviewed and the effects of each change are immediately recognised in profit or loss.
The main assumptions used in relation to the accounting standards are as follows:

- estimate of the future sales plan of the Library for the purposes of verifying the presence of any impairment losses;
- estimate of the recoverability of the receivables;
- evaluation of pending litigation and the possible quantification of provisions for risks and charges;
- estimates and assumptions regarding recoverability of deferred tax assets.

Earnings (loss) per share

The basic earnings per share are calculated by dividing the share of profit (loss) attributable to the Company by the weighted average of the shares outstanding during the year.
The diluted earnings per share are calculated taking into account, both for the share of profit (loss) attributable to the Company and for above-mentioned weighted average, the effects associated with the total conversion/subscription of all the potential shares that could be issued by exercising any outstanding options and are determined as a ratio between the profit (loss) for the year and the average number of shares outstanding during the period.

RECENTLY ISSUED ACCOUNTING STANDARDS

In preparing these Financial Statements, the same accounting standards and preparation criteria adopted in preparing the Financial Statements as at 31 December 2019 have been applied, except as outlined below.

NEW STANDARDS AND INTERPRETATIONS ENDORSED BY THE EU AND IN FORCE FROM 1 JANUARY 2020

Pursuant to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS effective from 1 January 2020 are indicated and briefly explained below.

- **Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures - Reform of Interest Rate Benchmarks**

On 15 January 2020, Regulation (EU) No 2020/34 was issued, which implemented at EU level certain amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures. The amendments relate to certain specific hedge accounting requirements and are intended to provide relief from the potential effects of uncertainty caused by the Interbank Offered Rate Reform (IBOR). In addition, the amendments require companies to provide additional disclosures to investors about their hedging directly affected by these uncertainties.
The adoption of said amendments has had no impact on the consolidated financial statements as at 31 December 2020.

- **Amendments to References to Conceptual Framework in IFRS**

On 29 November 2019, EU Regulation no. 2019/2075 was issued, which endorsed at EU level the revised version of the Conceptual Framework for Financial Reporting. The main amendments compared to the 2010 version concern:
- a new chapter on valuation;
- better definitions and guidance, in particular with regard to the definition of liabilities;
- clarification of important concepts, such as stewardship, prudence and uncertainty in valuations.

A document updating the references in the IFRS to the previous Conceptual Framework has also been published. The adoption of said amendments has had no impact on the consolidated financial statements as at 31 December 2020.

- **Amendments to IAS 1 and IAS 8 (Definition of Material)**

On 29 November 2019, Regulation (EU) No 2019/2104 was issued, which implemented certain amendments to IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). These amendments clarify the definition of "material" and align the definition used in the Conceptual Framework with that used in the individual IFRS. The definition of "material," as revised by these amendments, is as follows: "information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the decisions that primary users for general purposes of financial statements make based on those financial statements, which provide financial information about a specific reporting entity."
The adoption of said amendments has had no impact on the consolidated financial statements as at 31 December 2020.

- **Amendments to IFRS 3 (Business Combinations)**

On 21 April 2020, EU Regulation no. 2020/551 was issued, which endorsed some amendments to IFRS 3 (Business Combinations). These amendments address the definition of "business" and help entities determine whether an acquisition made is a "business" or a group of businesses. Under the new definition a "business" is: "an integrated group of activities and assets that can be directed and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest), or generating other income from ordinary activities. The amendments also clarify that, to be considered a business, an acquisition must include a substantial input and process that together contribute to the ability to create an output."
The adoption of said amendments has had no impact on the consolidated financial statements as at 31 December 2020.

- **Amendments to IFRS 16 - Concession Leases related to Covid-19**

On 9 October 2020, Regulation (EU) No 2020/1434 was issued, which implemented certain amendments to IFRS 16 to provide simplification for lessees in accounting for reductions in lease fees due to Covid-19. As a practical expedient, a lessee may choose not to consider whether a reduction in lease fee granted by the lessor

constitutes an amendment to the lease contract. This practical expedient applies only to fee reductions that are a direct consequence of Covid-19 and only if all the conditions set out in said amendment are met.
A lessee applying this practical expedient must provide disclosure.
These amendments must be applied for years beginning on or after 1 June 2020, on a retrospective basis. Earlier application is permitted.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BUT NOT YET APPLICABLE/NOT APPLIED IN ADVANCE BY THE COMPANY

At the date of preparation of these consolidated financial statements, the IASB had issued the following new standards/interpretations not yet adopted by the EU or not yet effective. At present, Mondo TV is analysing recently issued accounting standards and assessing whether their adoption will have a significant impact on the financial statements:

- **Amendments to IAS 1 - Presentation of Financial Statements: classification of liabilities as current or non-current applicable from 1/1/2022**

The IASB published amendments to IAS 1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current* with the aim of clarifying how to classify payables and other liabilities between short-term and long-term.
The amendments take effect on 1 January 2023. However, earlier application is permitted.

- **Amendments to IAS 1 - Presentation of Financial Statements: Disclosure of accounting policies**

The IASB published amendments to IAS 1 *Presentation of Financial Statements*: *Disclosure policies* for the purpose of developing guidelines and examples to help entities disclose relevant accounting policies rather than their significant accounting policies.
The amendments take effect on 1 January 2023. However, earlier application is permitted.

- **Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates**

In February 2021, the IASB published amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: *Definition of Accounting Estimates.* The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.
The amendments take effect on 1 January 2023.

- **Amendments to IFRS 3 - Business Combinations**

On 14 May 2020, the IASB issued amendments to IFRS 3 "Reference to the Conceptual Framework" (hereafter amendments to IFRS 3), to: (i) complete the updating of the references to the Conceptual Framework for Financial Reporting in the accounting standard; (ii) provide clarification on the assumptions for the recognition, at the acquisition date, of provisions, contingent liabilities and liabilities for taxes assumed as part of a business combination; (iii) explain the fact that contingent assets cannot be recognised as part of a business combination. The amendments to IFRS 3 are effective for years beginning on or after 1 January 2022.

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.**

On 14 May 2020, the IASB issued amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" (hereafter amendments to IAS 37), aimed at providing clarification on how to determine the onerousness of a contract.
The amendments to IAS 37 are effective for years beginning on or after 1 January 2022.

- **Amendments to IAS 16 Property, Plant and Equipment.**

On 14 May 2020, the IASB published amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use" (hereafter amendments to IAS 16), aimed at defining that revenues deriving from the sale of goods produced by an asset before it is ready for its intended use must be recognised in the income statement together with the relative production costs.
The amendments to IAS 16 are effective for years beginning on or after 1 January 2022.

- **Amendments to the 2018-2020 Annual Improvement Cycle**

On 14 May 2020, the IASB issued the document "Annual Improvements to IFRS Standards 2018-2020 Cycle", containing essentially technical and drafting amendments to international accounting standards. The amendments to the accounting standards are effective for years beginning on or after 1 January 2022.

- **Amendments to IFRS 17 (Insurance Contracts), including amendments to IFRS 17, IFRS 4 - Insurance Contracts and Deferral of IFRS 9**

On 25 June 2020, the IASB issued amendments to IFRS 17 "Amendments to IFRS 17" and IFRS 4 relating to insurance activities, providing, among other things, for the deferral of the effective date of the provisions of IFRS 17 to 1 January 2023.

Note 4 Operating segments

No segment other than the animation segment can be considered as a reportable segment at this time, nor does management use additional reporting with the characteristics applied to "segments" as provided for by IFRS 8.
The table below provides, comparative for 2020 and for 2019, the breakdown of Group revenues by geographical area. The allocation of revenue to a specific geographical area solely on the basis of the purchaser's nationality. Thus, the geographical distribution of rights sold was not taken into account.

Distribution/ allocation of revenue by geographical area

(Euro thousands)	2020		2019		Difference	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	679	3%	780	3%	(101)	(13%)
Europe	4,256	17%	3,869	17%	387	10%
Asia	19,586	79%	16,960	74%	2,626	15%
Americas	125	1%	1,397	6%	(1,272)	(91%)
Africa	53	0%	50	0%	3	-
Total revenue	**24,699**	**100%**	**23,056**	**100%**	**1,643**	**7%**

The table below shows the breakdown of the Group's Library by geographical area:

Breakdown of the library by geographical area

(Euro thousands)	2020		2019		Difference	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	36,414	81%	30,645	69%	5,769	19%
France	5,705	13%	2,374	5%	3,331	140%
Spain	2,047	5%	2,058	5%	(11)	(1%)
Switzerland	565	1%	656	1%	(91)	(14%)
Total Library	**44,731**	**100%**	**35,733**	**100%**	**8,998**	**25%**

Note 5 Intangible assets and property, plant and equipment Investments

Intangible assets
The breakdown of changes in intangible rights and other intangible assets is shown in the table below.

Changes in intangible assets

(Euro thousands)	Intangible rights	Other intangible assets	TOTAL
Cost as at 31.12.2018	212,565	1,251	213,816
Amortisation and impairment at 31.12.2018	(181,677)	(1,222)	(182,899)
Net value at 31.12.2018	**30,888**	**29**	**30,917**
FY 2019			
Acquisition for the year	14,106	13	14,119
Disposal for the year	0	0	0
Amortisation and impairment for the year	(9,261)	(2)	(9,263)
Cost as at 31.12.2019	226,671	1,264	227,935
Amortisation and impairment at 31.12.2019	(190,938)	(1,224)	(192,162)
Net value at 31.12.2019	**35,733**	**40**	**35,773**
FY 2020			
Acquisition for the year	18,455	16	18,471
Disposal for the year	0	0	0
Amortisation and impairment for the year	(9,457)	(1)	(9,458)
Cost as at 31.12.2020	245,126	1,280	246,406
Amortisation and impairment at 31.12.2020	(200,395)	(1,225)	(201,620)
Net value at 31.12.2020	**44,731**	**55**	**44,786**

The item "Intangible rights" includes investments for the production and purchase of exploitation rights of films and animated series that constitute the Libraries of the Group Companies. There is always a high selection of purchases, in which the purchase of products with potential licensing, capable of attracting investments also from producers of toys and companies operating in the licensing sector, is increasingly privileged.

Acquisition for the year
The most significant investments relate to the production of the animated series Meteo Heroes, Invention Story, Nina Y Olga, by the Parent Company and the series Grisù and Disco Dragon by the subsidiary Mondo TV France.

Amortisation for the year
All the costs recorded are reasonably related to the assets' useful life over the years and are amortised/depreciated on a straight-line basis in a period of 7 seven years. Amortisation starts as soon as the title is completed and feasible for commercial use. This measurement method is deemed to be more suitable to amortise film rights.

Impairment test on the Library for the year
Once a year or during the drafting of the annual financial report if there is an indication of impairment, the management of the Mondo TV Group checks if the recoverable value is at least equal to the carrying amount, in compliance with IAS 36.

On 31 December 2020, the Directors of the Parent Mondo TV S.p.A. therefore subjected intangible rights to impairment tests pursuant to IAS 36 in order to account for any impairment losses, also taking into account the significant events of the year outlined above. The test was conducted by comparing the carrying amount of the assets tested with the recoverable value, estimated in terms of value in use. In particular, the value in use was determined using the method of discounted cash flows, in the unlevered version. The cash flows used are those that are expected to be generated by the assets subject to analysis based on past experiences and expectations of developments in the markets in which the Group Companies operate.

Consistently with the previous years, based on the specific experience of Group Companies and the well-established practice in the sector, the cash flow has been calculated over a ten-year period (2021-2030) despite the fact that the company has full ownership of most of the library consisting of series with unlimited life.

The cash flows were discounted using a discounting rate (WACC) determined by applying the Capital Asset Pricing Model of 11.60%.

The considerations mentioned above and the particular type of business of the Company and its subsidiaries, intrinsically characterised by the potential to benefit from a long-term exploitation of the licenses acquired, allow us to conclude that the ten-year period used to test the Library's carrying amount for impairment appears reasonable.
Moreover, the expected future revenues, the forecasts of which have been based on the potential of the individual titles and on the commercial evidence available, have been assumed to be decreasing overall in the years of the plan subsequent to the fifth year of exploitation.
The impairment test was supplemented by carrying out sensitivity analyses on the risk factors identified and on certain parameters used to perform the impairment test (changes in expected revenues and increase in interest rates (WACC) over the time period considered).

These analyses did not reveal any additional impairment risk factors to be taken into account in the preparation of the financial statements.

There are no restrictions on ownership and title of intangible assets.

Property, plant and equipment
The breakdown of changes in tangible assets is presented in the table below.

Changes in tangible assets				
(Euro thousands)	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**TOTAL**
Cost as at 31.12.2018	2,415	1,383	1,051	4,849
Amortisation and impairment at 31.12.2018	(2,349)	(1,284)	(847)	(4,480)
Net value at 31.12.2018	**66**	**99**	**204**	**369**
FY 2019				
Reclassification for first-time adoption of IFRS 16	(1)	(99)	0	(100)
Acquisition for the year	14	0	58	72
Disposal for the year	0	0	0	0
Amortisation and impairment for the year	(36)	0	(59)	(95)
Cost as at 31.12.2019	2,429	1,284	1,109	4,821
Amortisation and impairment at 31.12.2019	(2,385)	(1,284)	(906)	(4,575)
Net value at 31.12.2019	**44**	**0**	**203**	**246**
FY 2020				
Acquisition for the year	0	0	182	182
Disposal for the year	0	0	0	0
Amortisation and impairment for the year	(22)	0	(70)	(92)
Cost as at 31.12.2020	2,429	1,284	1,291	5,003
Amortisation and impairment at 31.12.2020	(2,407)	(1,284)	(976)	(4,667)
Net value at 31.12.2020	**22**	**0**	**315**	**337**

There are no restrictions on ownership and title of property, plant and equipment.

Equity investments
Investments in associated companies consist entirely of minority interests in the UK-registered company Mars1982, a start-up operating in the online game sector for smartphones. In the first quarter of 2020, the shareholding was increased to 51% and then partially sold decreasing to a shareholding of 49%, which was fully impaired during the year.

Note 6 Rights of use on leased assets

Following the adoption of IFRS 16 (Leases), Mondo TV has chosen to classify rights of use of third-party assets in a specific item in the statement of financial position.
Changes in the rights of use of third-party assets in 2020 are shown below:

Changes in Rights of use on leased assets

(Euro thousands)	Properties	Industrial and commercial equipment	TOTAL
Net value as at 31.12.2018	**0**	**0**	**0**
Reclassifications for first-time adoption of IFRS 16	0	99	99
Adoption IFRS 16	1,840	0	1,840
Changes during the year	(5)	18	18
Depreciation and impairment for the year	(550)	(30)	(580)
Cost as at 31.12.2019	1,840	117	1,957
Amortisation and impairment at 31.12.2019	(550)	(30)	(580)
Net value as at 31.12.2019	**1,285**	**87**	**1,372**
Changes in the period	44	0	0
Depreciation and impairment for the year	(511)	(30)	(541)
Cost as at 31.12.2019	1,884	117	2,001
Amortisation and impairment at 31.12.2020	(1,061)	(60)	(1,121)
Net value as at 31.12.2020	**823**	**57**	**880**

The column Reclassifications IFRS 16 refers exclusively to audio-video production and editing equipment leased from Credem Leasing and located at the Guidonia laboratory and relating to the Parent Company.

Note 7 Tax assets and liabilities

Deferred tax assets are recognised in financial statements to the extent they are likely to be recovered; in particular the recognition of deferred tax assets reflects the assessments made by the Board of Directors with regards to taxable income generated by Group operations in the near future so as to allow the recovery.

The deferred tax assets and liabilities recognised in the consolidated financial statements are shown in the table below.

Breakdown of deferred tax assets and liabilities

(Euro thousands)	31.12.2020	31.12.2019	Change
Accumulated losses and other temporary differences	13,042	12,965	77
Total assets	**13,042**	**12,965**	**77**
Other temporary differences	186	66	120
Total liabilities	**186**	**66**	**120**
Net deferred tax assets	**12,856**	**12,899**	**(43)**

Changes in deferred tax assets and liabilities

(Euro thousands)	31.12.2019	Increases	Decreases	31.12.2020
Assets	12,965	4,799	(4,722)	13,042

Liabilities	66	120	0	186
Net deferred tax assets	**12,899**	**4,679**	**(4,722)**	**12,856**

In 2020, deferred tax assets increased by Euro 4,799 thousand mainly due to the taxes allocated on the loss for the year and to the reconstitution of the fiscal carrying amount of the titles of the library relating to PC games, which were produced and marketed in past years as a result of the settlement with the Revenue Agency in November 2020 (the carrying amount of which had been entirely impaired in previous years and the amortisation of which had never been deducted from taxable income). This reconstitution was made for Euro 1,530 thousand, compared to a nominal value of Euro 2,040 thousand, as it took into account a calculation made by the company of the probability of recovery in accordance with IFRIC 23. Uses amounted to Euro 4,722 thousand for the partial re-absorption of temporary differences between statutory values and values for tax purposes, with particular reference to losses on receivables and the impairment of the library in 2018.

The breakdown of deferred tax assets as at 31 December 2020, and changes from the previous year are shown below:

Euro/000

Natura	31.12.2019			31.12.2020			Variazione 2019/2020
	Importo	%	Ires	Importo	%	Ires	
Perdite fiscali	10.149	24%	2.436	16.658	24%	3.998	1.562
Fondo rischi su crediti tassato	13.535	24%	3.248	5.989	24%	1.437	(1.811)
Svalutazione giochi	-	24%	-	5.161	24%	1.239	1.239
Svalutazione library	24.771	24%	5.945	20.475	24%	4.914	(1.031)
Altre differenze temporanee	535	24%	128	1.923	24%	462	333
Totale Ires	**48.990**		**11.758**	**50.206**		**12.050**	**292**

Euro/000

Natura	31.12.2019			31.12.2020			Variazione 2019/2020
	Importo	%	Irap	Importo	%	Irap	
Svalutazione library	24.771	4,82%	1.194	20.475	4,82%	987	(207)
Altre differenze temporanee	286	4,82%	14	115	4,82%	6	(8)
Totale Irap	**25.057**		**1.208**	**20.591**		**992**	**(215)**
Totale	**74.047**		**12.965**	**70.797**		**13.042**	**77**

The recoverability of deferred tax assets recognised in the financial statements is closely linked to the actual achievement of the objectives set out in the Parent Company's Budget 2021 and Objectives for the five-year period 2021-2025, both of which were approved by the Parent Company's Board of Directors on 22 March 2021 in order to reflect the new elements that have occurred since the approval of the previous 2019-2023 Business Plan, characterised by the uncertainties typical of forecast plan.

Breakdown of tax receivables and payables

(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
IRES (Corporate Income Tax)	264	264	0
IRAP (Regional Business Tax)	122	181	(59)
VAT	507	979	(472)
Foreign tax receivables	0	125	(125)
Other tax receivables	1,674	1,013	661
Total tax receivables	**2,567**	**2,562**	**5**
IRES (Corporate Income Tax)	0	0	0

IRAP (Regional Business Tax)	77	186	(109)
VAT	8	8	0
Payables for withholding tax on third-party remuneration	315	264	51
Income taxes due abroad	387	338	49
Other tax payables	2,765	0	2,765
Total tax payables	**3,552**	**796**	**2,756**

The items "IRES" and "IRAP", attributable to the Parent Company, consist of tax advances paid.

