

FERRARI GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
as at December 31st, 2019

Company Registration Number: 10052892



CONTENTS

PAGES

Officers and professional advisers	2
Group Structure	3
Strategic Report	4
Directors' Report	8
Independent auditor's report to the shareholders of Ferrari Group Limited	11
Consolidated Income Statement	14
Consolidated Statement of Comprehensive Income	15
Statement of Changes in Consolidated Equity	16
Consolidated Statement of Financial Position	17
Consolidated statement of Cash Flow	19
Notes to the Consolidated Financial Statements	20
Financial Statement (parent only)	46

Officers and professional advisers

Company registration number: 10052892

Board of directors:

Mr. Alessandro Nicolò Ugo – Director (appointed 13 May 2016)

Mr. Corrado Deiana – Director (appointed – 7 July 2016)

Mr. Marco Deiana – Director (appointed – 7 July 2016)

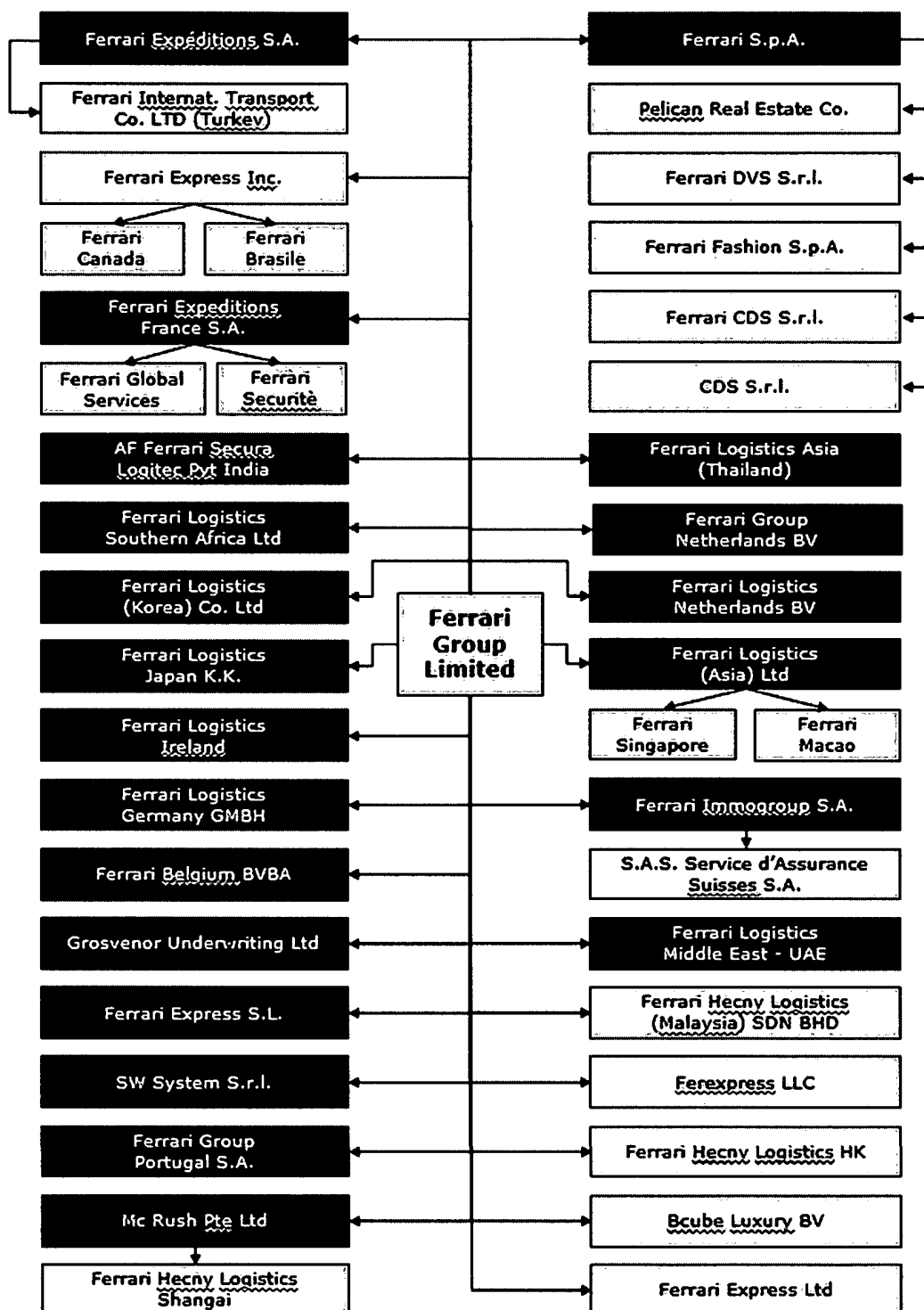
Ms. Maria Isabella La Forgia – Director (appointed – 1 February 2020)

Registered office: 43 Grosvenor Street, London (UK), W1K3HL

Current auditor: Richard Place Dobson Service Limited

1-7 Station Road, Crawley, West Sussex (UK), RH101HT

Group Structure



- Controlled directly by Parent Company
- Controlled by subsidiaries
- Associated
- Other entities

Strategic Report

The directors present the strategic report of Ferrari Group Limited for the year ended December 31st, 2019.

Principal Activity

The main activities are:

1. **Strategic:** analysis and evaluations of future actions, together with relevant decisions and resolutions.
2. **Finance:** management of reserves, organization of flows, intercompany loans, negotiation of financial leverage, negotiation on financial leverage directly requested by subsidiaries, management of intergroup netting with joint ventures.
3. **Legal, Audit, Compliance:** contractual drafting, regulatory compliance, setting up of SOPs, management and coordination of external counsels (etc.)
4. **Insurance:** Negotiation and management of insurance policies and procedures to cover operating activities with London Lloyd's.
5. **Risk Management:** monitoring and management of business risks in relation with operating activities.
6. **Worldwide Operations:** relationship with top clients, customer support, tender preparation, market and portfolio analysis.

Business Review and financial key performance indicators

2019 has been a good one for the Company. The business has grown again after 2018, despite the enormous investments put in place to support new business and lines:

- The New structure in Ireland began operative in September 2019 after two years of rolling period.
- The two new branches in the Netherlands have begun the rolling period.
- Ferrari US was joined by new managers in order to finalize the expansion plan in the continent.

In particular, there was significant growth in Ebitda; this comes directly from a disciplined execution of growth strategy:

- Robust actions to boost resilience to immediate challenges
- Partnering with our customers to deliver well and embrace evolving priorities
- Engaging our employees to adapt our ways of working
- Accelerating capabilities to meet the needs of a new world

For the second year, we have a positive operating result under:

- A balance sheet strength to support our growth strategy
- A Strong cash generation supporting ongoing investment for growth
- A Strong liquidity position
- A policy to Provide a progressive dividend to shareholders

Analysis of the financial position of the group

The financial position of the group continues the regeneration process started in previous years, recording a significant increase in cash flow of around 10 million euros.

This is mainly due to the increase in the volumes of work faced by the Group during 2019 and to the scrupulous control of expenses.

The directors consider the key performance indicators to be revenues and operating profits.

As detailed on the consolidated income statement revenues have improved as well the operating profits.

Risk management and description of main risks

The Risk Management of the Group designed and implemented an overall risk management process for the organization. Management analyzed current risks and identified potential risks affecting the company. By evaluating the group's previous management and comparing potential risks with criteria set out by the group such as costs and legal requirements, it established the level of risk the company is willing to take by means of its captive insurance company which is going to obtain the license to operate soon. The Group implemented health and safety measures and purchased insurance, maintaining records of insurance policies and claims and building risk awareness among staff by providing support and training within the company.

Additional information*Other activities*

A new line of business is being tested globally through a new Ferrari Gold department; the attempt is to enter the market of Gold providing specific custom, transportation and logistics solutions for the professionals in the sector like Banks, Mines and refineries.

Own shares and shares of parent companies

During the 2019 financial year, the Group's corporate reorganization policy was carried forward, through intercompany acquisition transactions, new constitutions and mergers.

In this sense, below are listed the newly formed entities by the parent company:

- Ferrari Logistics Netherland B.V.
- Grosvenor Underwriting Ltd.