The item other tax receivables is mainly made up of amounts paid in advance to the tax authorities in relation to disputes initiated and won by the parent company, advances on taxes and the tax receivable arising from the loss on receivables realised during the year (benefits under article 44 bis of Decree Law 34/19) and the production tax receivable due to Mondo TV France.

Other tax payables include the payable to the Revenue Agency as a result of the settlement agreement of December 2020 and disclosed in the note on tax litigation, both for the principal amount of Euro 2,337 thousand and for the interest accrued up to 31 December 2020.
This debt will be paid in instalments upon receipt of the relevant recovery deeds that from time to time will be issued by the Revenue Agency on the various years for which the agreement was reached in December 2020.

Note 8 Current and non-current receivables

The breakdown of financial receivables is shown in the table below.

Breakdown of current and non-current financial receivables			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
Current financial receivables	169	0	169
	169	**0**	**169**
Other non-current assets	41	41	0
	41	**41**	**0**
TOTAL	**210**	**41**	**169**

Current financial receivables equal to Euro 169 thousand include non-interest bearing loans granted during the year to the English associated company Mars 1982 Ltd.

The breakdown of trade and other current receivables is shown in the table below.

Breakdown of trade and other receivables			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
Due from customers for invoices issued	31,967	37,529	(5,562)
Due from customers for invoices to be issued	6,260	4,590	1,670
Allowance for doubtful debts	(8,072)	(17,760)	9,688
Net trade receivables	**29,885**	**24,359**	**5,526**

Other receivables	539	498	41
Total trade and other receivables	**30,694**	**24,857**	**5,837**

The increase in receivables from customers is due, in addition to the normal operating dynamics and to the increase in business volume, to the slowdown in the Parent Company's collections in the early part of the year, with particular reference to positions with Asian customers which, at 31 December 2020, make up approximately 70% of the overall balance; in the second half of the year, the trend in collections gradually improved and there are no critical positions.

It should also be noted that, in addition to ordinary collection trends, changes in receivables were affected in 2020 by the offsetting carried out by the Parent Company in September, as a result of the agreement aimed at direct payment, on behalf of Mondo TV S.p.A, by the customer Harmony Technology for Euro 5,871 thousand to Henan York Animation Studios, a provider of animation services also of the parent company, based in China. This offsetting has made it possible to free up the entire credit position with the customer, while at the same time reducing exposure to a strategic supplier for Mondo TV.

Receivables due from others can be broken down as follows:

Breakdown of receivables due from others			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
Due from employees	1	7	(6)
Co-production in progress	76	0	76
Other receivables	462	491	(29)
TOTAL	**539**	**498**	**41**

The allowance for doubtful debts, recognised as a deduction from trade receivables and deemed to be adequate to cover the risk of bad debts showed the following changes during the year (in thousands of Euro):

Breakdown of the allowance for doubtful debts		
	31.12.2020	**31.12.2019**
Initial allowance for doubtful debts	**17,760**	**29,926**
Allowance for the period	396	157
Used in the year	(10,298)	(12,323)
Other changes	214	0
Final allowance for doubtful debts	**8,072**	**17,760**

Allocations for the year, amounting to Euro 396 thousand, were recognised based on a thorough analysis of all outstanding receivables and represent the best estimate, which takes into account the information available as at the date of the preparation of these Financial Statements and the risk of customers non fulfilling their obligations for invoices issued and to be issued.

The use in the period reflects the final recognition of losses on receivables as a result of the transfer of fully impaired receivables to third parties. In this regard, it should be noted that in December, the Parent Company formalised the transfer of credit positions relating to previous years and entirely impaired for a nominal amount of Euro 10,298 thousand. The agreement signed with the transferee of the receivables provides for the payment of an insignificant amount for the transfer, and an additional fee equal to a percentage of any amounts collected by the transferee.

Note 9 Other current assets

The item under review, equal to Euro 226 thousand (Euro 262 thousand as at 31 December 2019), mainly includes costs pertaining to future years.

Note 10 Cash and cash equivalents

The breakdown of the item is shown in the following table.

Breakdown of cash and cash equivalents			
Description	**31.12.2020**	**31.12.2019**	**Change**
Bank and postal deposits	9,900	7,995	1,905
Cash and other cash assets	5	4	1
TOTAL	**9,905**	**7,999**	**1,906**

Cash and cash equivalents mainly consist of deposits held with banks.
The statement of the Group's consolidated net financial position is shown in the Report on Operations.

Note 11 Equity

The share capital at 31 December 2020 was equal to Euro 19,956,583.50 and consisted of 39,913,167 ordinary shares with a nominal value of Euro 0.50.

During the financial year, the share capital increased by Euro 1,749 thousand following the extraordinary financial operation resolved by the Shareholders' Meeting in October 2020 and related to the issue of a convertible bond for a maximum amount of Euro 10,500 thousand reserved for Atlas Special Opportunities.

At 31 December 2020, bonds amounting to Euro 6,250 thousand had been issued and collected, of which Euro 4,500 thousand already converted into shares at 31 December 2020 (Euro 1,749 thousand to share capital and Euro 2,751 thousand to the share premium reserve).

The following are the main characteristics of the transaction:

a. the issuance of a bond convertible cum warrant into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a maximum nominal amount of Euro 10,500 thousand, represented by a maximum total of 42 convertible bonds with a nominal value of Euro 250,000 each;
b. simultaneous issuance and free assignment of 1,500,000 warrants giving the holder the right to subscribe to an equal maximum number of newly issued Mondo TV ordinary shares, with a nominal value of Euro 0.50 each, at a price of Euro 3;
c. share capital increase pursuant to article 2420-bis, second paragraph, of the Italian Civil Code and article 2441, fifth and sixth paragraphs, of the Italian Civil Code, in divisible form, to service the conversion of the Bond Loan (the "Capital Increase to Service the POC"), for a maximum amount of Euro 10,500 thousand including share premium, to be paid through the issuance of new ordinary shares (the "New Shares");
d. share capital increase in divisible form, with the exclusion of option rights, to service the exercise of the Warrants against payment, for a maximum amount of Euro 4,500 thousand including share premium through the issuance of ordinary shares (the "Conversion Shares").

It is recalled that, as part of the extraordinary finance transactions carried out in previous years, the Parent Company assigned warrants free of charge to its counterparties, giving them the right to subscribe to shares in Mondo TV S.p.A. The following is a summary of the warrants outstanding as at 01 January 2020:

Summary of warrants outstanding as at 01 January 2020				
Transaction	**Shares (number)**	**Exercise price (Euro)**	**Maturity**	**Maximum counter-value (Euro)**

Atlas	215,000	6.5	01/04/2021	1,397,500
Atlas	640,000	8.0	01/04/2021	5,120,000
Atlas	215,000	10.0	01/04/2021	2,150,000
Total Atlas (a)	**1,070,000**			**8,667,500**
Atlas	450,000	7.5	21/06/2023	3,375,000
Total Atlas (b)	**450,000**			**3,375,000**
Total warrants outstanding	**1,520,000**			**12,042,500**

Highlights of the warrants still outstanding for transactions carried out in previous years are set forth below:

a) The Extraordinary Shareholders' Meeting of 6 September 2016 of the Parent Company approved the issue of a bond convertible into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for Atlas Alpha Yield Fund, and/or for a third party, for a maximum amount of Euro 15 million, including share premium, to be paid, even in more than one tranche, through the issue of new ordinary Mondo TV shares with a nominal value of Euro 0.50 each, with the same rights and characteristics as the ordinary Mondo TV shares outstanding at the issue date, establishing that the number of shares to be issued will be determined on a case-by-case basis according to the mechanism set out in the Bond Regulations.
The undersigned agreement also provides for the issue of 3 warrants to be assigned free of charge to Atlas Alpha Yield Fund together with the first tranche of the convertible bonds - and/or to a third party other than Atlas, as may be designated under the existing agreements or as the assignee of the same - which will give the bearer the right to subscribe to a further maximum of 1,070,000 ordinary Mondo TV shares, with a nominal value of Euro 0.50 each, newly issued as follows:
- 215,000 Mondo TV S.p.A. shares at a price of Euro 6.50 per share, including premium;
- 640,000 Mondo TV S.p.A. shares at a price of Euro 8.00 per share, including premium;
- 215,000 Mondo TV S.p.A. shares at a price of Euro 10.00 per share, including premium,

exercisable during the period from 1 April 2018 to 1 April 2021, under the terms and conditions set out in the relevant regulation

b) The Extraordinary Shareholders' Meeting of 21 May 2018 of the Parent Company approved the issuance of a bond convertible cum warrant into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for a single qualified investor, Atlas Special Opportunities LLC and/or third parties that may be designated, for a maximum nominal amount of Euro 18,000,000, represented by a maximum total of 72 convertible bonds with a nominal value of Euro 250,000 each.
At the same time as the issue of the first tranche of Bonds, the contract signed also provides for the free issue to Atlas of 450,000 Warrants that will confer the right to subscribe, in the period of 5 years from their issue, an ordinary share of the Company, therefore up to a maximum number of 450,000 ordinary shares of Mondo TV S.p.A. at the price of Euro 7.50 which, subject to adjustments, will have a maximum counter-value of Euro 3,375,000 (including the share premium).

As a result of the new Atlas Transaction resolved by the Extraordinary Shareholders' Meeting on 13 October 2020, an additional 1,500,000 warrants were issued at Euro 3, with maturity in 5 years.

A summary of outstanding warrants is provided below:

Summary of warrants outstanding as at 31 December 2020				
Transaction	**Shares (number)**	**Exercise price (Euro)**	**Maturity**	**Maximum counter-value (Euro)**
Atlas	215,000	6.5	01/04/2021	1,397,500

Atlas	640,000	8.0	01/04/2021	5,120,000
Atlas	215,000	10.0	01/04/2021	2,150,000
Total Atlas (a)	**1,070,000**			**8,667,500**
Atlas	450,000	7.5	21/06/2023	3,375,000
Total Atlas (b)	**450,000**			**3,375,000**
Atlas	1,500,000	3.0	31/10/2025	4,500,000
Total Atlas (c)	**1,500,000**			**4,500,000**
Total warrants outstanding	**3,020,000**			**16,542,500**

No shares other than ordinary shares exist, nor rights, privileges or restrictions for any category of shares. The Company owns no treasury shares and the Mondo TV Group's subsidiaries do not own any shares of the Parent.

Equity reserves are broken down as follows:

Equity reserves		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Share premium reserve	33,528	30,778
Legal reserve	3,248	3,062
Other reserves	7,383	7,971
Retained earnings (accumulated losses)	156	(3,489)
Profit (loss) for the year	4,368	3,832
TOTAL	**48,683**	**42,154**

The increase in the share premium reserve is due to the above-mentioned issue of the bond for the portion converted at 31 December 2020 of Euro 2,750 thousand.

The increase in the legal and retained earnings reserve is a consequence of the allocation of the result for the previous year.

Changes in other reserves are related to the recording of stock exchange fees related to the Atlas operation for Euro 278 thousand, to operations on subsidiaries with the recognition of lower equity for Euro 305 thousand and to the recognition of the actuarial effect of employee benefits for Euro 10 thousand of lower equity and to the translation reserve of Mondo TV Suisse for approximately Euro 4 thousand.

Equity items are broken down according to origin, the potential for use, and availability for distribution:
- all of the share capital and legal reserve may only be used for covering losses;
- the entire amount of share premium reserve may be used for capital increase, for covering losses, and may also be distributed among the shareholders.
- no revaluation reserves exist;
- there are no reserves or other provisions, which, in case of distribution, do not contribute to form the corporate taxable income, regardless of the period of creation;
- there are no reserves or other provisions incorporated in the share capital;

Note 12 Post-employment benefits and Provisions for risks and charges

The item is broken down as follows.

Post-employment benefits and Provisions for risks and charges			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**

Provision for post-employment benefits	**653**	**566**	**87**
Provision for tax risks and charges	0	27	(27)
Other provisions	100	0	100
PROVISION FOR RISKS AND CHARGES	**100**	**27**	**73**
beyond 12 months	0	0	0
within 12 months	100	27	73
TOTAL PROVISION FOR RISKS AND CHARGES	**100**	**27**	**73**

Changes in Post-employment benefits and Provisions for risks and charges

(Euro thousands)	**31.12.2019**	**Allocations**	**Reclassifications**	**31.12.2020**
Provision for post-employment benefits	566	87	0	653
Provision for tax risks and charges	27	0	(27)	0
Other provisions	0	100	0	100
TOTAL	**593**	**187**	**(27)**	**753**
beyond 12 months	566			653
within 12 months	27			100
TOTAL	**593**			**753**

The allocation to other provisions in the amount of Euro 100 thousand includes the amount relating to the sentence against the Parent Company pronounced in 2021 by the Court of Milan in relation to a dispute in which it was ordered to repay the amounts collected in previous years by Alta Moda nell'Est Europa S.r.l. in relation to the contract for the production of the animated series "Not Just Music" unilaterally terminated by Mondo TV S.p.A. in 2013.

The amount of provisions for tax risks and charges set aside in the previous year was reallocated to tax payables following the settlement of all tax liabilities.

As far as risks related to ongoing litigation are concerned, there are no further risks not reflected in the provisions for risks.

Note 13 Current and non-current payables

As for financial payables, the breakdown is shown in the tables below:

Breakdown of non-current financial payables

(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
Bank overdrafts and advances on invoices	208	469	(261)
Due to banks for loans (non-current portion)	6,415	2,568	3,847
Financial payables on leased assets	418	1,077	(659)
Atlas convertible bonds	1,750	0	1,750
Total	**8,791**	**4,114**	**4,677**

With reference to convertible bonds, reference should be made to the equity section of these notes.

Breakdown of current financial payables			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
Cofiloisir funding for production	1,830	1,531	299
Financial payables on leased assets	542	431	111
Bank overdrafts and advances on invoices	2,192	3,130	(938)
Due to banks for loans (current portion)	775	168	607
Total	**5,339**	**5,260**	**79**

The item "Bank overdrafts and advances on invoices" consists of current account overdrafts and bank advances on invoices, due within the next year.

Breakdown of trade and other payables and other current liabilities			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
Due to suppliers	8,849	9,017	(168)
Other payables	5,838	4,754	1,084
Total	**14,687**	**13,771**	**916**

Payables due to suppliers mainly refer to the provision of services necessary to sell film rights, as well as to the activities performed by consultants to the benefit of the Group during 2020.

As indicated in the section commenting on trade receivables, in addition to the ordinary payment dynamics, an offsetting transaction was carried out by the parent company in September, as a result of the agreement aimed at direct payment, on behalf of Mondo TV S.p.A, by the customer Harmony Technology for Euro 5,871 thousand to Henan York Animation Studios, a provider of animation services also of the parent company, based in China. This allowed for the sale of a credit position of Euro 5,871 thousand, while at the same time reducing exposure to a strategic supplier for Mondo TV.

Breakdown of other payables			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
Payables for wages, salaries and fees	598	464	134
Due to social security institutions	415	312	103
Advances from customers	4,688	3,545	1,143
Advances from coproducers	0	361	(361)
Other payables	137	72	65
Total other payables	**5,838**	**4,754**	**1,084**

The item "Advances from customers", mainly relating to Mondo TV France S.A., includes the amounts invoiced as contractually envisaged advances based on the progress of the production phases of the animated cartoons, mainly on the animated series Disco Dragon of which to CNC for about Euro 1,200 thousand, to Monello for about Euro 1,900 thousand and to France 4 for about 1,000 thousand.

Changes in amounts due to banks during the year are summarised below:

Euro/000

Financial institution	Currency	Balance 31/12/2019	New disbursements	Capital repayments	Balance 31/12/2020	Within 12 months	Beyond 12 months	Total
BBVA	Euro	0	52	0	52	0	52	52
BANKIA	Euro	0	247	0	247	24	223	247

SABADELL	Euro	0	250	0	250	24	226	250
SANTANDER	Euro	0	282	0	282	40	242	282
TRIODOS	Euro	0	450	0	450	73	377	450
CREDIT SUISSE	CHF	0	212	0	212	212	0	212
VENETO BANCA	Euro	132	0	(22)	110	110	0	110
SIMEST	Euro	117	0	(17)	100	60	40	100
BANCA RAIFFEISEN	CHF	2,488	0	0	2,488	0	2,488	2,488
CREDIT AGRICOLE	Euro	0	2,000	0	2,000	124	1,875	1,999
CREDEM	Euro	0	1,000	0	1,000	107	893	1,000
Total funding		**2,736**	**4,493**	**(38)**	**7,191**	**775**	**6,415**	**7,190**

The due dates of the liabilities as at 31 December 2020 are detailed below.

The Mondo TV Group					
Worst case repayment date	**on demand**	**due within 12 months**	**between 12 and 36 months**	**after 36 months**	**Total**
Non-current financial payables	**-**	**-**	**6,303**	**2,488**	**8,791**
Non-current financial payables IFRS 16	-	-	418	-	418
Payables for convertible bonds	-	-	1,750	-	1,750
Medium/long-term financial payables due to banks	-	-	4,135	2,488	6,623
Current financial payables net of cash	**0**	**-**	**-**	**-**	**0**
Current financial payables IFRS 16	**0**	**542**	**-**	**-**	**542**
Tax payables		**3,552**			**3,552**
Trade and other payables	**-**	**14,687**	**-**	**-**	**14,687**
Total as at 31 December 2020	**0**	**18,781**	**6,303**	**2,488**	**27,572**

Trade payables are recorded net of the advances from coproducers, whereas the other amounts are directly taken from the net financial position.

Note 14 Tax position

The subsidiaries are not involved in tax disputes; the parent company, on the other hand, settled its disputes with the Revenue Agency at the end of 2020.

In fact, on 17 December 2020, the Company signed a framework agreement with the Rome Revenue Agency in relation to the partial definition and filing of the notice of assessment drawn up on 23 May 2019 against the Company in relation to 2014 and any further years from 2013 to 2019, as well as a deed of settlement relating to the proceedings initiated with the Company's appeal against the tax objections for 2012.

It should be noted that the report was issued for an initial amount, in relation to the year 2014, of approximately Euro 1.1 million plus penalties and interest, and therefore for a total amount that can be estimated at Euro 2.5 million; furthermore, said report contained a report to the offices and the company in relation to the use of the tax credit in other years that could therefore have been subject to further verifications.

On the basis of the aforementioned report, the Revenue Agency also sent the Company a recovery notice for 2012 for an amount of Euro 2,328 thousand plus penalties and interest, and therefore for a total estimated amount of Euro 5.3 million against which the Company filed an appeal; all the disputes, formalised and theoretical, referred to the offsetting made through the tax credit generated by the "conversion" of deferred tax assets ("DTA") into tax credits carried out pursuant to article 2, paragraphs 55-58, DL no. 225/2010. The Company has always maintained that it acted correctly in the case in question, and the Revenue Agency, recognising the great complexity of the technical aspects of the contested case, has acknowledged the good faith of the directors of Mondo TV to the extent of cancelling all penalties and has disavowed a large part of the objections put forward to the extent of significantly reducing their scope.