Some companies under the control of the subsidiary Ferrari S.p.A. were transferred directly under the parent company:

FERRARI GROUP LIMITEDAs at December 31st, 2019

- Ferrari Logistics Asia (Thailand)

- Ferrari Expéditions France S.A.

Area of Consolidation

The companies part of the Group included in the Consolidated Financial Statements of Ferrari Group Limited are as follow:

Company	Country	FS 2019	FS 2018	Consolidation Method
Ferrari Group Limited	UK	Y	Y	Parent Company
SW System S.r.l.	Italy	Y	Y	Line by Line
Ferrari S.p.A.	Italy	Y	Y	Line by Line
Ferrari Expéditions SA	Switzerland	Y	Y	Line by Line
Ferrari Expedition France SA	France	Y	Y	Line by Line
Ferrari Global Service	France	Y	Y	Line by Line
Ferrari Sécurité France (Ex Gwinver)	France	Y	Y	Line by Line
Pelican Real Estate Co.	USA	Y	Y	Line by Line
Ferrari Divisione Vigilanza Speciale S.r.l.	Italy	Y	Y	Line by Line
Ferrari Logistics Germany GMBH	Germany	Y	Y	Line by Line
Ferrari Belgium BVBA	Belgium	Y	Y	Line by Line
Ferrari Logistic (Asia) Ltd	Hong Kong	Y	Y	Line by Line
Ferrari Singapore Pte. Ltd.	Singapore	Y	Y	Line by Line
Ferrari Macao	China	Y	Y	Line by Line
Ferrari Internat. Transport Co. LTD (Turkey)	Turkey	Y	Y	Line by Line
Ferrari Logistics Japan K.K.	Japan	Y	Y	Line by Line
Ferrari Express S.L.	Spain	Y	Y	Line by Line
Ferrari Logistics Asia (Thailand) Ltd.	Thailand	Y	Y	Line by Line
Ferrari Logistics Southern Africa	Southern Africa	Y	Y	Line by Line
Ferrari Group Portugal	Portugal	Y	Y	Line by Line
Mc Rush Pte Ltd	Singapore	Y	Y	Line by Line
AF Ferrari Secure Logitech PVT Ltd (India)	India	Y	Y	Line by Line
Ferrari Logistics (Korea) co. Ltd	Korea	Y	Y	Line by Line
Ferrari Fashion S.p.A.	Italy	Y	Y	Line by Line
Ferrari Immogroup S.A.	Switzerland	Y	Y	Line by Line
Ferrari Logistics Middle East - UAE	Dubai	Y	Y	Line by Line
Ferrari Logistics Netherlands BV	Netherlands	Y	-	Line by Line
Ferrari Logistics Ireland	Ireland	Y	Y	Line by Line
Bcube Luxury BV	Netherlands	Y	Y	Equity Method
Ferrari Express Inc.	USA	Y	Y	Equity Method
CDS S.r.l.	Italy	Y	Y	Equity Method
Ferrari Express Ltd	UK	Y	Y	Equity Method
Ferrari Hecny Logistics HK	Hong Kong	Y	Y	Equity Method
Ferrari CDS S.r.l.	Italy	Y	Y	Equity Method
Ferrari Hecny Logistics Shanghai	Shanghai	Y	Y	Equity Method
Ferexpress LLC (Armenia)	Armenia	Y	Y	Equity Method
Ferrari Hecny Logistics (Malaysia) SDN BHD	Malaysia	Y	Y	Equity Method
Ferrari Group Netherlands BV	Netherlands	Y	Y	Cost
S.A.S. Service d'Assurance Suisses S.A.	Switzerland	Y	Y	Cost
Grosvenor Underwriting Ltd	UK	Y	-	Cost

Please note that in 2019 a change in the consolidation method of Ferrari Group Ireland, from cost method to line by line, was made due to the fact that the subsidiary's effective start of its activities and operations took place in 2019.

Business combination occurred during the period

During 2019 did not occurred any business combination for the Group.

Going Concern

The directors believe that the deterioration in operating results and financial position after the reporting period due Covid-19 indicate without any doubt that the going concern assumption is still appropriate even if the events that have occurred after 31 December 2019 reporting in relation to the Coronavirus Outbreak have caused a significant deterioration in economic conditions for an entity, or have introduced significant uncertainty.

The management takes into account all available information about the future, which is at least, but not limited to, nine months from the end of the reporting period. We realized that our cash management in this crisis needs to be radically different for our normal processes, no levers are out of scope, we run in daily sprints.

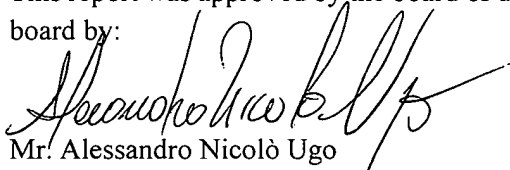
The management has considered and included updated version of:

- Forecast financial information,
- Compliance with bank and other covenants

At this stage we are adopting a range of measures depending upon the duration and extent of COVID-19 disruption including:

- Smart working regime
- Reduce buying commitment
- Set up "cash control tower" to scrutinize timing of every payment
- Adapted payment pattern (e.g. switch to monthly payments) unless strictly required (e.g. utility, tax or fees and fines payments)
- Expanded credit lines, incl. use of government guarantee programs
- Tighten (and centralize) approval rights to issue payments and centralize treasury
- Prevent closure of credit lines and completely draw free credit lines and 'park' cash
- Improve process

This report was approved by the board of directors on September 24th, 2019 and signed on behalf of the board by:



Mr. Alessandro Nicolò Ugo

Director

Directors' Report

The directors present their report together with the financial statements, on the company for the year ended December 31st, 2019.

Results and dividends

The statement of comprehensive income is set out on page 15 and shows a net profit of Euro 7,292,704 and a total comprehensive income for the year of Euro 6,990,977 (Euro 2,092,060 in 2018).

Directors

The following directors have held office during the period:

- Mr. Corrado Deiana
- Mr. Marco Deiana
- Mr. Alessandro Nicolò Ugo
- Ms. Maria Isabella La Forgia
- Mr. Alessandro Scala

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses as set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements the directors are required to:

- Select suitable accounting policies and then apply them consistently;

- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business.

Statement as to disclosure of information to auditors

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

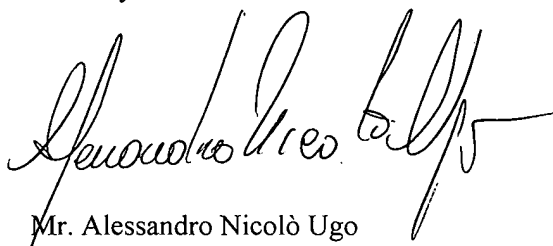
In so far as the directors are aware:

- There is no relevant audit information of which the group's auditor is unaware, and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Richard Place Dobson Services Limited are deemed to be re-appointed under section 478(2) of the Companies Act 2006.

This report was approved by the board of directors on September 24th, 2020 and signed on behalf of the board by:



Mr. Alessandro Nicolò Ugo

Director

Director's responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ('IFRS') have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the shareholders of Ferrari Group Limited

Opinion

We have audited the financial statements of Ferrari Group Limited (the parent company) and its subsidiaries (the group) for the year ended 31 December 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income the consolidated and parent company Statements of Financial Position, the consolidated and parent company Statements of Changes in Equity, the consolidated Statement of Cash Flows and the related notes to the group financial statements and the parent company financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's and parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw your attention to note 30 in the financial statements which describes the impact of a post balance sheet event Covid-19. Our opinion is not qualified in this respect.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period at least 12 months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

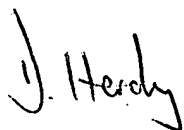
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Darren Harding ACA FCCA DChA (Senior Statutory Auditor)
for and on behalf of Richard Place Dobson Services Limited
Chartered Accountants
Statutory Auditor

25/09/2020
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1-7 Station Road
Crawley
West Sussex
RH10 1HT