In particular, for 2012, the settlement agreement provides for the payment of an amount of Euro 0.5 million against the Euro 5.3 million requested, while the framework agreement provides for the payment for 2014 only of an amount of Euro 0.2 million against approximately Euro 2.5 million (including penalties and interest) disputed. The framework agreement also provides for the payment of a total sum of Euro 2.1 million for the additional years (2013, 2015, 2016, 2017, 2018 and 2019). The amounts due under the above agreements totalling Euro 2.8 million will be paid by the Company in several instalments over the next four years.

Although the Company still believes that the disputes were unfounded, it was considered convenient to avoid long and costly litigation the outcome of which by its very nature would have remained uncertain for several years: the agreement reached appears to be an excellent agreement considering the fact that its impact on the income statement, due to the recovery of part of the amount in the form of higher tax amortisation in subsequent years, amounts to just over Euro 1 million, against a risk of losing the case of Euro 7.8 million for the years 2012 and 2014 alone but with a theoretical risk of further disputes for subsequent years for an amount that could have been around Euro 23 million.

With the signing of these agreements, Mondo TV S.p.A. no longer has any disputes with the Revenue Agency.

Note 15 Contingent liabilities

As far as risks related to ongoing litigation are concerned, at the date of this report, there are no risks that could have a significant impact on the equity, economic and financial situation of the Mondo TV Group.

Note 16 Commitments

Commitments undertaken by the Group and not recognised under payables or provisions for risks and charges refer to:

- a guarantee given on the securities deposit with Raiffeisen Bank where 6,119,200 Mondo TV Suisse shares, 39,060,000 Mondo TV France shares and 5,400,000 Mondo TV Iberoamerica shares are deposited as at 31 December 2020 against a loan of CHF 2,700,000 granted by the same bank;

- guarantees of Euro 93 thousand for a short-term credit line to be used as a self-liquidating loan issued by Confartigianato Fidi in favour of Veneto Banca (now Intesa San Paolo);

Guarantees have also been issued by the guarantee fund pursuant to Law 662/96 in favour of Credit Agricole for an amount of Euro 1,800 thousand relating to a loan disbursed in 2020 for an amount of Euro 2,000 thousand, and in favour of Credito Emiliano for an amount of Euro 800 thousand for a loan disbursed in 2020 for an amount of Euro 1,000 thousand.

Note 17 Revenues from sales and other revenues

These totalled Euro 24,699 thousand, an increase of Euro 1,643 thousand compared to the previous year:

Revenue from sales and services

(Euro thousands)	2020	2019	Change
Revenue from sales of rights	22,229	21,167	1,062
Revenue from licensing	310	525	(215)
Revenue from production services	1,873	1,061	812
Other income	287	303	(16)
Total	**24,699**	**23,056**	**1,643**

Revenues from sales and services increased from Euro 23,056 thousand in 2019 to Euro 24,699 thousand in 2020; the increase in revenues of Euro 1,643 thousand was mainly due to the development and sale of new productions by the parent company with particular reference to the animated series Invention Story, Nina Y Olga and Yohoo & Friends.

Revenues from production services refer mainly to the production of the animated series Bat Pat, Disc Dragon and Grisù.

Other revenues amounted to Euro 640 thousand (Euro 134 thousand at 31 December 2019) also mainly attributable to the Parent Company and mainly relate to the derecognition of payables recorded in previous years following agreements signed with certain suppliers or following requirements.

Note 18 Capitalisation of internally produced series

The Group produces animated series in-house, incurring, in addition to external costs of direction, screenplay, animation studies and music, the internal costs as well, concerning both the pre-production and post-production phases. These costs are recognised and attributed to the series in progress. Directors recognise the series produced in-house as assets in the statement of financial position when they satisfy the definition of intangible assets in compliance with IAS 38.
The Group capitalises these costs only when the costs incurred for the production of animated series refer to the development phase: until then, expense incurred is recognised in profit or loss.
The capitalisation of the animated series realised internally concerns the capitalisation of the costs incurred by the Parent Company in relation to the production of its animated series and the capitalisation of costs by the subsidiary Mondo TV France.
The capitalised costs consist of approximately Euro 1,637 thousand in labour costs and of approximately Euro 3,381 thousand in operating costs due to third parties.

Note 19 Raw materials, consumables and goods

This item, equal to Euro 57 thousand (Euro 59 thousand in 2019), represents the cost incurred by the Group for consumables.

Note 20 Personnel costs

The breakdown of this item is specified in the table below.

Personnel costs			
(Euro thousands)	2020	2019	Change
Salaries and wages	3,702	2,984	718
Social security costs	1,068	1,018	50
Post-employment benefits	85	71	14
Total	**4,855**	**4,073**	**782**

The increase in personnel costs is attributable to that of the Group's workforce as broken down below by category:

Group's human resources (average figure)		
	31.12.2020	**31.12.2019**
White-collar workers	46	44
Middle-managers	3	3
Executives	4	4
Total	**53**	**51**

This table considers only the group's permanent employees; the increase in labour costs in the item wages and salaries was mainly due to personnel employed on a project basis for specific productions by Mondo TV France and, to a lesser extent, by Mondo TV Producciones Canarias.

Note 21 Depreciation, amortisation and impairment

The breakdown of the item is shown below:

Breakdown of depreciation, amortisation and impairment			
(Euro thousands)	**2020**	**2019**	**Change**
Proprietary rights	8,160	8,255	(95)
Temporary licenses	1,296	1,006	290
Other intangible assets	2	2	0
Sub-total of intangible assets	***9,458***	***9,263***	***195***
Sub-total of tangible assets	***92***	***95***	***(3)***
Rights of use on leased assets	***541***	***580***	***(39)***
Allowance for doubtful debts	***396***	***157***	***239***
Total depreciation, amortisation and impairment	**10,487**	**10,095**	**392**

For further details and information, reference is made to the related sections of the statement of financial position of these notes.

Note 22 Other operating costs

The item "Other operating costs" is broken down in the table below.

Other operating costs			
(Euro thousands)	**2020**	**2019**	**Change**
Production costs	2,846	1,789	1,057
Marketing and commercialisation costs	402	945	(543)
Consulting services	402	423	(21)
Remuneration to corporate bodies	470	546	(76)
Other services	2,101	2,174	(73)
Service costs	**6,221**	**5,877**	**344**
Equipment hire and rents	50	65	(15)

Costs associated with leased assets	**50**	**65**	**(15)**
Sundry operating costs	**266**	**169**	**97**
Allocations	**100**	**0**	**100**
Total	**6,637**	**6,111**	**526**

Higher operating costs (Euro 6,637 thousand at 31 December 2020 compared to Euro 6,111 thousand at 31 December 2019) are attributable to higher production costs incurred mainly by Mondo TV France, taking into account the significant reduction in the Parent Company's overhead costs with reference, above all, to those related to marketing and sales costs directly impacted by the Covid emergency that led to the cancellation of the sector fairs.

The item Allocations of Euro 100 thousand includes the amount relating to the sentence against the Parent Company pronounced in 2021 by the Court of Milan in relation to a dispute in which it was ordered to repay the amounts collected in previous years by Alta Moda nell'Est Europa S.r.l. in relation to the contract for the production of the animated series "Not Just Music" unilaterally terminated by Mondo TV S.p.A. in 2013.

Note 23 Financial income and expenses

The table below provides a breakdown of finance income and costs.

Financial income and expenses			
(Euro thousands)	**2020**	**2019**	**Change**
Finance income			
Other finance income	9	1	8
sub total finance income	*9*	*1*	*8*
Financial expenses			
Bank interest	(172)	(186)	14
Other interest	(22)	(32)	10
Bank fees	(61)	(59)	(2)
Other financial expenses	(427)	0	(427)
sub total financial expenses	*(682)*	*(277)*	*(405)*
exchange rate gains and losses			
Exchange rate gains	394	327	67
Exchange rate losses	(1,819)	(385)	(1,434)
sub total exchange rate gains and losses	*(1,425)*	*(58)*	*(1,367)*
imp/reval investments	*(256)*	*0*	(256)
TOTAL	**(2,354)**	**(334)**	**(2,020)**

Financial management was negative for Euro 2,354 thousand, compared to negative operations of Euro 334 thousand in 2019, due to foreign exchange losses caused by the significant deterioration in the exchange rate of the US Dollar against the Euro in the final part of the year for Euro 1,425 thousand and the recognition of interest related to the settlement with the Revenue Agency by the Parent Company for Euro 395 thousand. The impairment of investments relate entirely to the impairment of the portion held in Mars 1983 Ltd. following the impairment test carried out on the carrying amount.

Note 24 Taxes

The breakdown is shown in table below.

Breakdown of taxes

(Euro thousands)	2020	2019	Change
Previous years' taxes	**0**	**0**	**0**
Current taxes - IRAP	**(77)**	**(379)**	**302**
Settlement with the Revenue Agency	(2,337)	0	(2,337)
Other taxes	416	0	416
Prepaid taxes of previous years recognised in profit or loss	(4,722)	(1,921)	(2,801)
Deferred tax liabilities of previous years recognised in profit or loss	0	0	0
Deferred tax assets for the year	4,799	192	4,607
Deferred tax liabilities for the year	(120)	0	(120)
Prepaid (deferred) taxes	**(43)**	**(1,729)**	**1,686**
Taxes for the year	**(2,041)**	**(2,108)**	67
IRES and other taxes	(2,146)	(1,554)	(592)
IRAP (Regional Business Tax)	(288)	(361)	73
Taxes foreign subsidiaries	393	(193)	586
Taxes for the year	**(2,041)**	**(2,108)**	**67**

The item Settlement with the Revenue Agency resulted from the recognition of the settlement framework agreement of December 2020 for the principal amount of Euro 2,337 thousand.

Deferred tax assets for the financial year, amounting to Euro 4,799 thousand, were mainly allocated to the loss for the financial year and to the reconstitution of the fiscal carrying amount of games as a result of the settlement with the Revenue Agency (the carrying amount of which had been fully impaired in previous financial years and the amortisation of which had never been deducted from taxable income); the reconstitution was made for Euro 1,530 thousand, compared with a nominal value of Euro 2,040 thousand, as a result of a calculation made by the company of the probability of recovery in accordance with IFRIC 23.

Deferred tax assets from previous years reversed to the income statement for Euro 4,722 thousand derive from the partial re-absorption of temporary differences between statutory values and values for tax purposes, with particular reference to losses on receivables and the impairment of the library in 2018.

Note 25 Dividends

No dividend was resolved or distributed in 2020.

Note 26 Basic and diluted earnings per share

Basic earnings per share attributable to the Parent's shareholders are obtained by dividing the profit (or the loss) by the number of shares.

Calculation of basic and diluted earnings (loss) per share	2020	2019
Average number of shares during the year	38,163,689	36,414,212
Profit (loss) for the year (in thousands of Euro)	4,368	3,832
Basic and diluted earnings (loss) per share	**0.11**	**0.11**

The diluted earnings (loss) per share as at 31 December 2020 correspond to the basic earnings per share since there is no dilution effect.

Note 27 Information on financial risks

In conformity with article 154-ter, paragraph 4, of the Consolidated Finance Act, it should be noted that the main risks associated with the Company's business that could affect its outlook are as follows:

1. Financial Risks

The Group's financial instruments consist in the credit lines and bank loans, finance leases and on-demand bank deposits.
Such instruments are aimed at financing the Group's operations. The Group has various other financial instruments, such as trade payables and trade receivables deriving from operations. The main risks generated by the Company's financial instruments are:

a) Credit risk
b) Liquidity risk
c) Exchange rate risk
d) Interest rate risk

a) Credit risk

Credit risk represents the Group companies' exposure to potential losses arising from the (non-fulfilment of the obligations assumed by the counterparties)
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
Positions for which there is a risk of partial or total non-collectability are impaired on an individual basis, in accordance with a Group policy that also takes account of the classification of receivables by seniority of maturity, and partial or total impairments are applied when the past due amount exceeds certain parameters.

Performing trade receivables have not been impaired since no significant indication of impairment emerged, based on an analysis conducted that took into account the reliability of the individual customers.

The Mondo TV Group, and in particular the Parent Company, is currently exposed to a potential credit risk associated with the high concentration of its trade receivables from certain Asian customers located in China (at 31 December 2020, approximately 70% of the entire credit balance); in particular, it is pointed out that the risk of a contraction of the Chinese economy or the difficulties of these customers in guaranteeing on-time payments abroad, given certain currency restrictions imposed by the Chinese government, could have an impact on incoming cash flows, lengthening payment times compared to those contractually agreed, with consequent effects also on the availability of liquidity within the Group.
The Parent Company Mondo TV S.p.A. is constantly monitoring credit exposure and cash flows relating to these customers, at times resorting, when the opportunity arises, to signing triangular compensation agreements for credit and debit items with these customers and some suppliers located in China, in order to accelerate the repayment of credit positions. Moreover, as already outlined in the 2019-2023 business plan, the Parent Company has set itself the objective of diversifying its activities also from a geographical point of view in order to limit as much as possible the risks arising from the high concentration of its receivables from customers located in that geographical area.

b) Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected.
In this regard, in order to be best protected against these risks, the Mondo TV Group adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.

The following table shows the breakdown of Mondo TV Group's credit lines, expressed in millions of Euro, made available by banks as at 31 December 2020:

	CREDIT LINES - MONDO TV GROUP - 31.12.2020			
(values in Euro millions)	Cash	Trade	Loans	Total
UBS	0	1.00	0	**1.00**
Raiffeisen	0	0.00	2.30	**2.30**
Credit Suisse	0	0.50	0.20	**0.70**
Bankinter	0	0.30	0	**0.30**
Sabadell	0	0.50	0.20	**0.70**
Bankia	0	0	0.20	**0.20**
Santander	0	0.60	0.30	**0.90**
Triodos	0	0	0.50	**0.50**
BBVA	0	0.30	0.10	**0.40**
CREDEM	0	0.40	1.00	**1.40**
SIMEST	0	0	0.10	**0.10**
Credit Agricole	0	0.50	2.50	**3.00**
Veneto Banca	0	0	0.10	**0.10**
Total	**0**	**4.10**	**7.50**	**11.60**

c) Exchange rate risk

The Group has an exposure arising from currency transactions (US Dollars). Such exposure is generated mainly by library sales, production contracts and licenses purchases.
Exchange rate risk is managed by keeping both active contracts with customers and contracts with major suppliers in US Dollars. It should be noted that in 2020, the fluctuation in the value of the Dollar against the Euro resulted in a significant foreign exchange loss (approximately Euro 1,768 thousand), particularly for the Parent Company.

d) Interest rate risk

The interest rate fluctuations influence the cash flows, the market value of the company's financial assets and liabilities, and the level of the net financial income/expenses.
In consideration of the low financial exposure, the Group Companies are marginally subject to interest rate risk.

2. Risks associated with dependency on key managers

Some members of the Corradi family and some managers of the Subsidiaries have strategic importance for the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.
In particular, some members of the Corradi family have a significant role in the management of the business of the company Mondo TV S.p.A.
Neither the members of the Corradi family nor other managers of the Subsidiaries have entered into sole-agency or non-compete agreements with the Group's companies.

3. Risks associated with the commercial exploitation of intellectual property rights of third parties

The Group's revenue may be influenced by factors, independent of the Group companies, that affect the availability and the commercial exploitation of third-parties' property, the subject of the series. Should these factors occur, they could cause earnings expectations to be revised down, negatively affecting the Group's performance, financial position and cash flows.

4. Other information

The carrying amount of short-term financial assets and liabilities is a reasonable approximation of the fair value and

therefore it was unnecessary to measure the fair value.
Information on volume and breakdown of revenue, costs, and gains or losses generated by financial instruments are provided in the table showing finance costs and income.

The table below provides the breakdown of the Mondo TV Group's net financial position:

Consolidated net financial position		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Cash and cash equivalents	9,905	7,999
Current financial receivables	169	0
Current financial payables due to banks	(2,967)	(3,298)
Financial payables for IFRS 16 application	(542)	(431)
Current payables due to COFILOISIR	(1,830)	(1,531)
Net current financial position	**4,735**	**2,739**
Financial payables for IFRS 16 application	(418)	(1,077)
Payables for convertible bonds	(1,750)	0
Non-current payables due to banks	(6,623)	(3,037)
Net non-current financial position	**(8,791)**	**(4,114)**
Net financial debt as per comm. Consob DEM/6064293	**(4,056)**	**(1,375)**
Non-current receivables due from third parties	0	0
Consolidated net financial position	**(4,056)**	**(1,375)**

Note 28 Remuneration to corporate bodies

During the year ended 31 December 2020, the Parent's Board of Directors earned remuneration net of social security costs of Euro 205 thousand as resolved by the Company's Ordinary Shareholders' Meeting on 30 April 2018 and by the Board of Directors' meeting of 01 June 2018. Remuneration is broken down as follows:

(Euro thousands)	**31.12.2020**	**31.12.2019**
Remuneration	205	195
Post-employment benefits	-	-
Other long-term benefits	-	-
Indemnities for the termination of employment	-	-
Stock options	-	-
TOTAL	**205**	**195**

The annual remuneration owed to the members of the Company's corporate bodies for their various roles are also detailed in the table below (amounts in thousands of Euro):

Breakdown of the remuneration due to the current corporate bodies' members			
Surname	**Name**	**Office held**	**Annual remuneration**
Corradi	Monica	Board Member of Mondo TV S.p.A.	92
Corradi	Matteo	Director of Mondo TV S.p.A., Chair of Mondo France, CEO Mondo TV S.p.A., Director Mondo TV Suisse S.A. and Director Mondo TV Iberoamerica S.A.	181

Fedele	Aurelio	Director of Mondo TV S.p.A. and Chair of the SB	35
Marchetti	Carlo*	Director of Mondo TV S.p.A., Mondo TV France and Mondo TV Iberoamerica	165
Mola	Angelica	Board Member of Mondo TV S.p.A.	13
		Total Directors	**486**
Bernardo	Maurizio	Chair of the Board of Statutory Auditors of Mondo TV S.p.A.	16
Barra	Adele	Member of the Board of Statutory Auditors of Mondo TV S.p.A.	11
Montuori	Alberto	Member of the Board of Statutory Auditors of Mondo TV S.p.A.	11
		Total Statutory Auditors	**38**
		Total Directors and Statutory Auditors	**524**

* Of which Euro 105 thousand as executive compensation, Euro 15 thousand as Director of the Parent Company Mondo TV, Euro 20 thousand as Director of Mondo TV France S.A. and Euro 25 thousand as Director of Mondo TV Iberoamerica.

It is hereby specified, as required by Consob Communication of 24 February 2011, that no indemnity shall be granted to Directors in case of early termination of the employment relationship and no succession plan is envisaged for executive directors.

Note 29 Remuneration of the Independent Auditors

As required by article 149-duodecies of the CONSOB Issuers' Regulation, the fees recorded by the Company in relation to the audit services during 2020 are provided below. The amounts relating to the activities performed for 2020 and the supplementary remuneration resolved are shown separately in the table by individual company. Audit services, supporting audit and other services were provided during the year.

Euro thousands

Type of service	Service provider	Recipient	2020 Fees
Audit	BDO Italia S.p.A.	Parent Company	55
Other services	BDO Italia S.p.A.	Parent Company	35
Audit	BDO Italia S.p.A.	Subsidiaries	30
Audit	BDO Auditores S.L.P. (*)	Subsidiaries	50
Audit	BDO France S.A. (*)	Subsidiaries	12
Total			**182**

(*) Foreign independent auditors belonging to the BDO network

Note 30 Information on the fair value of financial assets and liabilities

The fair value of trade receivables and other financial assets, of trade and other payables and of other financial liabilities, recorded under the "current" items of the statement of financial position and measured using the amortised cost method, does not diverge from the carrying amounts at 31 December 2020 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.
Non-current financial assets and liabilities are settled at market rates and therefore their fair value is essentially deemed to be in line with the current market value. Therefore, there are no differences between their fair value and their carrying amount.

Note 31 Atypical or unusual transactions

Pursuant to Consob Communication DEM/6064293 of 28 July 2006 "Disclosure for listed issuers and issuers of financial instruments widely distributed among the public pursuant to article 116 of the Consolidated Law on Finance (TUF, Testo Unico sulla Finanza) – Requirements pursuant to article 114, paragraph 5, of Italian Legislative Decree 58/98", it is noted that:

- no non-recurring transactions or non-recurring events, or transactions or events that do not recur frequently in the normal performance of operations took place;
- no atypical and/or unusual transactions were carried out.

Note 32 Significant events after year-end

To date, there have been no events after 31 December 2020 such as to make the current financial position substantially different from that resulting from the balance sheet at that date or to require adjustments or supplementary notes to the Financial Statements.

On 11 January 2021 after the co-production agreement with ZDF Enterprises GmbH signed at the end of 2020, a new contract was signed with Italian television RAI for the pre-purchase of the animated series Grisù. The agreement provides for the granting of licenses for a period of 7 years from the date of completion for Free TV, Pay TV, Pay per view, VOD and ancillary rights for the Italian territory. This agreement is of great importance to the Mondo TV Group as it significantly supports the production budget of the animated series.

In the first quarter of 2021, the residual Euro 4,250,000 relating to the issue of convertible bonds in favour of Atlas was collected; at the date of this report, all bonds have been converted into shares, and therefore no debts remain in favour of Atlas.

In order to reflect the new elements that have occurred since the approval of the previous Business Plan with particular reference to new production and the effects of the Covid-19 pandemic, the Board of Directors approved the consolidated budget for 2021 on 22 March 2021. At the same meeting, the Board of Directors also approved the Parent Company's objectives for the five-year period 2021-2025.
With reference to the COVID-19 pandemic, it is confirmed that it did not have a significant impact on operations and on the achievement of the Company's and the Group's objectives set out in the previously approved Business Plan, except for the slowdown in collections in the first part of the 2020 financial year, which subsequently improved up to the date of this report.
In light of the above, the objectives set and the strategy already contained in the previous plan are substantially confirmed.

The Board of Directors' meeting of 22 March 2021 authorised the publication of these Financial Statements.

On behalf of the Board of Directors of Mondo TV S.p.A.
Chief Executive Officer

_____
(Matteo Corradi)

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020 PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 5 OF LEGISLATIVE DECREE NO. 58/1998 AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

1. The undersigned Matteo Corradi and Carlo Marchetti, in their respective capacities as CEO and Head of Financial Reporting of the Mondo TV Group. (the **Group**) certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

- the adequacy in relation to the characteristics of the company and
- the effective implementation of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements as at 31 December 2020.

2. No significant aspects have emerged.

3. It is also certified that:

3.1 the Consolidated Financial Statements as at 31 December 2020:

- were drafted in accordance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) 1606/2022 of the European Parliament and Council, of 19 July 2002;

- are consistent with the entries in accounting books and records;

- were drafted in compliance with article 154-ter of the aforementioned Italian Legislative Decree 58/1998 as subsequently amended and supplemented, provide a true and fair view of the financial position, financial performance and cash flows of the issuer and of the companies included in the scope of consolidation.

3.2 The Report on Operations includes a reliable analysis of the performance and the results of operations, as well as of the Issuer's general situation, together with a description of the main risks and uncertainties to which it is exposed. The Report on Operations also includes reliable disclosure on significant transactions with related parties.

This certification is also provided to the intents and purposes of article 154-bis, paragraph 2, of Italian Legislative Decree 58 of 24 February 1998.

Rome, 22 March 2021

Chief Executive Officer	Head of Financial Reporting
Matteo Corradi	Carlo Marchetti

ANNEXES

1. CORPORATE BODIES AND COMMITTEES OF THE PARENT

Board of Directors[1]

Chair and CEO
Matteo Corradi
Directors
Monica Corradi
Aurelio Fedele[2]
Angelica Mola[3]
Carlo Marchetti

Internal Control Committee

Chair
Aurelio Fedele
Members
Angelica Mola

Remuneration Committee

Chair
Angelica Mola
Members
Aurelio Fedele

Investor Relator

Piergiacomo Pollonio

Board of Statutory Auditors[4]

Maurizio Bernardo (Chair)
Adele Barra
Alberto Montuori

Independent Auditors[5]

BDO Italia S.p.A.

Sponsor and Specialist

Banca Finnat

[1] In office until the approval of the Financial Statements at 31.12.2020
[2] Independent Director
[3] Independent Director
[4] In office until the approval of the Financial Statements at 31.12.2022
[5] Assignment for nine financial years, until the approval of the financial statements at 31.12.2023

2. POWERS AND CORPORATE GOVERNANCE

Powers

Mondo TV S.p.A. appointed as Chair and Chief Executive Officer Matteo Corradi, with all the powers for the ordinary and extraordinary administration of the Company, excluding only those that are strictly reserved to the Board of Directors by law, as well as the transactions having a significant impact in terms of performance, financial position and cash flows, and all transactions with related parties.

Corporate Governance

The Corporate Governance system, still being implemented, is inspired by the recommendations provided by the relevant committee of listed companies that drafted the Corporate Governance Code as well as by the subsequent legal provisions on the governance of listed Companies.
The Company is directed by a ***Board of Directors*** currently consisting of 5 members, as resolved by the Shareholders' Meeting of 30 April 2018.
Mondo TV S.p.A.'s Board of Directors is the body responsible for defining the strategic, organisational, and operational policies, as well as verifying the existence and adequacy of the control systems necessary to assess the performance of the Parent and of the subsidiaries. In particular, the Board of Directors:

- delegates powers and duties to the directors and revokes them;
- determines, having consulted the Board of Statutory Auditors, and at the proposal of the Remuneration Committee, the directors' remuneration in conformity with art. 2389 of the Italian Civil Code para.3;
- examines and approves the strategic plans of the subsidiaries and the corporate structure of the Group;
- supervises whether operations are properly conducted and specifically approves the transactions of particular interest in terms of performance and financial position;
- assesses whether the general organisational and administrative structure is adequate;
- supervises in particular any actual or potential conflict of interest and the transactions with related parties;
- reports to the shareholders in the Shareholders' Meeting.

The Articles of Association in force reserve to non-controlling interests the right to appoint a director.

The Board of Directors is quorate when the absolute majority of the directors in office is present, and resolutions are passed with the favourable vote of the majority of those present. In case of a tie vote, the chair of the meeting shall cast the deciding vote.
The Board of Directors' meeting of 14 May 2018 appointed both the Internal Control Committee and the Remuneration Committee.

The duties of the ***Internal Control Committee*** are as follows:

- assess the adequacy of the Company's internal control procedures;
- examine and select the proposals from Auditing Firms to be appointed as Independent Auditors, submitting a recommendation to the Board;
- submit every six months a report to the Board on its work and the internal control proposals resolved upon;
- engage in all relationships with the Independent Auditors and perform any other duty delegated to it for that purpose by the Board of Directors.

The duties of the ***Remuneration Committee*** consist in making proposals on the remuneration of the members of the Board of Directors.
All members of the Control Committee and of the Remuneration Committee are non-executives, and are also independent pursuant to the Corporate Governance Code.

The Chair and the Chief Executive Officer define the remuneration of subordinates within the scope of their delegated powers.
The Chair of the Board of Directors is responsible for calling the board's meetings, setting their agenda beforehand, coordinating the activities of the Board, and chairing the meetings.
During the formal and informal Board of Directors' meetings, the Chair ensures that each member of the Board

of Directors and of the Board of Statutory Auditors has as much information as possible on the Company's operations and, in particular, on the Chair activities in carrying out his duties.
During each meeting, the Board of Directors appoints, from time to time, a minute taker.

In accordance with the Articles of Association, the ***Board of Statutory Auditors*** consists of three standing auditors and of two alternate auditors appointed by the Shareholders' Meeting, which also establishes their remuneration.
The Articles of Association in force reserve to the non-controlling interest the right to appoint a standing auditor and an alternate auditor.
The board is appointed through the presentation of lists. Those shareholders who, alone or together with others, represent at least 2% of voting rights, have the right to present lists.
The lists presented must be deposited along with the curricula vitae of the candidates at the registered office at least ten days before the date scheduled for the Shareholders' Meeting on first call.
The statutory auditors are aware that they must:

- act autonomously and independently also when dealing with the shareholders who appointed them;
- work only in the Company's interests;
- monitor how the Board of Directors manages the Company;
- coordinate with the Independent Auditors and the Internal Control Committee.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 13 May 2020 and will remain in office until the Shareholders' Meeting that will approve the Financial Statements as at 31 December 2022.

The ***Investor Relations*** department, headed by Piergiacomo Pollonio since 21/11/2018, was set up to facilitate the dialogue between the Company, shareholders and institutional investors.
The same is also specifically responsible for ensuring that the documents and information regarding the Company, in particular those that are price sensitive, are disclosed to the public in compliance with the instructions provided by CONSOB with regulation 11971 and by Borsa Italiana.

At least every six months, the Company arranges meetings with the financial community, during which it illustrates the results obtained and its future strategies, and it holds bilateral meetings with institutional investors whenever requested.

In the period from 1 January to 31 December 2020, the Board of Directors met 5 times. The Articles of Association do not provide for a minimum frequency of the Board of Directors' meetings. The delegated bodies have reported to the Board of Directors during the aforementioned meetings and in any case with the minimal quarterly frequency required by the Corporate Governance Code. The directors were informed on the items on the agenda with sufficient prior notice.

The current Board of Directors of Mondo TV S.p.A. will remain in office until the approval of the Financial Statements as at 31 December 2020, as resolved by the Shareholders' Meeting of 30 April 2018.

On 28 March 2008, the Parent's Board of Directors also implemented an organisational model pursuant to Legislative Decree 231/2001, which governs the administrative liability of legal entities, companies and associations, and indicates the rules and procedures to be complied with while carrying out the company's operations for a more correct and efficient management, also with the aim of relieving the Company from any liability under the aforementioned law. The organisational model requires the adoption of a code of ethics, which is available on the Company's website. A Supervisory Body, consisting of three members, verifies the execution and implementation of the model.
With reference to privacy legislation, it should be noted that the DPO (Data Protection Officer) was appointed in 2019.

3. CORPORATE BODIES OF THE SUBSIDIARIES

Mondo TV Suisse S.A.	**Board of Directors** Yvano Dandrea (Chair) Valentina La Macchia Paolo Zecca Matteo Corradi Alexander Manucer
Mondo TV Toys S.A. in liquidation	**Liquidator** Yvano Dandrea
Mondo France S.A.	**Board of Directors** Matteo Corradi (Chair) Sylvie Mahé Eve Baron Carlo Marchetti Feliciana Gargano
Mondo TV Iberoamerica S.A.	**Board of Directors** Matteo Corradi Maria Bonaria Fois Jesus Garcia Carlo Marchetti Patricia Motilla
Mondo TV Producciones Canarias S.L.U.	**Board of Directors** Maria Bonaria Fois Matteo Corradi Enrico Martinis

4. LIST OF THE EQUITY INVESTMENTS IN THE SCOPE OF CONSOLIDATION

List of the equity investments held as at 31.12.2020	
Company Name	**Mondo TV Suisse S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2020	CHF 2,353,539
Profit (loss) for the year 2020	CHF 349,315
Ownership interest	63%

Company Name	**Mondo TV France S.A.**
Registered Office	Paris (France)
Share capital	Euro 2,029,729
Equity as at 31.12.2020	Euro 3,069,924
Profit (loss) for the year 2020	Euro (27,064)
Ownership interest	21%
Company Name	**Mondo TV Iberoamerica S.A.**
Registered Office	Madrid (Spain)
Share capital	Euro 2,967,743
Equity as at 31.12.2020	Euro 2,339,115
Profit (loss) for the year 2020	Euro (618,133)
Ownership interest	78%
Company Name	**Mondo TV Producciones Canarias S.L.U.**
Registered Office	Tenerife (Spain)
Share capital	Euro 2,900,000
Equity as at 31.12.2020	Euro 1,529,798
Profit (loss) for the year 2020	Euro 667,280
Ownership interest	78% (indirect investment)
Company Name	**Mondo TV Toys S.A. in liquidation**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2018	CHF (165,720)
Profit (loss) for the year 2018	CHF (4,536)
Ownership interest	100%

5. LIST OF RELATED PARTIES

Trilateral Land S.r.l.	Company managed or owned by a related party
Giuliana Bertozzi	MTV Shareholder
Matteo Corradi	MTV Shareholder, Director MTV, MFR, MSUISSE, MIBEROAMERICA, MCANARIAS
Monica Corradi	MTV Shareholder and Director
Riccardo Corradi	MTV Shareholder
Aurelio Fedele	MTV Director
Angelica Mola	MTV Director
Carlo Marchetti	Director MTV, MFR, MIBEROAMERICA

FINANCIAL STATEMENTS AND NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION AT 31.12.2020

Statement of financial position	Notes	Annual 31.12.2020	Annual 31.12.19
ASSETS			
Non-current assets			
- Intangible rights		40,534,739	33,918,135
- Other intangible assets		*53,202*	*38,760*
Intangible assets	5	40,587,941	33,956,895
Tangible assets	5	105,357	135,033
Rights of use on leased assets	6	795,609	1,199,708
Equity investments	5	9,261,850	9,141,211
Deferred tax assets	7	12,144,116	12,538,812
Non-current financial receivables		1,127,168	1,693,631
		64,022,041	**58,665,290**
Current assets			
Trade and other receivables	8	26,579,719	18,940,957
Current financial receivables	8	313,639	145,013
Tax receivables	7	1,482,199	1,739,832
Other assets	9	226,069	261,497
Cash and cash equivalents	10	7,857,385	6,374,721
		36,459,011	**27,462,020**
Total Assets		**100,481,052**	**86,127,310**
EQUITY AND LIABILITIES			
Equity			
- Share capital		19,956,584	18,207,106
- Share premium		33,528,433	30,777,910
- Legal reserve		3,248,836	3,061,555
- Other reserves		7,854,577	8,114,216
- Retained earnings		3,558,324	0
- Profit (loss) for the year		4,428,290	3,745,605
Total equity	11	**72,575,044**	**63,906,392**
Non-current liabilities			
Provision for post-employment benefits	12	652,545	566,056
Provisions for risks and charges	12	4,093,868	4,093,868
Deferred tax liabilities	7	186,031	65,974
Non-current financial payables	13	7,045,202	2,567,562
Non-current financial payables on leased assets	13	417,717	1,062,372
		12,395,363	**8,355,832**
Current liabilities			
Provisions for risks and charges	12	100,000	27,247
Current financial payables	13	1,369,345	1,187,082
Current financial payables on leased assets	13	460,040	269,570
Tax payables	7	3,019,037	365,733
Trade and other current payables	13	10,562,223	12,015,454
		15,510,645	**13,865,086**
Total Liabilities		**27,906,008**	**22,220,918**
Total Shareholders' Equity and Liabilities		**100,481,052**	**86,127,310**

SEPARATE INCOME STATEMENT

Income Statement			
values in Euro	**Notes**	**2020**	**2019**
Revenue from sales and services	17	21,294,850	17,908,012
Other income	17	611,002	46,074
Capitalisation of internally produced animated series	18	1,102,224	1,112,811
Raw materials, consumables and goods	19	(40,098)	(32,022)
Personnel costs	20	(1,603,234)	(1,571,823)
Amortisation and impairment of intangible assets	21	(8,864,453)	(6,818,645)
Depreciation and impairment of tangible assets	21	(56,090)	(66,827)
Amortisation of rights of use	21	(404,099)	(404,099)
Allowance for doubtful debts	8	(350,000)	(100,000)
Other operating costs	22	(2,627,209)	(3,220,525)
EBIT		**9,062,893**	**6,852,956**
Finance income	23	417,728	398,395
Financial expenses	23	(2,362,148)	(490,149)
Value adjustments to financial assets	23	(255,731)	(1,100,000)
Profit (loss) of the period before tax		**6,862,742**	**5,661,202**
Income tax expense	24	(2,434,452)	(1,915,597)
Profit (loss) for the year		**4,428,290**	**3,745,605**
Basic and diluted earnings (loss) per share	26	**0.12**	**0.10**
Diluted earnings (loss) per share		**0.12**	**0.10**

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income			
Values in Euro	**notes**	**31.12.2020**	**31.12.2019**
Profit (loss) for the year (A)		**4,428,290**	**3,745,605**
Other items of the comprehensive income statement:			
TFR actuarial profits (losses)		(9,693)	(30,251)
Sale of shares in investees		28,667	926,123
Profits recognised directly in equity (B)		18,974	895,872
Total comprehensive income (loss) (A)+(B)		**4,447,264**	**4,641,477**

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

(Values in Euro)	Share capital	Legal reserve	Retained earnings (losses)	Share premium	Other reserves	Profit (loss) for the year	Equity
Financial Statements at 31.12.2018	**18,207,106**	**3,061,555**	**22,894,425**	**45,867,585**	**8,136,225**	**(38,699,955)**	**59,466,941**
Transactions with shareholders recognised in equity:							
Items of comprehensive income for the year:							
Allocation profit FY 2018		0	(22,894,425)	(15,089,675)	(715,855)	38,699,955	0
Disposal of shares of subsidiaries					926,123		926,123
Actuarial adjustment on employee benefits					(30,251)		(30,251)
Adjustment of initial equity for application of IFRS 16					(202,026)		(202,026)
Result for the period						3,745,605	3,745,605
Financial Statements at 31.12.2019	**18,207,106**	**3,061,555**	**0**	**30,777,910**	**8,114,216**	**3,745,605**	**63,906,392**
Transactions with shareholders recognised in equity:							
Atlas capital increase	1,749,478			2,750,522	(278,612)		4,221,388
Items of comprehensive income for the year:							0
Allocation profit FY 2019		187,281	3,558,324			(3,745,605)	0
Disposal of shares of subsidiaries					28,667		28,667
Actuarial adjustment on employee benefits					(9,693)		(9,693)
Result for the period						4,428,290	4,428,290
Financial Statements at 31.12.2020	**19,956,584**	**3,248,836**	**3,558,324**	**33,528,432**	**7,854,578**	**4,428,290**	**72,575,044**

For further information on equity, reference should be made to note 11.