Consolidated Income Statement

<i>(Amounts in Euro)</i>	Notes	12/31/2019	12/31/2018
Net revenues		155,384,615	141,829,028
Other revenues		4,029,826	4,503,100
Total Revenues	4	159,414,441	146,332,128
Cost of services	5	73,690,193	73,047,203
Purchase of raw materials and goods	5	2,857,582	4,995,726
Personnel costs	6	53,517,579	48,843,814
Amortization and depreciation	5	11,014,076	10,326,471
<i>Amortization and Depreciation</i>		3,682,405	3,698,262
<i>Write-off of Assets</i>		3,459,606	5,879,335
<i>Amortization IFRS16</i>		3,872,065	748,874
Other provisions for risks and charges	5	7,324,864	6,090,722
Other operating costs	5	2,047,960	2,892,898
Total Expenses		150,452,254	146,196,834
Operating Result (EBIT)		8,962,187	135,294
Financial income/(expenses)	7	1,883,529	1,254,003
<i>Financial income</i>		124,086	86,119
<i>Financial expenses</i>		(1,047,974)	(773,341)
<i>Exchange Gain/(Losses)</i>		(283,047)	(630,458)
<i>Equity method - Revaluation/Write-off of investment</i>		3,090,464	2,571,683
Result before taxes		10,845,716	1,389,297
Tax benefit/(expense)	8	(3,553,010)	637,220
<i>Current Tax benefit/(expenses)</i>		(3,771,616)	(2,648,771)
<i>Deferred Tax benefit/(expenses)</i>		218,606	3,285,991
Net profit/(loss)		7,292,706	2,026,517
Shareholders' result attributable to minority interest		(74,342)	1,206,404

Consolidated Statement of Comprehensive Income

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Net profit/(loss)	7,292,704	2,026,517
Other comprehensive income	(301,727)	65,543
<i>Translation adjustments</i>	<i>(260,640)</i>	<i>68,218</i>
<i>Employee benefit actuarial gains and losses</i>	<i>(41,087)</i>	<i>(2,675)</i>
Total comprehensive income for the year	6,990,977	2,092,060
Attributable to:		
<i>Attributable to equity holders of the parent</i>	<i>7,009,818</i>	<i>1,010,985</i>
<i>Attributable to minority interest</i>	<i>(18,841)</i>	<i>1,081,074</i>
Total comprehensive income for the year	6,990,977	2,092,060

FERRARI GROUP LIMITEDAs at December 31st, 2019**Statement of Changes in Consolidated Equity**

<i>(Amounts in Euro)</i>	Issued capital	Other reserves	Retained earnings	Reserve for discounting Employee Severance indemnity	Net result	Total Equity	Equity attributed to Parent Company's Shareholders	Minority interest
Balance at December 31, 2017	33,991,764	(6,033,144)	10,564,859	(95,862)	(5,478,565)	32,949,052	30,554,047	2,395,005
Allocation of 2017 result	-	-	(5,478,565)	-	5,478,565	-	-	-
Change in consolidation scope	-	(6,741,164)	-	-	-	(6,741,164)	(5,145,303)	(1,595,861)
Comprehensive income	-	68,218	-	(2,675)	2,026,517	2,092,060	1,081,074	1,010,986
Balance at December 31, 2018	33,991,764	(12,706,090)	5,086,294	(98,537)	2,026,517	28,299,948	26,489,818	1,810,130
Allocation of 2018 result	-	-	2,026,517	-	(2,026,517)	-	-	-
Capital increase	2,810,296	-	-	-	-	2,810,296	2,810,296	-
Dividends	-	-	(855,089)	-	-	(855,089)	(855,089)	-
Other variation	-	-	(832)	-	-	(832)	(711)	(121)
Change in consolidation scope	-	(27,060)	-	-	-	(27,060)	1,146,827	(1,173,887)
Comprehensive income	-	(260,640)	-	(41,087)	7,292,704	6,990,977	7,009,818	(18,841)
Balance at December 31, 2019	36,802,060	(12,993,790)	6,256,890	(139,624)	7,292,704	37,218,240	36,600,959	617,281

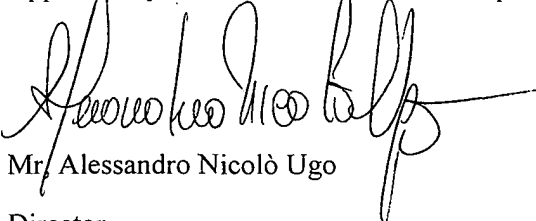
Consolidated Statement of Financial Position

<i>(Amounts in Euro)</i>	Notes	12/31/2019	12/31/2018
Goodwill	10	1,244,951	3,096,646
Industrial patent and intellectual property rights	11	32,853	10,256
Concessions, licenses, trademarks and similar rights	11	61,239	78,601
Other intangible assets	11	173,964	95,705
Intangible assets		1,513,007	3,281,208
Lands and buildings		31,317,594	31,660,516
Technical installations and machinery		1,164,410	1,146,045
Industrial and commercial equipment		444,957	494,075
Leasehold improvements		4,012,836	4,026,400
Other fixed assets		4,029,858	3,800,154
Right of Use		12,069,203	6,261,584
Tangible assets	12	53,038,858	47,388,774
Investments in Group companies and other companies	13	8,346,116	5,941,585
<i>Investments in Group companies</i>		8,282,970	5,878,439
<i>Investments in other companies</i>		63,146	63,146
Receivables towards Group companies and other companies	16	2,874,982	2,054,255
<i>Receivables towards Group companies</i>		2,201,619	945,053
<i>Receivables towards other companies</i>		673,363	1,109,202
Other financial assets	16	2,969,987	1,013,580
Investments and other financial assets		14,191,085	9,009,420
Deferred tax assets	14	11,422,528	11,015,773
Other non current assets		320,537	564,729
Total Non-current asset		80,486,015	71,259,904
Inventories	15/17	26,772	54,001
Trade receivables	15/18	46,346,119	44,335,604
Current tax receivables	15	1,327,171	2,355,670
Other current assets	15/16	2,059,208	1,801,037
Current financial assets	16	949,504	137,885
Accrued income and deferred expenses		3,959,390	4,337,078
Cash and cash equivalents	15/19	25,090,717	13,385,511
<i>Bank and postal accounts</i>		24,733,075	12,974,104
<i>Cash and other valuables</i>		357,642	411,407
Total Current assets		79,758,881	66,406,786
TOTAL ASSETS		160,244,896	137,666,690

Consolidated Statement of Financial Position (continued)

<i>(Amounts in Euro)</i>	Notes	12/31/2019	12/31/2018
Share capital	20	36,802,060	33,991,764
Other reserves	21	(13,133,415)	(12,804,627)
Retained profit/(loss)		(6,256,890)	5,086,294
Profit for the year		7,292,706	2,026,517
Total Shareholders' Equity		37,218,241	28,299,948
<i>Shareholders' Equity attributable to Minority interests</i>		<i>617,281</i>	<i>1,810,129</i>
Provisions for employee benefits and other non current provisions	22	2,001,514	1,907,608
Provisions for risk and charge and other non current provisions	22	4,341,048	3,639,780
Deferred tax liabilities	14	2,365,367	2,061,197
Other non-current liabilities	23	21,772,254	27,925,244
Non-current financial liabilities	16	19,576,617	18,377,796
Non-current lease liabilities	16	7,554,407	3,693,442
Total Non-current liabilities		57,611,207	57,605,067
Other current provisions	22	13,040,690	6,988,175
Trade payables	15/24	27,109,710	21,503,850
Current tax payables	15	8,575,735	7,806,985
Other current liabilities	15	10,217,875	9,975,480
Current financial liabilities	16	2,440,644	2,516,475
Current lease liabilities	16	2,490,888	874,995
Accrued expenses and deferred income		1,539,906	2,095,715
Total Current liabilities		65,415,448	51,761,675
TOTAL EQUITY AND LIABILITIES		160,244,896	137,666,690

Approved by the board of directors on September 24th, 2020 and signed on behalf of the board by:



Mr. Alessandro Nicolò Ugo

Director

Company registration number: 10052892

Consolidated Statement of Cash Flows

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Cash Flow from operating activities		
Profit from the financial year	7,292,706	1,896,737
Adjustments for :		
Amortisation, Depreciation and Write off of assets	7,142,011	10,326,471
IFRS 16 - Lease Depreciation	3,872,065	-
Other Provision for risk and charges	7,324,864	6,090,722
Financial Income and Charges	(1,883,529)	1,317,679
Tax Expense/(benefit)	3,553,010	2,648,771
Changes in:		
Trade and other debtors	(2,350,410)	(3,193,429)
Trade and other creditors	212,376	(2,117,081)
Inventories	27,229	(6,994)
Provisions and Employee Benefits	(477,175)	(103,481)
Other non monetary operation	-	(5,907,894)
Cash generated from operation	24,713,147	10,951,502
Financial Income and Charges	1,883,529	(1,317,679)
Tax Expense/(benefit)	(3,553,010)	(2,648,771)
Net cash (used in) / from operating activities	23,043,666	6,985,052
Cash flow from investing activities		
Intangible and Tangible Assets	(3,728,364)	1,753,598
IFRS 16 - Right of Use	(9,679,684)	-
Investment in Group and other companies	(2,404,531)	117,138
Other Financial Assets	(3,588,753)	(1,612,585)
Other non-Current Assets	(162,563)	94,180
Net increase (decrease) in cash and cash equivalents due to Business Combination	-	(7,682,635)
Net cash used in investing activities	(19,563,895)	(7,330,303)
Cash Flow from financing activities		
Increase/(Decrease) in Financial debt	1,122,990	3,030,891
IFRS 16 - Financial debt	5,476,858	-
Other change in equity	1,625,587	(1,714,916)
Net Cash from financing activities	8,225,435	1,315,974
Cash and cash equivalents at beginning of the year	13,385,511	12,414,789
Net increase (decrease) in cash and cash equivalents	11,705,206	970,722
Cash and cash equivalents at the end of the year	25,090,717	13,385,511

Notes to Consolidated Financial Statements

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The Group's financial statements for the year were authorised for issue on September 24th, 2020 and the consolidated statement of financial position signed on the board's behalf by FERRARI GROUP LIMITED is a limited company incorporated and domiciled in England & Wales.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group are set out in note 2.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

IFRS 16 Leases

The standard replaces IAS 17 "Leases" and for lessees eliminate the classifications of operating leases and finance leases. Subject to exceptions, a "Right-of-use" asset are capitalized in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a "right-of-use" asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalized lease also is recognized, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition are replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 are higher when compared to lease expenses under IAS 17. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results are improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments are classified into both a

principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group completed the assessment and determination of the impacts from the application of the new standard to the transition date (January 1st, 2019).

The Group chose to apply the *“modified retrospective method”*: for all the lease contracts, including contracts previously classified as *“operational”*, were recognized a *“Right of use asset”* and a *“financial liability”* equal to the present value of the residual future payments at the date of transition, discounted using the incremental borrowing rate (*“IBR”*) for each contract on the transition date.

The Group used the exemption allowed by the standard in relation to short-term leases for all asset classes, extending this exemption also to all leases expired in 2019. Likewise the Group used the exemption indicated by the principle regarding lease contract for which the underlying asset is considered as a *“low-value asset”* (for the purposes of this determination, the Group considered the assets underlying the lease agreement which when new, they do not exceed a value of approximately Euro 5 thousands). The contracts for which exemption was applied mainly concern computers, phones and tablets, printers and other electronic devices: for these contracts, the introduction of IFRS 16 did not involve the recognition of a *“financial liability”* of the lease and the related *“Right of use”*, but the lease payments continued to be recognized in the income statement on a straight-line basis for the duration of the contracts.

The new IFRS 16 standard has also introduced some elements of professional judgment that involved the use of some accounting policies, assumptions and estimates related to lease term and the discount rate determination. The Group analyzed all the lease contracts, defining for each contract the *“non-cancellable”* period considering the effects of any extension or termination clauses whose exercise was considered reasonably certain. With reference to buildings this valuation considered the specific facts and circumstances of each activity. As regards the other categories of goods, mainly company cars, the Group generally considered unlikely to exercise any extension clauses or early termination in consideration of the practice usually followed by the Group.

Below are listed the international accounting standards, interpretations and amendments to accounting principles and interpretations approved by the IASB, with indication of those approved or not approved for adoption in Europe on the date of approval of this document:

Description	Approved at the date of these financial statements	Effective date expected from principle
IFRS 16 Leases	Yes	2019
Amendments to IFRS 9: Prepayment Features with Negative compensation	Yes	2019
IFRIC 23 Uncertainty over Income Tax Treatments	Yes	2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	Yes	2019
Annual Improvements to IFRSs 2015-2017 Cycle	Yes	2019
Amendments to IAS 19: Plant Amendment, Curtailment or Settlement	Yes	2019
Amendments to IFRS 3: Definition of a Business	No	2020
Amendments to IAS 1 and IAS 8: Definition of Material	No	2020
Amendments to the Conceptual Framework	No	2020
IFRS 17 Insurance Contracts	No	2021

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Group have not been applied Accounting principles and/or interpretations in advance if the application would be mandatory for periods starting from January 1st, 2020. The evaluation of the possible effects on the consolidated financial statements is currently being verified.

Consolidation

The consolidated financial statements includes the financial statements of Ferrari Group Limited and its subsidiaries.

The subsidiaries are consolidated using the line by line method, while the associated companies are consolidated using the equity method.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal Groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during

the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Functional currency

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the Company and the Group. For this reason, Euro is the presentation currency for the consolidated financial statements.

Foreign currency translation

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the Company and the Group. For this reason, Euro is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the group and the revenues can be reliably measured, in accordance with IFRS 15. All revenues are reported net of discounts and value-added and other sales taxes.

Sale of services

Revenue from services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Exceptional items

Exceptional items are presented in the financial statements where there are material items of income and expense which, because of their nature and the expected rarity of the circumstances which generate

them, they should be presented separately to shareholders so as to enhance their judgement of the current year's financial performance and its comparability with prior years.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Current and Non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Land	No depreciation
Building	Over 20 years
Short leasehold property	Over the life of the lease
Plant and equipment	Straight line basis using the percentage rate provided by the local subsidiary

Intangible assets***Goodwill***

Goodwill is recognised as an asset from the acquisition date as the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture.

Goodwill is reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value might be impaired and for subsequent changes in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less accumulated impairment losses.

Other non-internally generated intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

The carrying value of intangible assets are reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value may not be recoverable.

Intangible assets are stated at cost or fair value on recognition less accumulated amortization and any impairment in value.

Amortization is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, using the straight-line method, on the following bases:

Goodwill	Tested annually for impairment
Other intangible assets	Straight line basis using the percentage rate provided by the local subsidiary

Investments in associates

Associates are entities over which the company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The company discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Deferred tax

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxed levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Financial risk management objectives and policies

The objective of the group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The group manages its capital structure through adjustments that are grounded on economic conditions. In order to maintain or adjust the capital structure, the group may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processed during the years ended December 31st, 2019 and December 31st, 2018.

Available-for-sale financial assets

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

Other long-term investments that are intended to be held to maturity, such as bonds, are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the acquisition, over the period to maturity. For investments carried at amortized cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortization process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

All regular way purchases of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. All regular way sales of financial assets are recognised on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are determined on a first in first out basis and comprise purchase cost, cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Investments held for trading

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as held for trading are measured at fair value. Gains or losses on investments held for trading are recognised in income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no quoted market price, fair value is determined

by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

All regular way purchases of financial assets are recognised on the trade date i.e. the date that the group commits to purchase the asset. All regular way sales of financial assets are recognised on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Trade and other receivables

Trade and other receivables are recognised by the group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Based on IFRS 9 an “expected credit loss” (“ECL”) model is used to recognise an allowance: trade and other receivables are written off when they are identified as being bad.

Other receivables are recognised at fair value.

Financial instruments

Financial assets and financial liabilities are recognised in the Group’s balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortization of day 1 gain or loss:

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or
- release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits. Short-term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Retirement benefit schemes

The Group sponsors defined benefit schemes for qualifying employees of its subsidiaries. The defined benefit schemes are administered by a separate fund that is legally separated from the company.

The defined benefit schemes require contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plan.

Provisions

Provisions are recognised when the group has a present obligation that arises as a consequence of a past event, it is probable that an outflow of resources will be required to settle that obligation and the obligation can be reliably estimated. The provisions are measured as the estimated expenditure that will be required to settle such obligations as at the statement of financial position date. Discounting to present value is employed in the estimation process when the effect of the time value of money is material.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and

liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Customer contracts within the Currency business will often include specific terms that impact the timing of revenue recognition. The timing of the transfer of risk and rewards varies depending on the individual terms of the sale agreement. Judgement is used in interpreting these terms and conditions in assessing

when the risks and rewards have been transferred to the customer especially where they include special arrangements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Key accounting judgements

IFRS3 has not been applied where there has been a combination of businesses under common control. The directors consider that in accordance with appendix B to IFRS3 contractual arrangements existed between the individuals controlling such entities both before and after their combination to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date amount to Euro 1,244,951 (Euro 3,096,646 in 2018).