CASH FLOW STATEMENT

Cash flow statement		
(Euro thousands)	**2020**	**2019**
A. OPENING CASH AND CASH EQUIVALENTS	6,374,721	11,994,290
Profit (loss) for the year	4,428,290	3,745,605
Depreciation, amortisation and impairment	9,674,642	7,389,571
Net change in provisions	159,242	1,120,996
Economic effect of deferred taxes	514,753	1,729,532
Cash flow from (used in) operating activities before changes in working capital	14,776,927	13,985,704
(Increase) / decrease in trade and other receivables	(7,988,762)	(940,745)
(Increase) decrease in tax assets	257,633	1,077,581
(Increase) / decrease in other assets	35,428	199,921
Increase / (decrease) in trade payables	(1,453,231)	(7,432,302)
Increase / (decrease) in tax liabilities	2,653,304	171,154
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	8,281,299	7,061,313
(Acquisition) / disposal of:		
- Intangible assets	(15,495,499)	(13,212,672)
- Tangible assets	(26,414)	(32,679)
- Rights of use on leased assets	0	(18,132)
- Financial assets	(120,639)	(6,376,038)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(15,642,552)	(19,639,521)
Capital increases	4,221,388	0
Disposal/(purchase) of minority interests in subsidiaries	18,974	895,872
(Increase) / decrease in financial receivables and securities	397,837	3,540,997
Increase / (decrease) in financial payables	4,205,718	2,521,770
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	8,843,917	6,958,639
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	1,482,664	(5,619,569)
F. CLOSING CASH AND CASH EQUIVALENTS	7,857,385	6,374,721

RESOLUTION 15519 OF 28/07/2006

In compliance with Consob Resolution 15519 of 28 July 2006 "Provisions on financial statements", in addition to mandatory disclosure, separate income statement and statement of financial position have been provided with the significant transactions with related parties shown separately from the relevant item.

Statement of financial position				
Values in Euro	**31.12.2020**	**Related parties**	**31.12.2019**	**Related parties**
Non-current assets				
- Intangible rights	40,534,739		*33,918,135*	
- Other intangible assets	53,202		*38,760*	
Intangible assets	40,587,941	0	*33,956,895*	0
Tangible assets	105,357		*135,033*	
Rights of use on leased assets	795,609	738,387	*1,199,708*	1,112,193
Equity investments	9,261,850	9,261,850	*9,141,211*	9,141,211
Deferred tax assets	12,144,116		*12,538,812*	
Non-current financial receivables	1,127,168	1,127,168	*1,693,631*	1,693,631
	64,022,041	**11,127,405**	***58,665,290***	**5,771,414**
Current assets				
Trade and other receivables	26,579,719	65,917	18,940,957	101,608
Current financial receivables	313,639	313,639	145,013	145,013
Tax receivables	1,482,199		1,739,832	
Other assets	226,069	0	261,497	0
Cash and cash equivalents	7,857,385		6,374,721	
	36,459,011	**379,556**	**27,462,020**	**4,233,470**
Total assets	**100,481,052**	**11,506,961**	**86,127,310**	**10,004,884**
- Share capital	19,956,584		*18,207,106*	
- Share premium	33,528,433		*30,777,910*	
- Legal reserve	3,248,836		*3,061,555*	
- Other reserves	7,854,577		*8,114,216*	
- Retained earnings (losses)	3,558,324		*0*	
- Profit (loss) for the year	4,428,290		*3,745,605*	
Total equity	**72,575,044**	**0**	***63,906,392***	**0**
Non-current liabilities				
Post-employment benefits	652,545		566,056	
Provisions for risks and charges	4,093,868		4,093,868	
Deferred tax liabilities	186,031		65,974	
Non-current financial payables	7,045,202	0	2,567,562	0
Non-current financial payables on leased assets	417,717	417,717	1,062,372	1,062,372
	12,395,363	**0**	**8,355,832**	**0**
Current liabilities				
Provisions for risks and charges	100,000	0	27,247	0
Current financial payables	1,369,345	0	1,187,082	0
Current financial payables on leased assets	460,040	431,903	269,570	210,638
Tax payables	3,019,037		365,733	
Trade and other current payables	10,562,223	3,053,115	12,015,454	2,986,836

	15,510,645	3,485,018	13,865,086	2,860,898
Total liabilities	27,906,008	3,485,018	22,220,918	2,860,898
Total liabilities and equity	100,481,052	3,485,018	86,127,310	2,860,898

Income statement				
Values in Euro	2020	Related parties	2019	Related parties
Revenue from sales and services	21,294,850	0	17,908,012	357,172
Other income	611,002		46,074	
Capitalisation of internally produced animated series	1,102,224		1,112,811	
Raw materials, consumables and goods	(40,098)		(32,022)	
Personnel costs	(1,603,234)	(105,140)	(1,571,823)	(96,279)
Amortisation and impairment of intangible assets	(8,864,453)		(6,818,645)	
Depreciation and impairment of tangible assets	(56,090)		(66,827)	
Amortisation of rights of use	(404,099)	(373,806)	(404,099)	(373,806)
Allowance for doubtful debts	(350,000)		(100,000)	
Other operating costs	(2,627,209)	(722,335)	(3,220,525)	(571,521)
EBIT	**9,062,893**		**6,852,956**	
Finance income	417,728	22,881	398,395	71,618
Financial expenses	(2,362,148)	(21,593)	(490,149)	(29,770)
Value adjustments to financial assets	(255,731)		(1,100,000)	
Profit (loss) before tax	**6,862,742**		**5,661,202**	
Income tax expense	(2,434,452)		(1,915,597)	
Profit (loss) for the year	**4,428,290**		**3,745,605**	

Cash flow statement providing related party disclosures				
Values in Euro	2020	Related parties	2019	Related parties
A. OPENING CASH AND CASH EQUIVALENTS	6,374,721		11,994,290	
Profit (loss) for the year	4,428,290		3,745,605	
Depreciation, amortisation and impairment	9,674,642	-	7,389,571	-
Net change in provisions	159,242	-	1,120,996	-
Change in deferred taxes	514,753	-	1,729,532	-
Cash flow from (used in) operating activities before changes in working capital	14,776,927	-	13,985,704	-
(Increase) / decrease in trade and other receivables	(7,988,762)	35,691	(940,745)	477,386
(Increase) decrease in tax assets	257,633		1,077,581	
(Increase) / decrease in other assets	35,428	-	199,921	-
Increase / (decrease) in trade payables	(1,453,231)	66,279	(7,432,302)	(744,272)
Increase / (decrease) in tax liabilities	2,653,304		171,154	
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	8,281,299	101,970	7,061,313	(266,886)
(Acquisition) / disposal of:				
- Intangible assets	(15,495,499)	-	(13,212,672)	-
- Tangible assets	(26,414)		(32,679)	
- Rights of use on leased assets	-		(18,132)	
- Financial assets	(120,639)	(120,639)	(6,376,038)	(6,376,038)
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(15,642,552)	(120,639)	(19,639,521)	(6,376,038)
Changes in capital	4,240,362		895,872	
(Increase) / decrease in financial receivables and securities	397,837	397,837	3,540,997	3,540,887
Increase / (decrease) in financial payables	4,205,718	-	2,521,770	-
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	8,843,917	397,837	6,958,639	3,540,887
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	1,482,664	379,168	(5,619,569)	(3,102,037)
F. CLOSING CASH AND CASH EQUIVALENTS	7,857,385		6,374,721	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31.12.2020

Note 1 Form and content

Mondo TV S.p.A. is a joint-stock company registered under the Rome Companies Register. The Company is incorporated under Italian law, its registered office is located in Rome, Via Brenta 11 and it is listed on the Italian stock exchange (Borsa Italiana's STAR market). The subsidiaries Mondo TV France S.A. and Mondo TV Suisse S.A. are listed on the AIM Italy/Alternative Capital Market (hereinafter, "AIM Italy") organised and managed by Borsa Italiana S.p.A., while the subsidiary Mondo TV Iberoamerica S.A. is listed on the MAB Iberico organised and managed by the Madrid Stock Exchange.

The Annual Financial Statements (the Financial Statements) of Mondo TV S.p.A. (hereinafter also the Company or the Parent Company) have been prepared on a going concern basis. It should be noted that the going concern assumption, on the basis of which these annual financial statements were prepared, is a fundamental principle in the preparation of the financial statements. On the basis of this assumption, technically the company is normally considered capable of continuing to carry on its business in the foreseeable future (at least 12 months from the reporting date) without there being any intention or need to put it into liquidation, cease business or subject it to bankruptcy proceedings as required by law or regulations. Assets and liabilities are therefore accounted for on the basis of the assumption that the company is able to realise its assets and meet its liabilities in the normal course of business. Taking into account the complex general economic situation and the particular situation of Mondo TV S.p.A., the main elements that highlight risk situations and the relative countermeasures adopted by the Company have been taken into consideration. Ample disclosure has been provided in the Report on Operations to which reference is made. Based on the risks and uncertainties that exist and the initiatives taken, the Directors believe that the going concern assumption, on the basis of which these annual financial statements were prepared, has been met.

The Financial Statements are prepared and presented in Euro, which is the functional currency of the Company. The amounts reported in the tables included in the notes are expressed in thousands of Euro, unless otherwise indicated.

The Financial Statements have been prepared on the historical cost basis, except for the measurement of financial assets and liabilities, in the cases in which fair value measurement is required.

The main activities of the Company and its subsidiaries are described in the Report on Operations.

The Financial Statements as at 31 December 2020 were approved by the Board of Directors' meeting of 22 March 2021, which authorised their publication on that same date and convened the Shareholders' Meeting for relevant approval on 21 April 2021 (single call).

These Financial Statements are subject to audit by BDO Italia S.p.A. pursuant to Italian Legislative Decree 39/2010.

Note 2 Accounting standards and measurement bases

The Company's Financial Statements as at 31 December 2020 consist of the statement of financial position, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and relevant notes, and are drafted pursuant to IFRS.

The acronym IFRS refers to the "International Financial Reporting Standards" (IFRS), the "International Accounting Standards" (IAS), all interpretations of the "International Financial Reporting Interpretations Committee" (IFRIC), formerly known as the "Standing Interpretations Committee" (SIC), which, on the date of approval of these Financial Statements, have been endorsed by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002. In particular, it is noted that IFRSs were applied consistently to all the years examined in this Report. Furthermore, these Financial Statements were drafted based on the best knowledge of IFRSs and the best interpretations on the issue; any

future interpretations and revisions will be taken into account in the next years, in accordance with the provisions included from time to time in the relevant accounting standards.

In preparing these Financial Statements the cost method was applied, except for the derivative instruments and some financial assets for which IAS 39 requires or, limited to financial assets, allows measurement at fair value.

These Financial Statements provide a true and fair view of the financial position, financial performance and cash flows. They are consistent with the company accounts, which fully reflects the transactions carried out in the year, and comply with the applicable accounting standards. Specifically, they are prepared:

- on an accrual basis: events and transactions are recognised when they occur regardless of when the related receipts and payments take place;
- on a going concern basis: the continuity of operations is assumed to be maintained in the next twelve months as from the end of the reporting period;
- based on the substance over form principle: when operating events are recognised in the statements, priority is given to the principle of substance over form.

The asset and liability items were measured by applying, wherever necessary, assumptions based on reliable items, past experience, and information available at the date of preparation of these Financial Statements.

The statement of financial position, income statement, statement of comprehensive income, cash flow statement and statement of changes in equity show the comparison with the results related to the previous year ended 31 December 2019 of Mondo TV S.p.A;

The accounting standards and policies applied to these Financial Statements, consistent with those used in preparing the Financial Statements as at 31 December 2019, are the same ones adopted to prepare the Consolidated Financial Statements, to which reference is made. As from 1 January 2020, certain amendments were applied to international accounting standards. The main amendments are shown in the next paragraph “Recently issued accounting standards” of the notes to the Group Consolidated Financial Statements.

Note 3 Format of financial statements

As regards the format adopted for the reporting year, the Company has resolved to present the following types of financial statements.

Statement of Financial Position
The Statement of Financial Position as at 31 December 2020 is presented in opposite sections, keeping separate Assets, Liabilities and Equity. In addition, the asset and liability items are classified as current and non-current.

Income Statement
Items in the Income statement for the year ended 31 December 2020 are classified by nature.

Statement of comprehensive income
The Statement of comprehensive income is presented as a separate statement with respect to the Income statement as allowed by IAS 1 Revised.

Cash Flow Statement
The Cash Flow Statement was prepared using the indirect method.

Statement of changes in equity
The Statement of changes in equity was prepared in compliance with IAS 1 Revised.

Note 4 Operating segments

The Company produces or purchases from the market media content – animation, in particular – and subsequently distributes them through the granting of licenses. No segment other than the animation segment can be considered as a reportable segment at this time, nor does management use additional reporting with the characteristics applied to "segments" as provided for by IFRS 8.
All non-current assets are located in Italy.

Note 5 Intangible assets and property, plant and equipment Investments

Intangible assets

The breakdown of changes in intangible rights and other intangible assets is shown in the table below.

(Euro thousands)	Intangible rights	Other intangible assets	TOTAL
Cost at 31.12.2018	144,197	1,021	145,218
Impairment at 31.12.2018	(44,887)	0	(44,887)
Amortisation at 31.12.2018	(71,773)	(995)	(72,768)
Net value at 31.12.2018	**27,537**	**26**	**27,563**
FY 2019			
Acquisition for the year	13,200	13	13,213
Disposal for the year	0	0	0
Amortisation and impairment for the year	(6,819)	0	(6,819)
Cost at 31.12.2019	157,397	1,034	158,431
Impairment at 31.12.2019	(44,887)	0	(44,887)
Amortisation at 31.12.2019	(78,592)	(995)	(79,587)
Net value at 31.12.2019	**33,918**	**39**	**33,957**
Current year			
Acquisition for the year	15,481	14	15,495
Disposal for the year	0	0	0
Amortisation and impairment for the year	(8,864)	0	(8,864)
Cost at 31.12.2020	172,878	1,048	173,926
Impairment at 31.12.2020	(44,887)	0	(44,887)
Amortisation at 31.12.2020	(87,456)	(995)	(88,451)
Net value at 31.12.2020	**40,535**	**53**	**40,588**

The item "Intangible rights" includes investments for the production and purchase of exploitation rights of films and animated series that constitute the Libraries of the Companies. There is always a high selection of purchases, in which the purchase of products with potential licensing, capable of attracting investments also from producers of toys and companies operating in the licensing sector, is increasingly privileged.

Acquisition for the year
The most significant investments relate to the production of the animated series *MeteoHeroes, Invention Story, Nina and Olga*.

Amortisation for the year
All the costs recorded are reasonably related to the assets' useful life over the years and are amortised/depreciated on a straight-line basis in a period of 7 seven years. Amortisation starts as soon as the title is completed and feasible for commercial use. This measurement method is deemed to be more suitable to amortise film rights.

Impairment test on the Library for the year
Once a year or during the drafting of the annual financial report if there is an indication of impairment, the Company management checks if the recoverable value is at least equal to the carrying amount, in compliance with IAS 36.

On 31 December 2020, the Directors of the Company therefore subjected intangible rights to impairment tests pursuant to IAS 36 in order to account for any impairment losses, also taking into account the significant events of the year outlined above. The test was conducted by comparing the carrying amount of the assets tested with the recoverable value, estimated in terms of value in use. In particular, the value in use was determined using the method of discounted cash flows, in the unlevered version. The cash flows used are those that are expected to be generated by the assets subject to analysis based on past experiences and expectations of developments in the markets in which the Company operates.
Consistently with the previous years, based on the specific experience of the Company and the well-established practice in the sector, the cash flow has been calculated over a ten-year period (2021-2030) despite the fact that the company has full ownership of most of the library consisting of series with unlimited life.

The cash flows were discounted using a discounting rate (WACC) determined by applying the Capital Asset Pricing Model of 11.60%.

The considerations mentioned above and the Company's particular type of business, intrinsically characterised by the potential to benefit from a long-term exploitation of the licenses acquired, allow us to conclude that the ten-year period used to test the Library's carrying amount for impairment appears reasonable.

Moreover, the expected future revenues, the forecasts of which have been based on the potential of the individual titles and on the commercial evidence available, have been assumed to be decreasing overall in the years of the plan subsequent to the fifth year of exploitation.

The impairment test was supplemented by carrying out sensitivity analyses on the risk factors identified and on certain parameters used to perform the impairment test (changes in expected revenues and increase in interest rates (WACC) over the time period considered).

These analyses did not reveal any impairment losses to be taken into account in the preparation of the financial statements.

There are no restrictions on ownership and title of intangible assets.

Property, plant and equipment
The breakdown of changes in tangible assets is presented in the table below.

Changes in tangible assets				
(Euro thousands)	Plant and machinery	Industrial and commercial equipment	Other assets	TOTAL
Cost as at 31.12.2018	2,416	835	739	3,990
Amortisation and impairment at 31.12.2018	(2,350)	(735)	(636)	(3,721)
Net value at 31.12.2018	**66**	**100**	**103**	**269**
FY 2019				
Reclassification IFRS 16	0	(100)	0	(100)
Acquisition for the year	14	0	19	33
Amortisation for the year	(36)	0	(31)	(67)
Cost as at 31.12.2019	2,430	0	758	3,188
Amortisation at 31.12.2019	(2,386)	0	(667)	(3,053)
Net value at 31.12.2019	**44**	**0**	**91**	**135**
FY 2020				
Acquisition for the year	0	0	26	26
Amortisation for the year	(22)	0	(34)	(56)
Cost as at 31.12.2020	2,430	0	784	3,214
Amortisation at 31.12.2020	(2,408)	0	(701)	(3,109)
Net value at 31.12.2020	**22**	**0**	**83**	**105**

There are no restrictions on ownership and title of property, plant and equipment.

Equity investments

The change and value of equity investments are shown in the table below:

Change in equity investments			
(Euro thousands)	**31/12/2019**	**Increases/Decreases**	**31/12/2020**
Equity investments in subsidiaries			
Mondo TV France	984	40	1,024
Mondo TV Suisse	1,623	206	1,829
Mondo TV Iberoamerica	6,439	(30)	6,409
Mondo TV Toys	0	0	0
Total Subsidiaries	**9,046**	**216**	**9,262**
Equity investments in associated companies	95	(95)	0
Total equity investments	**9,141**	**121**	**9,262**

The following table provides a comparison between the carrying amount of equity investments and the relevant equity stake:

Comparison between carrying amount of subsidiaries and relevant equity stake

	31/12/2020 Carrying Value (A)	Equity	%	Relevant equity (B)	Difference (B) – (A)
equity investments in subsidiaries:					
Mondo TV France	1,024	3,070	21	645	(379)
Mondo TV Suisse	1,829	2,354	63	1,483	(346)
Mondo TV Iberoamerica	6,409	2,339	78	1,824	(4,585)
Mondo TV Toys	0	(149)	100	(149)	(149)
Total Subsidiaries	**9,262**	**7,614**		**3,803**	**(5,459)**

In view of the difference between the carrying value of the investment in Mondo TV Iberoamerica and attributable equity was recorded in previous years in a specific provision for risks on investments for an amount of Euro 3,945 thousand, deemed appropriate also for the future prospects of the Iberoamerica Group and the market value expressed by the stock market capitalisation.

With reference to the investment in Mondo TV Toys, also considering the liquidation, an amount of Euro 149 thousand was set aside as a provision for risks on investments in the previous year.

The negative difference relating to the other subsidiaries is not considered indicative of an impairment loss given the positive results achieved by these companies during the year and the market values expressed by their stock market capitalisation.

For the investments in Mondo TV France S.A., Mondo TV Suisse S.A. and Mondo TV Iberoamerica S.A., the following is the summary of the market capitalisation respectively as at 31 December 2020 and the formation of the draft financial statements (maintaining the percentages of investment and the total number of shares as at 31 December 2020).

Amounts in Euro thousands:

Company Name	% Investment	Share value 31/12/2020	Number of shares	Capitalization Mkt Euro/000	MTV Mkt Share Euro/000
Mondo TV France	21%	0.031	195,037,250	6,046	1,270
Mondo TV Iberoamerica	78%	0.135	59,354,860	8,013	6,250
Mondo TV Suisse	63%	0.820	10,000,000	8,200	5,166

Company Name	% Investment	Share value 12/03/2021	Number of shares	Capitalization Mkt Euro/000	MTV Mkt Share Euro/000
Mondo TV France	21%	0.034	195,037,250	6,631	1,393
Mondo TV Iberoamerica	78%	0.180	59,354,860	10,684	8,333
Mondo TV Suisse	63%	0.750	10,000,000	7,500	4,725

As is evident from the table above, the value of the market capitalisation is much higher than the recognition value of the investments.

Investments in associated companies consist entirely of minority interests in the UK-registered company Mars1982, a start-up operating in the online game sector for smartphones.
In 2020, the holding increased to 49%. The value of the investment in Mars 1982 was adjusted during the year for the entire carrying amount of Euro 256 thousand following the assessed impairment loss.

Note 6 Rights of use on leased assets

Following the adoption of IFRS 16 (Leases), Mondo TV has chosen to classify rights of use of third-party assets in a specific item in the statement of financial position.
Changes in the rights of use of third-party assets in 2020 are shown below:

Changes in Rights of use on leased assets

(Euro thousands)	Properties	Industrial and commercial equipment	TOTAL
Net value as at 31.12.2018	**0**	**0**	**0**
Reclassifications IFRS 16	0	99	99
Adoption IFRS 16	1,486	0	1,486
Increase	0	18	18
Amortisation and impairment in the period	(374)	(30)	(404)
Cost as at 31.12.2019	1,486	117	1,603
Amortisation and impairment at 31.12.2019	(374)	(30)	(404)
Net value as at 31.12.2019	**1,112**	**87**	**1,199**
Increase	0	0	0
Amortisation and impairment in the period	(374)	(30)	(404)
Cost as at 31.12.2020	1,486	117	1,603
Amortisation and impairment at 31.12.2020	(748)	(60)	(808)
Net value as at 31.12.2020	**738**	**57**	**795**

The column Reclassifications IFRS 16 refers exclusively to audio-video production and editing equipment leased from Credem Leasing and located at the Guidonia laboratory and relating to the Parent Company.
The column Adoption IFRS 16 includes all the lease contracts payable for the two properties used as offices and the company's industrial laboratory (Euro 1,486 thousand).

Note 7 Tax assets and liabilities

Deferred tax assets are recognised in financial statements to the extent they are likely to be recovered; in particular the recognition of deferred tax assets reflects the assessments made by the Board of Directors with regards to taxable income generated by Company's operations in the near future so as to allow the recovery.

Tax losses starting from those recorded in the year 2006 no longer expire, and therefore they may be accumulated and used to an extent equal to 80% of the taxable income for IRES (Corporate Income Tax) of each year.

Changes in deferred tax assets and liabilities

(Euro thousands)	31.12.2019	Increases	Decreases	31.12.2020
Assets	12,539	4,238	(4,633)	12,144
Liabilities	66	120	0	186
Net deferred tax assets	**12,473**	**4,118**	**(4,633)**	**11,958**

During 2020, deferred tax assets increased by Euro 4,238 thousand for taxes allocated on the loss for the year and for the reconstitution of the fiscal carrying amount of games due to the settlement with the Revenue Agency (the carrying amount of which had been entirely impaired in previous years and the amortisation of which had never been deducted from taxable income); the reconstitution was carried out for Euro 1,530 thousand, compared to a nominal value of Euro 2,040, as a result of a calculation made by the company of the probability of recovery in accordance with IFRIC 23. Uses amounted to Euro 4,633 thousand for the partial re-absorption of temporary differences between statutory values and values for tax purposes, with particular reference to losses on receivables and the impairment of the library in 2018.

The breakdown of deferred tax assets as at 31 December 2020, and changes from the previous year are shown below:

Euro/000

Natura	31.12.2019			31.12.2020			Variazione 2019/2020
	Importo	%	Ires	Importo	%	Ires	
Perdite fiscali	8.434	24%	2.024	12.917	24%	3.100	1.076
Fondo rischi su crediti tassato	13.535	24%	3.248	5.989	24%	1.437	(1.811)
Svalutazione giochi	-	24%	-	5.161	24%	1.239	1.239
Svalutazione library	24.771	24%	5.945	20.475	24%	4.914	(1.031)
Altre differenze temporanee	490	24%	118	1.923	24%	462	344
Totale Ires	**47.230**		**11.335**	**46.465**		**11.152**	**(183)**

Euro/000

Natura	31.12.2019			31.12.2020			Variazione 2019/2020
	Importo	%	Irap	Importo	%	Ires	
Svalutazione library	24.771	4,82%	1.194	20.475	4,82%	987	(207)
Altre differenze temporanee	202	4,82%	10	115	4,82%	6	(4)
Totale Irap	**24.973**		**1.204**	**20.591**		**992**	**(211)**
Totale	**72.202**		**12.539**	**67.056**		**12.144**	**(395)**

The recoverability of deferred tax assets recognised in the financial statements is closely linked to the actual achievement of the objectives set out in the Budget 2021 and Objectives for the five-year period 2021-2025, both of which were approved by the Company's Board of Directors on 22 March 2021 in order to reflect the new elements that have occurred since the approval of the previous 2019-2023 Business Plan, characterised by the uncertainties typical of forecast plan.

Deferred tax liabilities were recorded at Euro 186 thousand, an increase of Euro 120 thousand compared to 31 December 2019 and relate to unrealised foreign exchange gains and cost components charged directly to equity.

For the economic effects relating to taxes, reference is made to note 24.

The recoverability of deferred tax assets recognised in the financial statements in the next years is strictly related to the actual achievement of the objectives set by the Company's Board of Directors on 22 March 2021, with the uncertainties typical of a forecast plan.

The breakdown of current tax assets and liabilities is shown in the table below:

Breakdown of current tax assets			
(Euro thousands)	**31/12/2020**	**31/12/2019**	**Change**
IRES (Regional Business Tax)	264	264	0
IRAP (Regional Business Tax)	122	181	(59)
VAT receivables	272	971	(699)
Other tax receivables	824	324	500
Total tax assets	**1,482**	**1,740**	**(258)**

The items IRES and IRAP consist of the tax advances paid for the year 2020 and the IRES receivable deriving from previous years.
The item other tax receivables is mainly made up of amounts paid in advance to the tax authorities in relation to disputes initiated and won by the company, advances on taxes and the tax receivable arising from the loss on receivables realised during the year (benefits under article 44 bis of Decree Law 34/19).

Breakdown of tax payables			
(Euro thousands)	**31.12.2020**	**31.12.2019**	**Change**
IRAP (Regional Business Tax)	77	186	(109)
VAT payables	8	8	0
Payables for withholding tax on third-party remuneration	171	172	(1)
Other tax liabilities	2,763	0	2,763
Total due to tax authorities for tax other than income tax	**3,019**	**366**	**2,653**

Tax payables amounting to a total of Euro 3,019 thousand (Euro 366 thousand as at 31 December 2019) relate to IRAP for the year, VAT and withholding taxes on third-party payables and payables relating to the settlement with the Revenue Agency, both with regard to the principal amount of Euro 2,337 thousand and interest accrued through 31 December 2020.
This debt will be paid in instalments upon receipt of the relevant recovery deeds that from time to time will be issued by the Revenue Agency on the various years for which the agreement was reached in December 2020.

Note 8 Trade and financial receivables

Non-current financial receivables equal to Euro 1,127 thousand at 31 December 2020 compared to Euro 1,694 thousand in the previous year refer to interest-bearing loans equal to the 3-month Euribor plus 3% granted to the subsidiary Mondo TV Iberoamerica.

Current financial receivables of Euro 314 thousand at 31 December 2020 (Euro 145 thousand at 31 December 2019) relate to loans granted in 2020 to Mars 1982 for Euro 169 thousand and in previous years, to the subsidiary Mondo TV Toys for Euro 145 thousand.

For further information, reference is made to the Report on Operations.

Current trade receivables and other receivables are broken down in the table below:

Breakdown of trade and other receivables		
(Euro thousands)	**31.12.2020**	**31.12.2019**
Due from customers	25,637	29,227
Due from customers for invoices to be issued	6,260	4,590
Allowance for doubtful debts	(6,869)	(16,613)

Net trade receivables	**25,028**	**17,204**
Financial receivables due from subsidiaries	1,267	1,343
Co-production	76	0
Other receivables	209	394
TOTAL	**26,580**	**18,941**

The increase in receivables from customers is due, in addition to the normal operating dynamics and to the increase in business volume, to the slowdown in collections in the early part of the year, with particular reference to positions with Asian customers that make up approximately 80% of the overall balance; in the second half of the year, the trend in collections gradually improved and there are no critical positions.

It should also be noted that, in addition to ordinary collection trends, changes in receivables were affected in 2020 by the offsetting carried out by the company in September, as a result of the agreement aimed at direct payment, on behalf of Mondo TV S.p.A, by the customer Harmony Technology for Euro 5,871 thousand to Henan York Animation Studios, a provider of animation services also of the parent company, based in China. This offsetting has made it possible to free up the entire credit position with the customer, while at the same time reducing exposure to a strategic supplier for Mondo TV.

The allowance for doubtful debts, recognised as a deduction from trade receivables and deemed to be adequate to cover the risk of bad debts showed the following changes during the year (in thousands of Euro).

Breakdown of the allowance for doubtful debts	31.12.2020	31.12.2019
Allowance for doubtful debts as at 1 January	16,613	28,855
Allowance for the period	350	100
Used in the year	(10,298)	(12,342)
other changes	204	0
Allowance for doubtful debts at 31 December	6,869	16,613

Breakdown of the allowance for doubtful debts
Allocations for the year, amounting to Euro 350 thousand, were recognised based on a thorough analysis of all outstanding receivables and represent the best estimate, which takes into account the information available as at the date of the preparation of these Financial Statements and the risk of customers non fulfilling their obligations for invoices issued and to be issued.
The use in the period reflects the final recognition of losses on receivables as a result of the transfer of fully impaired receivables to third parties. In this regard, it should be noted that in December, the Parent Company formalised the transfer of credit positions relating to previous years and entirely impaired for an amount of Euro 10,298 thousand.
The agreement signed provides for the payment of an insignificant amount for the transfer, and an additional fee equal to a percentage of any amounts collected by the transferee.

Note 9 Other assets

The item under review, equal to Euro 226 thousand (Euro 261 thousand as at 31 December 2019), mainly includes costs pertaining to future years.

Note 10 Cash and cash equivalents

Cash and cash equivalents, equal to Euro 7,857 thousand at 31 December 2020, mainly consist of deposits held with banks.

The breakdown of the item is shown in the following table.

Breakdown of cash and cash equivalents			
Description	**31.12.2020**	**31.12.2019**	**change**
Bank and postal deposits	7,852	6,370	1,482
Cash and other cash assets	5	5	0
TOTAL	**7,857**	**6,375**	**1,482**

The statement of the Company's net financial position is shown in the Report on Operations.

Note 11 Equity

The share capital at 31 December 2020 was equal to Euro 19,956,583.50 and consisted of 39,913,167 ordinary shares with a nominal value of Euro 0.50.

During the financial year, the share capital increased by Euro 1,749 thousand following the extraordinary financial operation resolved by the Shareholders' Meeting in October 2020 and related to the issue of a convertible bond for a maximum amount of Euro 10,500 thousand reserved for Atlas Special Opportunities.

At 31 December 2020, bonds amounting to Euro 6,250 thousand had been issued and collected, of which Euro 4,500 thousand already converted into shares (Euro 1,749 thousand to share capital and Euro 2,751 thousand to the share premium reserve).

The following are the main characteristics of the transaction:

a. the issuance of a bond convertible cum warrant into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, for a maximum nominal amount of Euro 10,500 thousand, represented by a maximum total of 42 convertible bonds with a nominal value of Euro 250,000 each;
b. simultaneous issuance and free assignment of 1,500,000 warrants giving the holder the right to subscribe to an equal maximum number of newly issued Mondo TV ordinary shares, with a nominal value of Euro 0.50 each, at a price of Euro 3;
c. share capital increase pursuant to article 2420-bis, second paragraph, of the Italian Civil Code and article 2441, fifth and sixth paragraphs, of the Italian Civil Code, in divisible form, to service the conversion of the Bond Loan (the "Capital Increase to Service the POC"), for a maximum amount of Euro 10,500 thousand including share premium, to be paid through the issuance of new ordinary shares (the "New Shares");
d. share capital increase in divisible form, with the exclusion of option rights, to service the exercise of the Warrants against payment, for a maximum amount of Euro 4,500 thousand including share premium through the issuance of ordinary shares (the "Conversion Shares").

It is recalled that, as part of the extraordinary finance transactions carried out in previous years, the Parent Company assigned warrants free of charge to its counterparties, giving them the right to subscribe to shares in Mondo TV S.p.A. The following is a summary of the warrants outstanding as at 01 January 2020:

Summary of warrants outstanding as at 01 January 2020				
Transaction	**Shares (number)**	**Exercise price (Euro)**	**Maturity**	**Maximum counter-value (Euro)**
Atlas	215,000	6.5	01/04/2021	1,397,500
Atlas	640,000	8.0	01/04/2021	5,120,000
Atlas	215,000	10.0	01/04/2021	2,150,000
Total Atlas (a)	**1,070,000**			**8,667,500**
Atlas	450,000	7.5	21/06/2023	3,375,000
Total Atlas (b)	**450,000**			**3,375,000**
Total warrants outstanding	**1,520,000**			**12,042,500**

Highlights of the warrants still outstanding for transactions carried out in previous years are set forth below:

a) The Extraordinary Shareholders' Meeting of 6 September 2016 of the Parent Company approved the issue of a bond convertible into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for Atlas Alpha Yield Fund, and/or for a third party, for a maximum amount of Euro 15 million, including share premium, to be paid, even in more than one tranche, through the issue of new ordinary Mondo TV shares with a nominal value of Euro 0.50 each, with the same rights and characteristics as the ordinary Mondo TV shares outstanding at the issue date, establishing that the number of shares to be issued will be determined on a case-by-case basis according to the mechanism set out in the Bond Regulations.
The undersigned agreement also provides for the issue of 3 warrants to be assigned free of charge to Atlas Alpha Yield Fund together with the first tranche of the convertible bonds - and/or to a third party other than Atlas, as may be designated under the existing agreements or as the assignee of the same - which will give the bearer the right to subscribe to a further maximum of 1,070,000 ordinary Mondo TV shares, with a nominal value of Euro 0.50 each, newly issued as follows:
- 215,000 Mondo TV S.p.A. shares at a price of Euro 6.50 per share, including premium;
- 640,000 Mondo TV S.p.A. shares at a price of Euro 8.00 per share, including premium;
- 215,000 Mondo TV S.p.A. shares at a price of Euro 10.00 per share, including premium,

exercisable during the period from 1 April 2018 to 1 April 2021, under the terms and conditions set out in the relevant regulation

b) The Extraordinary Shareholders' Meeting of 21 May 2018 of the Parent Company approved the issuance of a bond convertible cum warrant into newly issued ordinary shares of the Company pursuant to article 2420-bis, paragraph 1, of the Italian Civil Code with the exclusion of option rights pursuant to article 2441, paragraphs 5 and 6, of the Italian Civil Code, reserved for a single qualified investor, Atlas Special Opportunities LLC and/or third parties that may be designated, for a maximum nominal amount of Euro 18,000,000, represented by a maximum total of 72 convertible bonds with a nominal value of Euro 250,000 each.
At the same time as the issue of the first tranche of Bonds, the contract signed also provides for the free issue to Atlas of 450,000 Warrants that will confer the right to subscribe, in the period of 5 years from their issue, an ordinary share of the Company, therefore up to a maximum number of 450,000 ordinary shares of Mondo TV S.p.A. at the price of Euro 7.50 which, subject to adjustments, will have a maximum counter-value of Euro 3,375,000 (including the share premium).

As a result of the new Atlas Transaction resolved by the Extraordinary Shareholders' Meeting on 13 October 2020, an additional 1,500,000 warrants were issued at Euro 3, with maturity in 5 years.

A summary of outstanding warrants at 31 December 2020 is provided below:

Summary of warrants outstanding as at 31 December 2020				
Transaction	**Shares (number)**	**Exercise price (Euro)**	**Maturity**	**Maximum counter-value (Euro)**
Atlas	215,000	6.5	01/04/2021	1,397,500
Atlas	640,000	8.0	01/04/2021	5,120,000
Atlas	215,000	10.0	01/04/2021	2,150,000
Total Atlas (a)	**1,070,000**			**8,667,500**
Atlas	450,000	7.5	21/06/2023	3,375,000
Total Atlas (b)	**450,000**			**3,375,000**
Atlas	1,500,000	3.0	31/10/2025	4,500,000
Total Atlas (c)	**1,500,000**			**4,500,000**
Total warrants outstanding	**3,020,000**			**16,542,500**

No shares other than ordinary shares exist, nor rights, privileges or restrictions for any category of shares. The Company owns no treasury shares and the Mondo TV Group's subsidiaries do not own any shares of the Parent.

Equity reserves are broken down as follows:

Equity reserves		
(Euro thousands)	**31/12/2020**	**31/12/2019**
Share premium reserve	33,528	30,778
Legal reserve	3,249	3,061
Other reserves	7,855	8,114
Retained earnings (accumulated losses)	3,558	0
Profit (Loss) for the year	4,428	3,746
TOTAL	**52,618**	**45,699**

The increase in the share premium reserve is due to the above-mentioned issue of the bond for the portion converted at 31 December 2020 of Euro 2,751 thousand.

The increase in the legal and retained earnings reserve is a consequence of the allocation of the result for the previous year.

Changes in other reserves relate to stock exchange fees of Euro 279 thousand, gains on the sale of shares in subsidiaries of Euro 28 thousand and lower reserves for actuarial adjustments arising from employee benefits of approximately Euro 10 thousand.