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of equipment should be shortened, due to developments in technology.

4. REVENUES

The Group operates in different countries with local subsidiaries. Each subsidiary enters into arrangements to cover the provision of services in its local area.

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Net revenues	155,384,615	141,829,028	13,555,587	10%
Other revenues	4,029,826	4,503,100	(473,274)	-11%
Total Revenues	159,414,441	146,332,128	13,082,313	9%

Net revenues

The table below shows the geographic analysis of net revenues by country or zone:

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Italy	46,592,092	44,166,903	2,425,189	5%
Switzerland	41,176,016	38,763,265	2,412,751	6%
Rest of Europe	31,256,095	26,158,791	5,097,304	19%
Asia	36,040,879	32,482,305	3,558,574	11%
USA	250,112	224,640	25,472	11%
Other	69,421	33,124	36,297	110%
Total Net revenues	155,384,615	141,829,028	13,555,587	10%

The geographic analysis has been made considering the revenue generated by each subsidiary in its relevant area.

Other revenues

The table below shows the analysis of other revenues by nature:

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Reimbursement	303,926	592,230
Capital Gain	-	4,511
Other revenues	3,725,900	3,868,822
Non recurring incomes	-	37,536
Total Other revenues	4,029,826	4,503,100

FERRARI GROUP LIMITED

As at December 31st, 2019

5. EXPENSES BY NATURE

(Amounts in Euro)	12/31/2019	12/31/2018	Delta	%
Cost of services	73,690,193	73,047,203	642,990	1%
Purchase of raw materials and goods	2,857,582	4,995,726	(2,138,144)	-43%
Personnel costs	53,517,579	48,843,814	4,673,765	10%
Amortization and depreciation	11,014,076	10,326,471	687,605	7%
Amortization and Depreciation	3,682,405	3,698,262	(15,857)	0%
Write-off of Assets	3,459,606	5,879,335	(2,419,729)	-41%
Amortization IFRS16	3,872,065	748,874	3,123,191	417%
Other provisions for risks and charges	7,324,864	6,090,722	1,234,142	20%
Other operating costs	2,047,960	2,892,898	(844,938)	-29%
Total Expenses	150,452,254	146,196,834	4,255,420	3%

6. PERSONNEL COSTS

(Amounts in Euro)	12/31/2019	12/31/2018
Wage and salaries	53,517,579	48,843,814

The average monthly number of employees during the year was made up as follows:

Average number of Employees	2019	2018	Delta	%
Ferrari Group Limited	12	5	7	140%
Ferrari S.p.A.	119	116	3	3%
Ferrari Expeditions SA	176	157	19	12%
Ferrari Logistics Asia Ltd.	175	167	8	5%
Ferrari Expeditions France SA	54	39	15	38%
Ferrari Belgium BVBA	23	21	2	10%
Ferrari Express S.L.	27	28	(1)	-4%
Ferrari Logistics Germany GMBH	23	21	2	10%
Ferrari AF Secura Logitec Pvt India	53	53	-	0%
Ferrari Logistics Japan	18	17	1	6%
Ferrari Internat. Transport Co. LTD (Turkey)	25	25	-	0%
Ferrari Divisione Vigilanza Speciale S.r.l.	177	175	2	1%
Ferrari Sécurité France (ex Gwinver)	45	41	4	10%
Ferrari Global Services	-	-	-	0%
Ferrari Macao	5	5	-	0%
Pelican Real Estate Co.	-	-	-	0%
SW System S.r.l.	15	12	3	25%
Ferrari Logistics Singapore Pte. Ltd.	31	31	-	0%
Ferrari Group Portugal SA	1	1	-	0%
Ferrari Logistics Southern Africa (PTY) Ltd	4	2	2	100%
Ferrari Logistics Netherlands BV	4	-	4	100%
Ferrari Logistics Asia (Thailand) Ltd.	52	46	6	13%
Mc Rush Pte Ltd	-	-	-	0%
Ferrari Logistics (Korea) Co. Ltd	7	7	-	0%
Ferrari Group Ireland	14	-	14	100%
Ferrari Immogroup	-	-	-	0%
Ferrari Logistics Middle East - UAE	55	65	(10)	-15%
Ferrari Fashion S.r.l.	1	-	1	100%
Total	1,116	1,034	82	8%

The amounts set out above include remuneration to the highest paid UK director as follow:

FERRARI GROUP LIMITEDAs at December 31st, 2019

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Remuneration of highest paid director	289,655	283,126

7. FINANCIAL INCOME

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Financial income	124,086	86,119	37,967	44%
Financial expenses	(1,047,974)	(773,341)	(274,633)	36%
Exchange Gain/(Losses)	(283,047)	(630,458)	347,411	-55%
Equity method - Revaluation/Write-off of investment	3,090,464	2,571,683	518,781	20%
Total Financial income/(expenses)	1,883,529	1,254,003	629,526	50%

8. TAX EXPENSES

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Current tax charge (UK)	(1,569,437)	(1,128,613)
Current tax charge (foreign)	(2,202,179)	(1,520,158)
Total current taxes	(3,771,616)	(2,648,771)
Deferred income taxes (UK)	1,219,180	644,279
Deferred income taxes (foreign)	56,971	3,114,641
Total deferred income taxes	1,276,151	3,758,920
Deferred taxes (UK)	-	-
Deferred taxes (foreign)	(1,057,544)	(472,929)
Total deferred taxes	(1,057,544)	(472,929)
Total Tax benefit/(expense)	(3,553,010)	637,220

For the tax reconciliation of Ferrari Group Limited, please refer to the disclosure in the Parent Only financial statements.

9. EARNINGS PER SHARE

Basic Earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the Year.

Diluted Earnings per share amounts are calculated by dividing the net profit (excluded OCI) attributable to ordinary shareholders after adjustments for instruments that dilute basic Earnings per share by the weighted average of ordinary shares outstanding during the Year (adjusted for the effects of dilutive instruments).

The following reflects the income and share data used in the total operations basic and diluted Earnings per share computations:

FERRARI GROUP LIMITEDAs at December 31st, 2019

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Result attributable to ordinary shareholders for basic and diluted earning per share (total)	7,292,706	2,026,517
No. of shares - £ 1 each	30,401,000	28,010,000
Earning per Share	0.24	0.07

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Result attributable to ordinary shareholders for basic and diluted earning per share (with no minority interests)	7,367,048	820,113
No. of shares - £ 1 each	30,401,000	28,010,000
Earning per Share	0.24	0.03

10. GOODWILL

The Group perform annually impairment test on goodwill, or more frequently if there are indications that goodwill might be impaired.

In the table below are listed all the movements incurred in goodwill balance during the year:

Description	Amounts in Euro	Year
Opening balance as at 01/01/2018	5,959,662	
Impairment of Vega	(2,280,040)	2018
Impairment of Sticco Division	(566,498)	2018
Impairment of Speed Italia	(16,478)	2018
Goodwill as at December 31, 2018	3,096,646	

Description	Amounts in Euro	Year
Opening balance as at 01/01/2019	3,096,646	
Acquisition of Ramo Troiani	120,000	2019
Impairment of Ramo Troiani	(120,000)	2019
Impairment of Vega	(1,851,695)	2019
Goodwill as at December 31, 2019	1,244,951	

<i>(Amounts in Euro)</i>	12/31/2018	Addition	Disposal	12/31/2019
Historical Value	7,632,421	120,000	-	7,752,421
Acc. impairment losses	(4,535,774)	(1,971,695)	-	(6,507,470)
Goodwill	3,096,646	(1,851,695)	-	1,244,951

All the investments were made for strategic reasons in the view of expanding the services rendered in the relevant countries.

The merger of the company has increased the synergies and as a result the group has become a leader in offering its core business services in the relevant territories.