Equity items are broken down according to origin, the potential for use, and availability for distribution:
- all of the share capital and legal reserve may only be used for covering losses;
- the entire amount of share premium reserve may be used for capital increase, for covering losses, and may also be distributed among the shareholders without this representing taxable profit for shareholders.
- no revaluation reserves exist;
- there are no reserves or other provisions, which, in case of distribution, contribute to form the Company's taxable income, regardless of the period of creation;
- there are no reserves or other provisions, which, in case of distribution, do not contribute to form the corporate taxable income, regardless of the period of creation;

- there are no reserves or other provisions incorporated in the share capital;

Note 12 Provisions for risks and charges and Post-employment benefits

The breakdown of the provisions recorded in the financial statements is shown below:

Provisions for current and non-current risks and charges			
(Euro thousands)	**31/12/2020**	**31/12/2019**	**change**
Post-employment benefits	**653**	**566**	**87**
Provision for losses on equity investments	4,094	4,094	0
TOTAL NON-CURRENT	**4,094**	**4,094**	**0**
Provision for tax audit risks	0	27	(27)
Other provisions	100	0	100
TOTAL CURRENT	**100**	**27**	**73**

While the table below shows the changes during the year in the provisions recorded in the financial statements:

Changes in Post-employment benefits and Provisions for current and non-current risks and charges				
(Euro thousands)	**31.12.2019**	**Allocations**	**Reclassifications**	**31.12.2020**
Post-employment benefits	566	87	-	653
Provision for losses on equity investments	4,094	-	-	4,094
TOTAL NON-CURRENT	**4,094**	**-**	**-**	**4,094**
Provision for tax risks	27	-	(27)	-
Other provisions	-	100	-	100
TOTAL CURRENT	**27**	**100**	**(27)**	**100**

The provision for losses on equity investments is due to the recognition in the financial statements of Mondo TV S.p.A. carried out in previous years of the difference between the carrying amount of the investment and the equity of the relevant period in relation to the investments in Mondo TV Iberoamerica, for which the total provision amounted to Euro 3,945 thousand, and in Mondo TV Toys for Euro 149 thousand.

The allocation to other provisions in the amount of Euro 100 thousand includes the amount relating to the sentence against the Parent Company pronounced in 2021 by the Court of Milan in relation to a dispute in which it was ordered to repay the amounts collected in previous years by Alta Moda nell'Est Europa S.r.l. in relation to the contract for the production of the animated series "Not Just Music" unilaterally terminated by Mondo TV S.p.A. in 2013.

The amount of provisions for tax risks and charges set aside in the previous year was reallocated to tax payables following the settlement of all tax liabilities.

As regards the risks related to ongoing disputes, not reflected among the Risks Provisions as the risk of an unfavourable outcome is not considered probable and/or the amount cannot be determined, please refer to the paragraph below “Contingent Liabilities”.

Note 13 Current and non-current payables

The breakdown of payables, classified by type and by due date, is reported in the tables below.

(Euro thousands)	31/12/2020	31/12/2019	change
Breakdown of trade payables			
Due to suppliers	6,959	8,068	(1,109)
Due to subsidiaries	3,017	2,956	61
Total trade payables	**9,976**	**11,024**	**(1,048)**
Breakdown of other payables			
Payables for wages, salaries and fees	380	385	(5)
Due to social security institutions	206	204	2
Co-production – temporary balance	0	361	(361)
Sundry payables	0	41	(41)
Total other payables	**586**	**991**	**(405)**
Total trade and other payables	**10,562**	**12,015**	**(1,453)**

Payables due to suppliers mainly refer to the provision of services necessary for the production and sale of film rights, as well as to the activities performed by consultants to the benefit of the Company during 2020.

As indicated in the section commenting on trade receivables, in addition to the ordinary payment dynamics, an offsetting transaction was carried out by the parent company in September, as a result of the agreement aimed at direct payment, on behalf of Mondo TV S.p.A, by the customer Harmony Technology for Euro 5,871 thousand to Henan York Animation Studios, a provider of animation services also of the company, based in China. This allowed for the sale of a credit position of Euro 5,871 thousand of receivables, while at the same time reducing exposure to a strategic supplier for Mondo TV.

As for payables due to subsidiaries, reference should be made to the Report on Operations paragraph “Related-party and intra-group transactions”.

As for financial payables, the breakdown is shown in the table below.

Breakdown of financial payables		
(Euro thousands)	**2020**	**2019**
Beyond 12 months		
Due to banks for loans	5,295	2,568
Non-current financial payables on leased assets	418	1,062
Atlas convertible bonds	1,750	-
Non-current payables	**7,463**	**3,630**
Within 12 months		
Due to banks for loans	402	168
Bank overdrafts and advances on invoices	967	1,019
Current financial payables on leased assets	460	270
Current payables	**1,829**	**1,457**
Total	**9,292**	**5,087**

Non-current financial payables consist of the portion of unsecured loans and the leased asset fees coming due after 12 months, as well as the payable for Atlas convertible bonds.

Changes in amounts due to banks during the year are summarised below:

Euro/000

Financial institution	Currency	Balance 31/12/2019	New disbursements	Capital repayments	Balance 31/12/2020	Within 12 months	Beyond 12 months	Total
VENETO BANCA	Euro	132	0	(22)	110	110	0	110
SIMEST	Euro	117	0	(17)	100	60	40	100
BANCA RAIFFEISEN	CHF	2,488	0	0	2,488	0	2,488	2,488
CREDIT AGRICOLE	Euro	0	2,000	0	2,000	124	1,875	1,999
CREDEM	Euro	0	1,000	0	1,000	107	893	1,000
Total funding		**2,736**	**3,000**	**(38)**	**5,698**	**402**	**5,295**	**5,697**

The item "Bank overdrafts and advances on invoices" consists of current account overdrafts and bank advances on invoices, due within the next year. The portion of these loans payable after the next year is instead classified under the item "Due to banks for loans" among non-current payables.

With reference to convertible bonds, reference should be made to the equity section of these notes.

The due dates of the liabilities as at 31 December 2020 are detailed below:

Amounts in Euro thousands

Mondo TV					
Worst case repayment date	**on demand**	**due within 12 months**	**between 12 and 36 months**	**after 36 months**	**Total**
Non-current financial payables	**-**	**-**	**4,978**	**2,485**	**7,463**
Non-current financial payables IFRS 16	-	-	418	-	418
Payables for convertible bonds	-	-	1,750	-	1,750
Medium/long-term financial payables due to banks	-	-	2,810	2,485	5,295
Current financial payables net of cash	**0**	**-**	**-**	**-**	**0**
Current financial payables IFRS 16	**0**	**460**	**-**	**-**	**460**
Tax payables	**0**	**3,019**			**3,019**
Trade and other payables	**-**	**10,562**	**-**	**-**	**10,562**
Total as at 31 December 2020	**0**	**14,041**	**4,978**	**2,485**	**21,504**

Trade payables are recorded net of the advances from coproducers, whereas the other amounts are directly taken from the net financial position.

Note 14 Tax position

On 17 December 2020, the Company signed a framework agreement with the Rome Revenue Agency in relation to the partial definition and filing of the notice of assessment drawn up on 23 May 2019 against the Company in relation to 2014 and any further years from 2013 to 2019, as well as a deed of settlement relating to the proceedings initiated with the Company's appeal against the tax objections for 2012.

It should be noted that the report was issued for an initial amount, in relation to the year 2014, of approximately Euro 1.1 million plus penalties and interest, and therefore for a total amount that can be estimated at Euro 2.5 million; furthermore, said report contained a report to the offices and the company in relation to the use of the tax credit in other years that could therefore have been subject to further verifications.

On the basis of the aforementioned report, the Revenue Agency also sent the Company a recovery notice for 2012 for an amount of Euro 2,328 thousand plus penalties and interest, and therefore for a total estimated amount of Euro 5.3 million against which the Company filed an appeal; all the disputes, formalised and theoretical, referred to the offsetting made through the tax credit generated by the "conversion" of deferred tax assets ("DTA") into tax credits carried out pursuant to article 2, paragraphs 55-58, DL no. 225/2010. The Company has always maintained that it acted correctly in the case in question, and the Revenue Agency, recognising the great complexity of the technical aspects of the contested case, has acknowledged the good faith of the directors of Mondo TV to the extent of cancelling all penalties and has disavowed a large part of the objections put forward to the extent of significantly reducing their scope.

In particular, for 2012, the settlement agreement provides for the payment of an amount of Euro 0.5 million against the Euro 5.3 million requested, while the framework agreement provides for the payment for 2014 only of an amount of Euro 0.2 million against approximately Euro 2.5 million (including penalties and interest) disputed. The framework agreement also provides for the payment of a total sum of Euro 2.1 million for the additional years (2013, 2015, 2016, 2017, 2018 and 2019). The amounts due under the above agreements totalling Euro 2.8 million will be paid by the Company in several instalments over the next four years.

Although the Company still believes that the disputes were unfounded, it was considered convenient to avoid long and costly litigation the outcome of which by its very nature would have remained uncertain for several years: the agreement reached appears to be an excellent agreement considering the fact that its impact on the income statement, due to the recovery of part of the amount in the form of higher tax amortisation in subsequent years, amounts to just over Euro 1 million, against a risk of losing the case of Euro 7.8 million for the years 2012 and 2014 alone but with a theoretical risk of further disputes for subsequent years for an amount that could have been around Euro 23 million.

With the signing of these agreements, Mondo TV S.p.A. no longer has any disputes with the Revenue Agency.

Note 15 Contingent liabilities

As far as risks related to ongoing litigation are concerned, at the date of this report, there are no risks that could have a significant impact on the equity, economic and financial situation of the company.

Note 16 Commitments

Commitments undertaken by the company not recognised under payables or provisions for risks and charges refer to:

- a guarantee given on the securities deposit with Raiffeisen Bank where 6,119,200 Mondo TV Suisse shares, 39,060,000 Mondo TV France shares and 5,400,000 Mondo TV Iberoamerica shares are deposited as at 31 December 2019 against a loan of CHF 2,700,000 granted by the same bank;

- guarantees of Euro 93 thousand for a short-term credit line to be used as a self-liquidating loan issued by Confartigianato Fidi in favour of Veneto Banca (now Intesa San Paolo).

Guarantees have also been issued by the guarantee fund pursuant to Law 662/96 in favour of Credit Agricole for an amount of Euro 1,800 thousand relating to a loan disbursed in 2020 for an amount of Euro 2,000 thousand, and in favour of Credito Emiliano for an amount of Euro 800 thousand for a loan disbursed in 2020 for an amount of Euro 1,000 thousand.

Note 17 Revenues from sales and other revenues

These totalled Euro 21,295 thousand, an increase of Euro 3,387 thousand compared to the previous year:

Revenue from sales and services			
(Euro thousands)	**2020**	**2019**	**Change**
Revenue from sales of rights	20,972	17,231	3,741
Revenue from licensing	267	525	(258)
Revenue from production services	50	0	50
Total revenues from sales and services	**21,289**	**17,756**	**3,533**
Other income	6	152	(146)
Total revenues for sales, services and other sales revenues	**21,295**	**17,908**	**3,387**

Revenues from sales and services went from Euro 17,908 thousand in 2019 to Euro 21,295 thousand in 2020; the increase in revenues of Euro 3,387 thousand was due to the development and sale of new productions, with particular reference to Invention Story, Meteo Heroes and Robot Trains.

Other revenues amounted to Euro 611 thousand (Euro 46 thousand at 31 December 2019) and mainly include various charge-backs and contingent assets (mainly relate to the derecognition of payables recorded in previous years following agreements signed with certain suppliers or following requirements).

Note 18 Capitalisation of internally produced animated series

The Company produces animated series in-house, incurring, in addition to external costs of direction, screenplay, animation studies and music, the internal costs as well, concerning both the pre-production and post-production phases. These costs are recognised and attributed to the series in progress. Directors recognise the series produced in-house as assets in the statement of financial position when they satisfy the definition of intangible assets in compliance with IAS 38. The Company capitalises these costs only when the costs incurred refer to the actual start of production of animated series: until then, expense incurred is recognised in profit or loss.
The item "Capitalisation of internally produced animated series" amounts to Euro 1,102 thousand for the year ended 31 December 2020 (Euro 1,113 thousand as at 31 December 2019).
The capitalised costs consist of approximately Euro 654 thousand in labour costs and of approximately Euro 448 thousand in operating costs due to third parties.

Note 19 Raw materials, consumables and goods

Costs for purchases of raw materials, consumables and goods amounted to Euro 40 thousand as at 31 December 2020, compared to Euro 32 thousand in 2019.

Note 20 Personnel costs

The breakdown of this item is specified in the table below.

Personnel costs			
(Euro thousands)	**2020**	**2019**	**Change**
Salaries and wages	1,167	1,149	18
Social security costs	351	352	(1)
Post-employment benefits	85	71	14
Total	**1,603**	**1,572**	**31**

Post-employment benefits are recognised as a defined benefit. In order to calculate this complex liability, the Company is required to estimate the expected date of employment termination, also taking into account the demographic and financial variables that will influence the value of the obligation taken on by the Company.

The Company's human resources are detailed by category in the table below.

Company's human resources (units)			
	31.12.2020	**31.12.2019**	**Average figure**
White-collar workers	23	23	23
Executives	2	2	2
Total	**25**	**25**	**25**

Note 21 Depreciation, amortisation and impairment

The breakdown of this cost category is represented in the table below:

Breakdown of depreciation, amortisation and impairment			
(Euro thousands)	**2020**	**2019**	**Change**
Proprietary rights	7,312	5,719	1,593
Temporary licenses	1,553	1,100	453
Amortisation of intangible assets	***8,865***	***6,819***	***2,046***
Plant and machinery	22	36	(14)
Other assets	34	31	3
Depreciation of property, plant and equipment	***56***	***67***	***(11)***
Amortisation of rights of use	***404***	***404***	***0***
Allowance for doubtful debts	**350**	**100**	**250**
Total	**9,675**	**7,390**	**2,285**

For further details and information, reference is made to the related section of the balance of these notes.

Note 22 Other operating costs

The item "Other operating costs" is broken down in the table below.

Other operating costs			
(Euro thousands)	**2020**	**2019**	**Change**
Production costs	94	0	94
Marketing and commercialisation costs	402	946	(544)

Consulting services	402	423	(21)
Remuneration to corporate bodies	313	395	(82)
Other services	1,010	1,228	(218)
Service costs	**2,221**	**2,992**	**(771)**
Equipment hire and rents	49	65	(16)
Costs associated with leased assets	**49**	**65**	**(16)**
Sundry operating costs	**257**	**164**	**93**
Allocations	**100**	**0**	**100**
Total	**2,627**	**3,221**	**(594)**

The lower operating costs (Euro 2,627 thousand at 31 December 2020 compared to Euro 3,221 thousand at 31 December 2019) are mainly due to the significant reduction in overheads, with particular reference to marketing and sales costs more than halved due to the impossibility of holding trade fairs as a result of Covid.

The item Allocations of Euro 100 thousand includes the amount relating to the sentence against the Parent Company pronounced in 2021 by the Court of Milan in relation to a dispute in which it was ordered to repay the amounts collected in previous years by Alta Moda nell'Est Europa S.r.l. in relation to the contract for the production of the animated series "Not Just Music" unilaterally terminated by Mondo TV S.p.A. in 2013.

Note 23 Financial income and expenses Impairment of investments

The table below provides a breakdown of finance income and costs.

Financial income and expenses			
(Euro thousands)	**2020**	**2019**	**Change**
Dividends from subsidiaries	0	0	0
Other finance income	24	72	(48)
Total finance income	*24*	*72*	*(48)*
Short-term bank interest payable	(79)	(68)	(11)
Discounts and bank fees	(61)	(59)	(2)
Other financial expenses	(457)	(30)	(427)
Total finance costs	***(597)***	***(157)***	***(440)***
Exchange rate gains	394	327	67
Exchange rate losses	(1,765)	(334)	(1,431)
Exchange rate gains and losses	**(1,371)**	**(7)**	**(1,364)**
Impairment on equity investments	**(256)**	**(1,100)**	**844**
Total finance income/(costs)	**(2,200)**	**(1,192)**	**(1,008)**

In 2020, financial management was negative for Euro 2,200 thousand, compared to a negative result of Euro 1,192 thousand in 2019, due to foreign exchange losses caused by the significant deterioration in the exchange rate of the US Dollar against the Euro in the final part of the year for Euro 1,425 thousand and the recognition of interest related to the settlement with the Revenue Agency for Euro 395 thousand, recognised in the item other financial expenses.

The impairment of investments relate entirely to the impairment of the investment in Mars 1983 Ltd. following the impairment test carried out on the carrying amount (in the previous year, it related to the provision made in relation to the valuation of the investment in the subsidiary Mondo TV Iberoamerica S.A.).

Note 24 Taxes

The breakdown is shown in table below.

Breakdown of taxes			
(Euro thousands)	**2020**	**2019**	**Change**
Previous years' taxes	0	0	0
Current taxes - IRAP	(77)	(186)	109
Settlement with the Revenue Agency	(2,337)	0	(2,337)
Other taxes	494	0	494
Tax assets of previous years recognised in the income statement	(4,632)	(1,922)	(2,710)
Deferred tax liabilities of previous years recognised in profit or loss	0	0	0
Deferred tax assets for the year	4,238	192	4,046
Deferred tax liabilities for the year	(120)	0	(120)
Prepaid (deferred) taxes	(514)	(1,730)	1,216
Taxes for the year	**(2,434)**	**(1,916)**	**(518)**
IRES and other taxes	(2,146)	(1,555)	(591)
IRAP (Regional Business Tax)	(288)	(361)	73
Taxes for the year	**(2,434)**	**(1,916)**	**(518)**

The item settlement with the Revenue Agency resulted from the recognition of the settlement framework agreement of December 2020 for the principal amount of Euro 2,337 thousand.

Deferred tax assets from previous years reversed to the income statement for Euro 4,632 thousand derive from the partial re-absorption of temporary differences between statutory values and values for tax purposes, with particular reference to losses on receivables and the impairment of the library in 2018.

Deferred tax assets for the financial year, amounting to Euro 4,238 thousand, were mainly allocated to the loss for the financial year and to the reconstitution of the fiscal carrying amount of games as a result of the settlement with the Revenue Agency (the carrying amount of which had been fully impaired in previous financial years and the amortisation of which had never been deducted from taxable income); the reconstitution was made for Euro 1,530 thousand, compared with a nominal value of Euro 2,040 thousand, as a result of a calculation made by the company of the probability of recovery in accordance with IFRIC 23.

Note 25 Dividends

No dividend was resolved or distributed in 2020.

Note 26 Basic and diluted earnings per share

Basic earnings per share attributable to the Company's shareholders are obtained by dividing the profit (or the loss) by the number of shares.

Calculation of basic and diluted earnings (loss) per share	**2020**	**2019**
Average number of shares during the year	38,163,689	36,414,212
Profit (loss) for the year (in thousands of Euro)	4,428	3,746
Basic and diluted earnings (loss) per share	**0.12**	**0.10**

The diluted earning per share as at 31 December 2020 corresponds to the basic earning per share since there are no dilution effects.

Note 27 Information on financial risks

In conformity with article 154-ter, paragraph 4, of the Consolidated Finance Act, it should be noted that the main risks associated with the Company's business that could affect its outlook are as follows:

1. Financial Risks

The Company's financial instruments consist in credit lines and bank loans, finance leases and on-demand bank deposits.
Such instruments are aimed at financing the Company's operations. The Company has various other financial instruments, such as trade payables and trade receivables deriving from operations. The main risks generated by the Company's financial instruments are:

a) Credit risk
b) Liquidity risk
c) Exchange rate risk
d) Interest rate risk.

a) Credit risk

Credit risk represents the exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
Positions, if individually significant, for which there is a risk of partial or total non-collectability are impaired on an individual basis, in accordance with a Group policy that also takes account of the classification of receivables by seniority of maturity, and partial or total impairments are applied when the past due amount exceeds certain parameters.

Performing trade receivables have not been impaired since no significant indication of impairment emerged, based on an analysis conducted that took into account the reliability of the individual customers.

The Mondo TV Group, and in particular the Parent Company, is currently exposed to a potential credit risk associated with the high concentration of its trade receivables from certain Asian customers located in China (at 31 December 2020, approximately 80% of the entire credit balance); in particular, it is pointed out that the risk of a contraction of the Chinese economy or the difficulties of these customers in guaranteeing on-time payments abroad, given certain currency restrictions imposed by the Chinese government, could have an impact on incoming cash flows, lengthening payment times compared to those contractually agreed, with consequent effects also on the availability of liquidity within the Group.
The Parent Company Mondo TV S.p.A. is constantly monitoring credit exposure and cash flows relating to these customers, at times resorting, when the opportunity arises, to signing triangular compensation agreements for credit and debit items with these customers and some suppliers located in China, in order to accelerate the repayment of credit positions. Moreover, as already outlined in the 2019-2023 business plan, the Parent Company has set itself the objective of diversifying its activities also from a geographical point of view in order to limit as much as possible the risks arising from the high concentration of its receivables from customers located in that geographical area.

b) Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected.

In this regard, in order to be best protected against these risks, the Company adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.

The following table shows the breakdown of Mondo TV's credit lines made available by banks as at 31

December 2020:

(values in Euro millions)	CREDIT LINES - MONDO TV SPA - 31.12.2020			
	Cash	Trade	Loans	Total
Raiffeisen	0	0	2.30	**2.30**
Credit Agricole	0	0.50	2.50	**3.00**
CREDEM	0	0.40	1.00	**1.40**
SIMEST	0	0	0.10	**0.10**
Veneto Banca	0	0	0.10	**0.10**
Total	**0**	**0.90**	**6.00**	**6.90**

c) Exchange rate risk

The Company is exposed to the exchange rate risk due to the recognition of currency transactions (in US Dollars) generated by investments and sales.
The exchange rate risk is managed by keeping part of cash in US Dollars, normally enough to settle the debts and commitments in dollars. It should be noted that in 2020, the fluctuation in the value of the Dollar against the Euro resulted in a significant exchange loss (approximately Euro 1,768 thousand).

d) Interest rate risk

The interest rate fluctuations influence the cash flows, the market value of the company's financial assets and liabilities, and the level of the net finance income (expenses).

Considering its financial exposure, Mondo TV is subject to the interest rate risk to a modest extent.

2. Risks associated with dependency on key managers

Some members of the Corradi family have strategic importance for the Company and the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.
In fact, some members of the Corradi family have a significant role in the management of the business of the company Mondo TV S.p.A. and in the development of its products.
The members of the Corradi family have not entered into sole-agency or non-compete agreements with the company.

3. Risks associated with the commercial exploitation of intellectual property rights of third parties

The Company's revenues may be influenced by factors, independent of the Company, that affect the availability and the commercial exploitation of third-parties' property, the subject of the series. Should these factors occur, they could cause earnings expectations to be revised down, negatively affecting the Company's performance, financial position and cash flows.

4. Risks associated with litigation

Reference is made as outlined in the Report on Operations and paragraphs on the fiscal position and contingent liabilities of these notes.

Note 28 Remuneration to corporate bodies and executives

During the year ended 31 December 2020, the Board of Directors earned remuneration net of social security costs of Euro 205 thousand as resolved by the Company's Ordinary Shareholders' Meeting on 30 April 2018 and by the Board of Directors' meeting of 01 June 2018. Remuneration is broken down as follows:

(Euro thousands)	**31.12.2020**	**31.12.2019**
Remuneration	205	195
Post-employment benefits	-	-
Other long-term benefits	-	-
Indemnities for the termination of employment	-	-
Stock options	-	-
TOTAL	**205**	**195**

The annual remuneration owed to the members of the Company's corporate bodies for their various roles and to other managers holding key positions is also detailed in the table below in Euro thousands; the impact on profit or loss for the relevant period is shown in the paragraph regarding transactions with related parties.

Breakdown of the remuneration due to the current corporate bodies' members			
Surname	**Name**	**Office held**	**Annual remuneration**
Corradi	Monica	Board Member of Mondo TV S.p.A.	92
Corradi	Matteo	Chair and CEO of Mondo TV S.p.A.	50
Fedele	Aurelio	Independent director of Mondo TV S.p.A.	35
Marchetti	Carlo*	Director of Mondo TV S.p.A.	120
Mola	Angelica	Independent director of Mondo TV S.p.A.	13
		Total Directors	**310**
Bernardo	Maurizio	Chair of the Board of Statutory Auditors of Mondo TV S.p.A.	16
Barra	Adele	Member of the Board of Statutory Auditors of Mondo TV S.p.A.	11
Montuori	Alberto	Auditor of Mondo TV	11
		Total Statutory Auditors	**38**
		Total Directors and Statutory Auditors	**348**

*Of which Euro 105 thousand as executive, Euro 15 thousand as Director

Such remuneration includes the fees and any other sum due for the performance of the roles of Director or Statutory Auditor in the Parent, that represented a cost for the Company.

It is hereby specified that no indemnity shall be granted to Directors in case of early termination of the employment relationship.
No succession plan is envisaged for executive directors.
There are no managers with strategic responsibilities.

Note 29 Remuneration of the Independent Auditors

As required by article 149-duodecies of the CONSOB Issuers' Regulation, the fees recorded by the Company in relation to the audit services during 2019 and amounting to Euro 55 thousand, are shown below. During the year, only audit services and services related to the implementation of the new accounting standards were provided.

Euro thousands

Type of service	Service provider	Recipient	Remuneration	Period
Audit	BDO Italia S.p.A.	Mondo TV S.p.A.	55	2020
Other services	BDO Italia S.p.A.	Mondo TV S.p.A.	35	2020
Total remuneration			**90**	

Note 30 Information on the fair value of financial assets and liabilities

The fair value of trade receivables and other financial assets, of trade and other payables and of other financial liabilities does not diverge from the carrying amounts as at 31 December 2020 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.
Non-current financial assets and liabilities are settled at market rates and therefore their fair value is essentially deemed to be in line with the current market value. Therefore, there are no differences between their fair value and their carrying amount.

Note 31 Atypical or unusual transactions

Pursuant to Consob Communication DEM/6064293 of 28 July 2006 "Disclosure for listed issuers and issuers of financial instruments widely distributed among the public pursuant to article 116 of the Consolidated Law on Finance (TUF, Testo Unico sulla Finanza) – Requirements pursuant to article 114, paragraph 5, of Italian Legislative Decree 58/98", it is noted that:

- no non-recurring transactions or non-recurring events, or transactions or events that do not recur frequently in the normal performance of operations took place;
- no atypical and/or unusual transactions were carried out.

Note 32 Significant events after year-end

To date, there have been no events after 31 December 2020 such as to make the current financial position substantially different from that resulting from the balance sheet at that date or to require adjustments or supplementary notes to the Financial Statements.

On 11 January 2021 after the co-production agreement with ZDF Enterprises GmbH signed at the end of 2020, a new contract was signed with Italian television RAI for the pre-purchase of the animated series Grisù. The agreement provides for the granting of licenses for a period of 7 years from the date of completion for Free TV, Pay TV, Pay per view, VOD and ancillary rights for the Italian territory. This agreement is of great importance to the Mondo TV Group as it significantly supports the production budget of the animated series.

In the first quarter of 2021, the residual Euro 4,250,000 relating to the issue of convertible bonds in favour of Atlas was collected; at the date of this report, all bonds have been converted into shares, and therefore no debts remain in favour of Atlas.

In order to reflect the new elements that have occurred since the approval of the previous Business Plan with particular reference to new production and the effects of the Covid-19 pandemic, the Board of Directors approved the consolidated budget for 2021 on 22 March 2021. At the same meeting, the Board of Directors also approved the Parent Company's objectives for the five-year period 2021-2025.
With reference to the COVID-19 pandemic, it is confirmed that it did not have a significant impact on operations

and on the achievement of the Company's and the Group's objectives set out in the previously approved Business Plan, except for the slowdown in collections in the first part of the 2020 financial year, which subsequently improved up to the date of this report.
In light of the above, the objectives set and the strategy already contained in the previous plan are substantially confirmed.

PROPOSAL FOR THE ALLOCATION OF PROFIT (LOSS) FOR THE YEAR

With reference to the profit for the year of Euro 4,428,290, it is proposed that Euro 221,415 be allocated to the legal reserve and Euro 4,206,875 be carried forward.

* * * *

The Board of Directors' meeting of 22 March 2021 authorised the publication of these Financial Statements.

On behalf of the Board of Directors of Mondo TV S.p.A.
Chief Executive Officer

_____
(Matteo Corradi)

Certification of the Financial Statements as at 31 December 2020 in compliance with article 154-bis, paragraph 5, of Italian Legislative Decree 58/1998 as subsequently amended and supplemented

1. The undersigned Matteo Corradi and Carlo Marchetti, in their respective capacities as CEO and Head of Financial Reporting of Mondo TV S.p.A. (the **Company** or the **Issuer**) certify, also taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

- the adequacy in relation to the characteristics of the company and
- the effective implementation of the administrative and accounting procedures for the preparation of the Separate Financial Statements as at 31 December 2020.

2. No significant aspects have emerged.

3. It is also certified that:

3.1 the Financial Statements as at 31 December 2020:

- were drafted in accordance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) 1606/2022 of the European Parliament and Council, of 19 July 2002;

- are consistent with the entries in accounting books and records;

- were drafted in compliance with article 154-ter of the aforementioned Italian Legislative Decree 58/1998 as subsequently amended and supplemented, provide a true and fair view of the financial position, financial performance and cash flows of the issuer and of the companies included in the scope of consolidation.

3.2 The Report on Operations includes a reliable analysis of the performance and the results of operations, as well as of the Issuer's general situation, together with a description of the main risks and uncertainties to which it is exposed. The Report on Operations also includes reliable disclosure on significant transactions with related parties.

This certification is also provided to the intents and purposes of article 154-bis, paragraph 2, of Italian Legislative Decree 58 of 24 February 1998.

Rome, 22 March 2021

Chief Executive Officer	Head of Financial Reporting
Matteo Corradi	Carlo Marchetti

ANNEXES

1. CORPORATE BODIES AND COMMITTEES OF THE PARENT

Board of Directors[1]

Chair and CEO
Matteo Corradi
Directors
Monica Corradi
Aurelio Fedele
Angelica Mola
Carlo Marchetti

Internal Control Committee

Chair
Aurelio Fedele
Members
Angelica Mola

Remuneration Committee

Chair
Angelica Mola
Members
Aurelio Fedele

Investor Relator

Piergiacomo Pollonio

Board of Statutory Auditors[2]

Maurizio Bernardo (Chair)
Adele Barra
Alberto Montuori

Independent Auditors[3]

BDO Italia S.p.A.

Sponsor and Specialist

Banca Finnat

[1] In office until the approval of the financial statements as at 31 December 2020
[2] In office until the approval of the financial statements as at 31 December 2022
[3] In office until the approval of the financial statements as at 31 December 2023

2. POWERS AND CORPORATE GOVERNANCE

Powers

Mondo TV S.p.A. appointed as Chair and Chief Executive Officer Matteo Corradi, with all the powers for the ordinary and extraordinary administration of the Company, excluding only those that are strictly reserved to the Board of Directors by law, as well as the transactions having a significant impact in terms of performance, financial position and cash flows, and all transactions with related parties.

Corporate Governance

The Corporate Governance system, still being implemented, is inspired by the recommendations provided by the relevant committee of listed companies that drafted the Corporate Governance Code as well as by the subsequent legal provisions on the governance of listed Companies.
The Company is directed by a ***Board of Directors*** currently consisting of 5 members, as resolved by the Shareholders' Meeting of 30 April 2018.
Mondo TV S.p.A.'s Board of Directors is the body responsible for defining the strategic, organisational, and operational policies, as well as verifying the existence and adequacy of the control systems necessary to assess the performance of the Parent and of the subsidiaries. In particular, the Board of Directors:

- delegates powers and duties to the directors and revokes them;
- determines, having consulted the Board of Statutory Auditors, and at the proposal of the Remuneration Committee, the directors' remuneration in conformity with art. 2389 of the Italian Civil Code para.3;
- examines and approves the strategic plans of the subsidiaries and the corporate structure of the Group;
- supervises whether operations are properly conducted and specifically approves the transactions of particular interest in terms of performance and financial position;
- assesses whether the general organisational and administrative structure is adequate;
- supervises in particular any actual or potential conflict of interest and the transactions with related parties;
- reports to the shareholders in the Shareholders' Meeting.

The Articles of Association in force reserve to non-controlling interests the right to appoint a director.

The Board of Directors is quorate when the absolute majority of the directors in office is present, and resolutions are passed with the favourable vote of the majority of those present. In case of a tie vote, the chair of the meeting shall cast the deciding vote.
The Board of Directors' meeting of 14 May 2018 appointed both the Internal Control Committee and the Remuneration Committee.

The duties of the ***Internal Control Committee*** are as follows:

- assess the adequacy of the Company's internal control procedures;
- examine and select the proposals from Auditing Firms to be appointed as Independent Auditors, submitting a recommendation to the Board;
- submit every six months a report to the Board on its work and the internal control proposals resolved upon;
- engage in all relationships with the Independent Auditors and perform any other duty delegated to it for that purpose by the Board of Directors.

The duties of the ***Remuneration Committee*** consist in making proposals on the remuneration of the members of the Board of Directors.
All members of the Control Committee and of the Remuneration Committee are non-executives, and are also independent pursuant to the Corporate Governance Code.

The Chair and the Chief Executive Officer define the remuneration of subordinates within the scope of their delegated powers.
The Chair of the Board of Directors is responsible for calling the board's meetings, setting their agenda beforehand, coordinating the activities of the Board, and chairing the meetings.
During the formal and informal Board of Directors' meetings, the Chair ensures that each member of the Board

of Directors and of the Board of Statutory Auditors has as much information as possible on the Company's operations and, in particular, on the Chair activities in carrying out his duties.
During each meeting, the Board of Directors appoints, from time to time, a minute taker.

In accordance with the Articles of Association, the ***Board of Statutory Auditors*** consists of three standing auditors and of two alternate auditors appointed by the Shareholders' Meeting, which also establishes their remuneration.
The Articles of Association in force reserve to the non-controlling interest the right to appoint a standing auditor and an alternate auditor.
The board is appointed through the presentation of lists. Those shareholders who, alone or together with others, represent at least 2% of voting rights, have the right to present lists.
The lists presented must be deposited along with the curricula vitae of the candidates at the registered office at least ten days before the date scheduled for the Shareholders' Meeting on first call.
The statutory auditors are aware that they must:

- act autonomously and independently also when dealing with the shareholders who appointed them;
- work only in the Company's interests;
- monitor how the Board of Directors manages the Company;
- coordinate with the Independent Auditors and the Internal Control Committee.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting of 13 May 2020 and will remain in office until the Shareholders' Meeting that will approve the Financial Statements as at 31 December 2022.

The ***Investor Relations*** department, headed by Piergiacomo Pollonio since 21/11/2018, was set up to facilitate the dialogue between the Company, shareholders and institutional investors.
The same is also specifically responsible for ensuring that the documents and information regarding the Company, in particular those that are price sensitive, are disclosed to the public in compliance with the instructions provided by CONSOB with regulation 11971 and by Borsa Italiana.

At least every six months, the Company arranges meetings with the financial community, during which it illustrates the results obtained and its future strategies, and it holds bilateral meetings with institutional investors whenever requested.

In the period from 1 January to 31 December 2020, the Board of Directors met 5 times. The Articles of Association do not provide for a minimum frequency of the Board of Directors' meetings. The delegated bodies have reported to the Board of Directors during the aforementioned meetings and in any case with the minimal quarterly frequency required by the Corporate Governance Code. The directors were informed on the items on the agenda with sufficient prior notice.

The current Board of Directors of Mondo TV S.p.A. will remain in office until the approval of the Financial Statements as at 31 December 2020, as resolved by the Shareholders' Meeting of 30 April 2018.

On 28 March 2008, the Parent's Board of Directors also implemented an organisational model pursuant to Legislative Decree 231/2001, which governs the administrative liability of legal entities, companies and associations, and indicates the rules and procedures to be complied with while carrying out the company's operations for a more correct and efficient management, also with the aim of relieving the Company from any liability under the aforementioned law. The organisational model requires the adoption of a code of ethics, which is available on the Company's website. A Supervisory Body, consisting of three members, verifies the execution and implementation of the model.
With reference to privacy legislation, it should be noted that the DPO (Data Protection Officer) was appointed in 2019.

3. CORPORATE BODIES OF THE SUBSIDIARIES

Mondo TV Suisse S.A.	**Board of Directors** Yvano Dandrea (Chair) Valentina La Macchia Paolo Zecca Matteo Corradi Alexander Manucer
Mondo TV Toys S.A. in liquidation	**Liquidator** Yvano Dandrea
Mondo France S.A.	**Board of Directors** Matteo Corradi (Chair) Sylvie Mahé Eve Baron Carlo Marchetti Feliciana Gargano
Mondo TV Iberoamerica S.A.	**Board of Directors** Matteo Corradi Maria Bonaria Fois Jesus Garcia Carlo Marchetti Patricia Motilla
Mondo TV Producciones Canarias S.L.U.	**Board of Directors** Maria Bonaria Fois Matteo Corradi Enrico Martinis

4. LIST OF THE EQUITY INVESTMENTS IN THE SCOPE OF CONSOLIDATION

List of the equity investments held as at 31.12.2020	
Company Name	**Mondo TV Suisse S.A.**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2020	CHF 2,353,539
Profit (loss) for the year 2020	CHF 349,315
Ownership interest	63%

Company Name	**Mondo TV France S.A.**
Registered Office	Paris (France)
Share capital	Euro 2,029,729
Equity as at 31.12.2020	Euro 3,069,924
Profit (loss) for the year 2020	Euro -27,064
Ownership interest	21%
Company Name	**Mondo TV Iberoamerica S.A.**
Registered Office	Madrid (Spain)
Share capital	Euro 2,967,743
Equity as at 31.12.2020	Euro 2,339,115
Profit (loss) for the year 2020	Euro (618,133)
Ownership interest	78%
Company Name	**Mondo TV Producciones Canarias S.L.U.**
Registered Office	Tenerife (Spain)
Share capital	Euro 2,900,000
Equity as at 31.12.2020	Euro 1,529,798
Profit (loss) for the year 2020	Euro 667,280
Ownership interest	78% (indirect investment)
Company Name	**Mondo TV Toys S.A. in liquidation**
Registered Office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31.12.2018	CHF (165,720)
Profit (loss) for the year 2018	CHF (4,536)
Ownership interest	100%

LIST OF RELATED PARTIES

Trilateral Land S.r.l.	Company managed or owned by a related party
Giuliana Bertozzi	MTV Shareholder
Matteo Corradi	MTV Shareholder, Director MTV, MFR, MSUISSE, MIBEROAMERICA, MCANARIAS
Monica Corradi	MTV Shareholder and Director
Riccardo Corradi	MTV Shareholder
Aurelio Fedele	MTV Director
Angelica Mola	MTV Director
Carlo Marchetti	Director MTV, MFR, MIBEROAMERICA