FERRARI GROUP LIMITED

As at December 31st, 2019

The table below details the Net Book Value of goodwill by cash generating unit (CGU):

	NBV 12/31/2019	NBV 12/31/2019
Ferrari Germany	116,410	116,410
Ferrari DVS	144,000	144,000
Battistolli Division	823,191	823,191
AF Ferrari India	161,350	161,349
Vega Spedizioni Internazionali	-	1,851,695
	1,244,951	3,096,646

11. OTHER INTANGIBLE ASSETS

(Amounts in Euro)	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangible assets
As at December 31, 2018			
Cost	12,820	139,162	477,763
Depreciation found	(2,564)	(60,561)	(382,058)
Net book value	10,256	78,601	95,705
Increase / (Decrease)	31,451	3,001	116,979
Amortization & Depreciation	(8,854)	(20,363)	(46,696)
Other	-	-	7,976
As at December 31, 2019			
Cost	44,271	142,163	594,742
Depreciation found	(11,418)	(80,924)	(420,778)
Net book value	32,853	61,239	173,964

12. TANGIBLE ASSETS

(Amounts in Euro)	Lands and buildings	Technical installations and machinery	Industrial and commercial equipment	Leasehold improvements	Other fixed assets	Right of use
As at December 31, 2018						
Cost	36,376,285	4,516,025	1,738,610	5,900,289	11,952,991	9,008,397
Depreciation found	(4,715,769)	(3,369,980)	(1,244,535)	(1,873,889)	(8,152,837)	(2,746,813)
Net book value	31,660,516	1,146,045	494,075	4,026,400	3,800,154	6,261,584
Increase / (Decrease)	426,562	482,819	223,513	403,681	956,600	9,354,373
Amortization & Depreciation	(903,758)	(399,084)	(191,775)	(734,371)	(1,377,505)	(3,872,065)
Other	99,011	(134,560)	(137,712)	246,479	722,236	(9,141)
As at December 31, 2019						
Cost	36,938,256	4,918,703	2,018,979	6,374,617	12,480,367	18,697,221

FERRARI GROUP LIMITEDAs at December 31st, 2019

Depreciation found	(5,620,662)	(3,754,293)	(1,574,022)	(2,361,781)	(8,450,509)	(6,628,018)
Net book value	31,317,594	1,164,410	444,957	4,012,836	4,029,858	12,069,203

With reference to the opening balance of the Right of Use, it represents the net book value arising from IAS 17 application. In order to allow a better comparison of Group financial information the Group reclassified the IAS 17 opening balance as “Right of Use”.

13. INVESTMENTS IN GROUP AND OTHER COMPANIES

The following table shows financial and other information about the investments in associated companies and other entities:

Name of associate	Total Value	Country of incorporation	Principal activities	% Ownership interest	% Voting power
Ferrari Express Inc.	1,975,437	USA	Freight transport	50%	50%
Ferrari Express Ltd.	1,145,306	UK	Freight transport	50%	50%
Ferrari CDS S.r.l.	37,787	Italy	Freight transport	50%	50%
Ferrari Hecny Logistics Hong Kong + Taiwan Branch	809,876	Hong Kong	Freight transport	50%	50%
Ferrari Hecny Logistics Shangai	2,274,630	China	Freight transport	50%	50%
Bcube Luxury B.V.	989,275	Holland	Freight transport	40%	40%
CDS S.r.l.	183,699	Italy	Freight transport	25%	25%
Ferrari Express LLC	15,517	Armenia	Freight transport	30%	30%
Ferrari Hecny Logistics (Malaysia) SDN BHD	211,690	Malaysia	Freight transport	50%	50%
Ferrari Group Netherlands BV	40,899	Netherlands	Freight transport	100%	100%
S.A.S. Service d'Assurance Suisses S.A.	92,132	Switzerland	Freight transport	100%	100%
Grosvenor Underwriting Ltd	506,723	UK	Freight transport	100%	100%
Balance as at December 31, 2019	8,282,970				
Other Entities	63,146				
Balance as at December 31, 2019	8,346,116				

14. DEFERRED TAX ASSETS/LIABILITIES

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Deferred tax assets	11,422,528	11,015,773
Deferred tax liabilities	(2,365,367)	(2,061,197)
Net Deferred Tax	9,057,161	8,954,576

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Liquidity risk

The Group has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Market risk

The Group's main exposure to risk is through interest rates. The Group did not enter into the derivative transactions.

Foreign currency risk

The table below details the exchange rates used in the preparation of consolidated financial statement of the Group:

Currency	Country	Spot rate 12/31/2019	Avarage rate 2019	Spot rate 12/31/2018	Avarage rate 2018
AED	United Arab Emirates	4.1257	4.1113	4.2050	4.3371
CHF	Switzerland	1.0854	1.1124	1.1269	1.1550
CNY	China	7.8205	7.7355	7.8751	7.8081
GBP	United Kingdom	0.8508	0.8778	0.8945	0.8847
HKD	Hong Kong	8.7473	8.7715	8.9675	9.2559
INR	India	80.1870	78.8361	79.7298	80.7332
JPY	Japan	121.9400	122.0058	125.8500	130.3959
KRW	South Korea	1,296.2800	1,305.3200	1,277.9300	1,299.0700
SGD	Singapore	1.5111	1.5273	1.5591	1.5926
THB	Thailand	33.4150	34.7570	37.0520	38.1640
TRY	Turkey	6.6843	6.3578	6.0588	5.7077
USD	United States	1.1234	1.1195	1.1450	1.1810
ZAR	South Africa	15.7773	16.1757	16.4594	15.6186

The Group's main exposure to risk is through foreign currency exchange rates. The Group did not enter into the derivative transactions. The table below shows the weight of the main currencies used by the Group in its operations and the weight of main currencies on the aggregated revenues and equity:

Currency	Weight on Aggregated revenues	Weight on Aggregated Equity
EUR	56%	19%
CHF	20%	20%
HKD	9%	2%
GBP	7%	49%
AED	5%	4%
Other	2%	6%
Total	100%	100%

FERRARI GROUP LIMITED

As at December 31st, 2019

Net Working Capital

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Trade receivables	46,346,119	44,335,604	2,010,515	5%
Inventories	26,772	54,001	(27,229)	-50%
Other current assets	2,059,208	6,138,115	(4,078,907)	-66%
Current tax receivables	1,327,171	2,355,670	(1,028,499)	-44%
Cash and cash equivalents	25,090,717	13,385,511	11,705,206	87%
Trade payables	(27,109,710)	(21,503,850)	(5,605,860)	26%
Current tax payables	(8,575,735)	(7,806,985)	(768,750)	10%
Other current liabilities	(10,217,875)	(12,071,195)	1,853,320	-15%
Net Working Capital	28,946,667	24,886,871	4,059,796	16%

16. FINANCIAL INSTRUMENTS

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Cash and cash equivalents	25,090,717	13,385,511	11,705,206	87%
Current financial assets	949,504	137,885	811,619	589%
Non-current financial assets	5,844,969	3,067,835	2,777,134	91%
Financial assets	31,885,190	16,591,231	15,293,959	92%
Current financial liabilities	(2,440,644)	(2,516,475)	75,831	-3%
Current lease liabilities (New IFRS 16)	(1,838,517)	-	(1,838,517)	100%
Current lease liabilities (Ex IAS 17)	(652,371)	(874,995)	222,625	-25%
Non-current financial liabilities	(19,576,617)	(18,377,796)	(1,198,821)	7%
Non-current lease liabilities (New IFRS 16)	(4,589,569)	-	(4,589,569)	100%
Non-current lease liabilities (IAS 17)	(2,964,838)	(3,693,442)	728,604	-20%
Financial liabilities	(32,062,555)	(25,462,708)	(6,599,847)	26%
<i>Net Financial Position - Short term</i>	<i>21,108,689</i>	<i>10,131,926</i>	<i>10,976,763</i>	<i>108%</i>
<i>Net Financial Position - Long Term</i>	<i>(21,286,055)</i>	<i>(19,003,403)</i>	<i>(2,282,652)</i>	<i>12%</i>
Net Financial Position	(177,366)	(8,871,477)	8,694,111	-98%
Adjustment on financial position for IFRS 16	6,428,085	-	6,428,085	100%
Adjustment on financial position for Long term tax payables	(8,594,026)	(12,434,012)	3,839,986	-31%
Adjustment on financial position for Other liabilities	(17,016,624)	(19,846,930)	2,830,306	-14%
Adjusted Net Financial Position	(19,359,930)	(41,152,419)	21,792,489	-53%

17. INVENTORIES

<i>(Amounts in Euro)</i>	12/31/2018	Increase (+) Decrease (-)	12/31/2019
Historical Cost	79,682	(52,910)	26,772
Depreciation	(25,681)	25,681	-
Net Book Value	54,001	(27,229)	26,772

FERRARI GROUP LIMITEDAs at December 31st, 2019**18. TRADE RECEIVABLES**

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Trade receivables	46,346,119	44,335,604	2,010,515	5%

19. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following at December 31st, 2019:

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Bank and postal accounts	24,733,075	12,974,104
Cash and other valuables	357,642	411,407
Cash and cash equivalents	25,090,717	13,385,511

20. SHARE CAPITAL

All issued share capital is classified as equity.

Share capital	No.	12/31/2019	No.	12/31/2018	Delta
Issued and fully paid					
Opening balance	28,000,000	33,979,628	28,000,000	33,979,628	-
New issues of share capital	2,391,000	2,810,296	-	-	2,810,296
Closing balance	30,391,000	36,789,924	28,000,000	33,979,628	2,810,296
Issued and Unpaid					
Opening balance	10,000	12,136	10,000	12,136	-
New issues of share capital	-	-	-	-	-
Closing balance	10,000	12,136	10,000	12,136	-
Issued share capital	30,401,000	36,802,060	28,010,000	33,991,764	2,810,296

21. RESERVES

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Merger reserve	(11,204,796)	(11,177,736)
Foreign currency translation reserve	(1,838,087)	(1,577,447)
First Time Adoption Reserve	525,227	525,227
Other reserves	(476,134)	(476,134)
Reserve for discounting Employee Severance indemnity	(139,624)	(98,537)
Total Other reserves	(13,133,414)	(12,804,627)

22. PROVISIONS

Provisions at December 31st, 2019 amounts to total Euro 19,383,252 (2018: 12,535,563) and, attached below, follows their division by nature:

- Provision for employee benefits (Non current liabilities)

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Provisions for employee benefits	2,001,514	1,907,608	93,906	5%
Total Provisions for employee benefits and other non current provisions	2,001,514	1,907,608	93,906	5%

- Provisions for risk and charge (Non current liabilities)

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Tax litigation	358,157	350,000	8,157	2%
Other provisions	1,108,760	1,099,409	9,351	1%
Provision related to risk in claims with personnel	1,358,271	800,000	558,271	100%
Provision related to risk in claims with Customers & Vendors	1,515,860	1,390,371	125,489	100%
Total Provisions for risk and charge and other non current provisions	4,341,048	3,639,780	701,268	19%

- Other current provision (Current liabilities)

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Provision related to insurance services	13,040,690	6,988,175	6,052,515	87%
Total Other current provisions	13,040,690	6,988,175	6,052,515	87%

23. OTHER NON CURRENT LIABILITIES

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Payables towards Shareholders	10,071,907	11,835,070
Payables towards Related Parties	6,694,770	7,403,553
Payables towards Italian Tax Authority	5,005,577	8,686,622
Total Other non-current liabilities	21,772,254	27,925,244

24. TRADE PAYABLES

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018	Delta	%
Trade payables	27,109,710	21,503,850	5,605,860	26%

FERRARI GROUP LIMITEDAs at December 31st, 2019**25. RELATED PARTIES**

Ferrari Group's related parties are listed below:

Related Parties	Relationship
Bcube Luxury BV	Associated
Ferrari Express Inc.	Associated
CDS S.r.l.	Associated
Ferrari Canada	Associated
Ferrari Brasile	Associated
Ferrari Express Ltd	Associated
Ferrari Hecny Logistics HK	Associated
Ferrari Hecny Logistics Shanghai	Associated
Ferexpress LLC (Armenia)	Associated
Ferrari Hecny Logistics (M) SDN BHD	Associated
Hecny Logistic Taiwan (branch)	Associated
Ferrari CDS S.r.l.	Associated
Marco Deiana	Shareholders of Parent Company
Ferrari Logistics Sam MC - Montecarlo	Shareholders in common
Regency Limited	Other relationship
Dario Dino Ferrari	Other relationship
Miranda Ferrari	Other relationship

Preparing the consolidated financial statement, the Group management eliminates all the intercompany transactions between subsidiaries included in the consolidation area.

The volume of transactions of the Group entities with the associated companies is reported below:

<i>(Amounts in Euro)</i>	Relationship	Receivables	Payables	Revenues	Expenses
Bcube Luxury BV	Associated	185,321	178,594	1,011,099	259,114
Ferrari Express Inc.	Associated	1,859,914	2,022,145	3,868,727	6,083,021
CDS S.r.l.	Associated	353,979	-	-	2,269,470
Ferrari Canada	Associated	2,600	73,813	2,677	210,996
Ferrari Brasile	Associated	45,999	117,606	143,619	177,189
Ferrari Express Ltd	Associated	686,294	858,033	1,900,655	2,243,363
Ferrari Hecny Logistics HK	Associated	-	-	488	-
Ferrari Hecny Logistics Shanghai	Associated	505,969	680,191	914,547	1,982,458
Ferexpress LLC (Armenia)	Associated	1,045	9,108	11,028	34,047
Ferrari Hecny Logistics (M) SDN BHD	Associated	69,417	68,612	155,164	231,066
Hecny Logistic Taiwan (branch)	Associated	335,796	177,295	446,401	413,758
Ferrari CDS S.r.l.	Associated	306,469	62,236	20,794	56,420
Marco & Corrado Deiana	Shareholders of Parent Company	-	10,071,908	-	-
Ferrari Logistics Sam MC - Montecarlo	Shareholders in common	237,624	268,176	434,684	947,810
Regency Limited	Other relationship	616	-	-	-
Dario Dino Ferrari	Other relationship	-	4,849,000	-	-
Miranda Ferrari	Other relationship	-	2,095,716	-	-
Total		4,591,042	21,532,433	8,909,883	14,908,716

All related party transactions are concluded at market conditions. Market condition means condition similar to those normally applied to unrelated parties for transactions of a similar nature, size and risk, or based upon regulated rates or set prices, or applied to entities with which the Company is obligated by law to contract at a certain price.

26. CONTINGENT LIABILITIES

The Group had no contingent liabilities at the year-end.

27. OTHER FINANCIAL COMMITMENTS

The Group had no capital commitments at the year-end.

28. AUDITOR'S REMUNERATION

<i>(Amounts in Euro)</i>	2019	2018
Audit fees for Consolidated and "Parent only" financial statement	18,000	18,000

29. ULTIMATE CONTROLLING PARTY

The Group's ultimate controlling party is Mr. Marco Deiana.

30. POST BALANCE SHEET EVENTS

In March 2020 the World Health Organisation declared Covid-19 a global pandemic. This had a significant effect on global trade and the ability of companies to function normally. An estimate of the financial effect of Covid-19 can not be made at this stage.

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FERRARI GROUP LIMITED

FINANCIAL STATEMENTS

Parent Only

as at December 31st, 2019

Company Registration Number: 10052892

CONTENTS

PAGES

Statement of Financial Position	46
Statement of Changes in Equity	47
Notes to the Financial Statements	48 - 52

FERRARI GROUP LIMITEDAs at December 31st, 2019**Statement of Financial Position**

<i>(Amounts in Euro)</i>	Notes	12/31/2019	12/31/2018
Other intangible assets	33	2,370,400	2,370,400
Intangible assets		2,370,400	2,370,400
Investments in Group and other companies	34	85,383,343	82,656,811
Non-current other financial assets	36	20,800,094	18,426,185
Investments and other financial assets		106,183,437	101,082,996
Deferred tax assets		2,441,426	1,166,001
Total Non-current asset		110,995,263	104,619,397
Trade receivables	35	2,518,399	2,007,793
Current tax receivables	35	423,217	97,903
Other current assets	35	5,827,467	2,719,465
Cash and cash equivalents	34/35	4,050,683	882,726
Total Current assets		12,819,766	5,707,887
TOTAL ASSETS		123,815,029	110,327,284
Share capital		36,802,060	33,991,764
Other reserves		(4,555,109)	(2,185,826)
Retained profit/(loss)		31,115,057	24,143,282
Subscribed Capital		63,362,008	55,949,220
Total Equity		63,362,008	55,949,220
Non-current financial liabilities	36	27,746,737	31,351,000
Total Non-current liabilities		27,746,737	31,351,000
Other current provisions		13,053,290	6,969,387
Trade payables	35	15,702,209	14,495,848
Current tax payables	35	2,383,025	1,236,555
Other current liabilities	35	1,567,760	325,274
Total Current liabilities		32,706,284	23,027,064
TOTAL EQUITY AND LIABILITIES		123,815,029	110,327,284

The profit attributable to the company was £7,826,864 (2018: £22,878,181).

Statement of Changes in Equity

<i>(Amounts in Euro)</i>	Issued capital	Other reserves	Retained earnings	Net result	Total equity
Balance at January 1, 2018	33,991,764	(1,850,651)	539,480	56,767	32,737,360
Allocation of 2017 result	-	-	56,767	(56,767)	-
Foreign Exchange	-	(335,175)	-	-	(335,175)
Comprehensive income	-	-	-	22,878,181	22,878,181
Other movements	-	-	668,854	-	668,854
Balance at December 31, 2018	33,991,764	(2,185,826)	1,265,101	22,878,181	55,949,220
Allocation of 2018 result	-	-	22,878,181	(22,878,181)	-
Foreign Exchange	-	(2,369,283)	-	-	(2,369,283)
Issue of shares	2,810,296	-	-	-	2,810,296
Comprehensive income	-	-	-	7,826,864	7,826,864
Dividend distribution	-	-	-	(855,089)	(855,089)
Balance at December 31, 2019	36,802,060	(4,555,109)	24,143,282	6,971,775	63,362,008

Notes to the Financial Statements

31. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the company are presented as required by the companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

Accordingly, in the year ended 31 December 2019 the company has reported under FRS 101 as issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2017.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transaction. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, when appropriate, provisions for impairment.

32. PROFIT FOR THE YEAR

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

FERRARI GROUP LIMITEDAs at December 31st, 2019**33. OTHER INTANGIBLE ASSETS**

<i>(Amounts in Euro)</i>	Other intangible assets
Cost	
As at December 31, 2018	2,370,400
Additions	-
Disposals	-
Other	-
As at December 31, 2019	2,370,400
Amortisation	
As at December 31, 2018	-
Additions	-
Disposals	-
Other	-
As at December 31, 2019	-
Carrying Value	
As at December 31, 2018	2,370,400
Additions	-
Disposals	-
Other	-
As at December 31, 2019	2,370,400

34. INVESTMENTS

<i>(Amounts in Euro)</i>	Investments in Group and other entities	Other non-current financial assets	Total
Cost			
As at December 31, 2018	82,656,811	18,426,185	101,082,996
Additions	2,726,532	2,373,909	5,100,441
Disposals	-	-	-
As at December 31, 2019	85,383,343	20,800,094	106,183,437
Impairment			
As at December 31, 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
Other	-	-	-
As at December 31, 2019	-	-	-
Carrying Value			
As at December 31, 2018	82,656,811	18,426,185	101,082,996
Additions	2,726,537	2,373,909	5,100,441
Disposals	-	-	-
As at December 31, 2019	85,383,343	20,800,094	106,183,437

FERRARI GROUP LIMITEDAs at December 31st, 2019**34. INVESTMENTS (Continued)**

At 31 December 2019 the company had interest in the following subsidiaries:

Name of subsidiary	Total Value	Country of incorporation	Principal activities	% Ownership interest	% Voting power
SW System S.r.l.	24,179	Italy	IT Services	100%	100%
Ferrari S.p.A.	27,235,686	Italy	Freight transport	100%	100%
Ferrari Expéditions SA	17,697,492	Switzerland	Freight transport	100%	100%
Ferrari Logistics Germany GMBH	1,903,533	Germany	Freight transport	100%	100%
Ferrari Belgium.BVBA	391,972	Belgium	Freight transport	100%	100%
Ferrari Logistics Japan	886,282	Japan	Freight transport	100%	100%
Ferrari Express S.L.	1,905,507	Spain	Freight transport	100%	100%
Ferrari Logistics Southern Africa	78,404	Southern Africa	Freight transport	100%	100%
Ferrari Group Portugal	47,760	Portugal	Freight transport	100%	100%
Mc Rusch Pte Ltd	1	Singapore	Freight transport	100%	100%
AF Ferrari Secure Logitec Pvt India	494,617	India	Freight transport	100%	100%
Ferrari France SAS	10,008,517	France	Freight transport	100%	100%
Ferrari Logistics (Asia) Ltd	9,616,140	Hong Kong	Freight transport	100%	100%
Ferrari Logistics (Korea) Co. Ltd	237,750	Korea	Freight Transport	100%	100%
Ferrari Group Netherlands BV	39,335	Netherlands	Freight Transport	100%	100%
Ferrari Logistics Netherlands B.V.	1	Netherlands	Freight Transport	100%	100%
Ferrari Logistics Middle East – UAE	6,484,087	Dubai	Freight Transport	100%	100%
Ferrari Immogroup S.A.	5,126,538	Switzerland	Freight Transport	100%	100%
Ferrari Logistics Ireland Limited	10,000	Ireland	Freight Transport	100%	100%
Ferrari Logistics Asia (Thailand)	1	Thailand	Freight Transport	100%	100%
Grosvenor Underwriting Limited	506,723	UK	Freight Transport	100%	100%
Balance as at December 31, 2018	82,694,525				

At 31 December 2019 the company had interests in the following associates:

Name of associate	Total Value	Country of incorporation	Principal activities	% Ownership interest	% Voting power
Ferrari Express Ltd	482,121	UK	Freight transport	50%	50%
Ferrari Express Inc.	825,270	USA	Freight transport	50%	50%
Bcube Luxury BV	1,367,739	Netherlands	Freight transport	40%	40%
Ferrari Express LLC	8,480	USA	Freight transport	30%	30%
Ferrari Hecny Logistics HK	4,321	Hong Kong	Freight transport	50%	50%
Ferrari Hecny Logistics M SDN BHD	887	Malaysia	Freight transport	33%	50%
Balance as at December 31, 2018	2,688,818				

FERRARI GROUP LIMITEDAs at December 31st, 2019**35. NET WORKING CAPITAL**

<i>(Amounts in Euro)</i>	12/31/2019	12/31/2018
Current tax receivables	423,217	97,903
Trade receivables	2,518,399	2,007,793
Other current assets	5,827,467	2,719,465
Cash and cash equivalents	4,050,683	882,726
Trade payables	(15,702,209)	(14,495,848)
Current tax payables	(2,383,025)	(1,236,555)
Other current liabilities	(1,567,760)	(325,274)
Net working capital	(6,833,228)	(10,349,790)

36. FINANCIAL INSTRUMENTS

<i>(Amounts in Euro)</i>	<i>Carrying amount</i>		<i>Fair Value</i>	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Cash and cash equivalents	4,050,683	882,726	4,050,683	882,726
Non-current other financial assets	20,800,094	18,426,185	20,800,094	18,426,185
Current financial assets	-	-	-	-
Financial assets	24,850,777	19,308,911	24,850,777	19,308,911
Non-current financial liabilities	(27,746,737)	(31,351,000)	(27,746,737)	(31,351,000)
Current financial liabilities	-	-	-	-
Financial liabilities	(27,746,737)	(31,351,000)	(27,746,737)	(31,351,000)
Net Financial Position - Short term	4,050,683	882,726	4,050,683	882,726
Net Financial Position - Long Term	(6,946,643)	(12,924,815)	(6,946,643)	(12,924,815)
Net Financial Position	(2,895,960)	(12,042,089)	(2,895,960)	(12,042,089)

37. TAX RECONCILIATION NOTE

<i>(Amounts in Euro)</i>	GBP	EURO
Profit before taxes	7,171,078	8,177,455
<i>Add:</i>		
Accrual of risk and charges	5,632,421	6,422,866
Disallowable expenditure	-	-
<i>Less:</i>		
Distributions not taxable	(5,636,105)	(6,427,067)
Taxable profit	7,167,394	8,173,254
Income taxes	1,361,805	1,552,918
<i>Income taxes (Tax rate)</i>	<i>19%</i>	<i>19%</i>
Deferred taxes income	(1,070,160)	(1,220,344)
<i>Income taxes (Tax rate)</i>	<i>19%</i>	<i>19%</i>
Withholding tax	15,800	18,018
Total taxes	307,445	350,592