



POLITECNICO MILANO 1863

BUSINESS GAME

Report 2

BACHELOR'S DEGREE PROJECT IN MANAGEMENT ENGINEERING

Year 2019/2020

Team Name: "4ObladiEBITda" | Team ID: 1.6

TEAM 1.6 composed by:

Barbaro Giovanni, student number: 870138

Di Grandi Daniele, student number: 887284

Gianotti Simone, student number: 889074

Hartog Alice, student number: 865928

INDEX

INTRO.....	pag. 02
1 st PERIOD: Q9, JAN-MAR 20.....	pag. 02
1.1 Decisions Explanation of this Period.....	pag. 02
1.2 Results: General – Retail Market.....	pag. 03
1.3 Prices, Sales and Market Shares – Retail Market.....	pag. 04
1.4 General – Wholesale Market.....	pag. 05
1.5 Important Indices.....	pag. 06
1.4 Conclusion of this Period.....	pag. 06
2 nd PERIOD: Q10, APR-JUN 20.....	pag. 06
2.1 Decisions Explanation of this Period.....	pag. 06
2.2 Results: General – Retail Market.....	pag. 08
2.3 Prices, Sales and Market Shares – Retail Market.....	pag. 08
2.4 General – Wholesale Market.....	pag. 09
2.5 Important Indices.....	pag. 10
2.6 Conclusion of this Period.....	pag. 10
3 rd PERIOD: Q11, JUL-SEP 20.....	pag. 10
3.1 Unexpected Event.....	pag. 10
3.2 Decisions Explanation of this Period.....	pag. 11
3.3 Results: General – Retail Market.....	pag. 13
3.4 Prices, Sales and Market Shares – Retail Market.....	pag. 13
3.5 General – Wholesale Market.....	pag. 15
3.6 Important Indices.....	pag. 15
3.7 Conclusion of this Period.....	pag. 15
4 th PERIOD: Q12, OCT-DEC 20.....	pag. 16
4.1 Decisions Explanation of this Period.....	pag. 16
4.2 Results: General – Retail Market.....	pag. 17
4.3 Prices, Sales and Market Shares – Retail Market.....	pag. 17
4.4 General – Wholesale Market.....	pag. 18
4.5 Important Indices.....	pag. 19
4.6 Financial Statements Analysis.....	pag. 19
4.7 Conclusion of this Period.....	pag. 21
5 th PERIOD: Q13, JAN-MAR 21.....	pag. 22
5.1 Decisions Explanation of this Period.....	pag. 22
5.2 Results: General – Retail Market.....	pag. 23
5.3 Prices, Sales and Market Shares – Retail Market.....	pag. 23
5.4 General – Wholesale Market.....	pag. 24
5.5 Important Indices.....	pag. 24
6. ABC ANALYSIS.....	pag. 25
7. COMMENTS ON SWOT ANALYSIS FROM REPORT 1.....	pag. 25
8. OTHER INTERESTING RESULTS.....	pag. 26
9. CONCLUSION AND DECISIONS FOR THE NEXT PERIOD.....	pag. 26

INTRO

This Report was written describing period by period what happened and imagining not knowing the events of the following periods (such as unexpected events etc.), in order to better describe the situations that led us and guided us to make certain decisions.

The methods with whom we will make the decisions have already been explained in Report 1, so we will limit ourselves to detail the reasons behind our choices only when we have experienced that different methods were better suited to the situation, or when we were forced to review small parts of our strategy. In order not to repeat ourselves, when it will not be explained (or it will only be mentioned) how we calculated the numbers that identify the decisions in various periods and of various functions, it means that they have been calculated exactly with the formulas and logics explained in Report 1.

1st PERIOD: Q9, JAN-MAR 2020

1.1 DECISIONS EXPLANATION OF THIS PERIOD

Marketing		Operation	
Retail market price: Fabrics (€)	302	Raw materials local: Fabrics	126100
Retail market price: Fittings(€)	104	Raw materials local: Fittings	53400
Retail market price: Furniture(€)	930	Raw materials local: Furniture	18900
Advertising (€)	4000000	Raw materials imported: Fabrics	0
Wholesalers market price: Fabrics (€)	236	Raw materials imported: Fittings	0
Wholesalers market price: Fittings (€)	65	Raw materials imported: Furniture	0
Wholesalers market price: Furniture (€)	640	Finished goods: Fabrics	0
Quantity offered to Whol: Fabrics	30000	Finished goods: Fittings	0
Quantity offered to Whol: Fittings	80000	Finished goods: Furniture	0
Quantity offered to Whol: Furniture	2500	Production planned: Fabrics	106100
Terms of payment (months)	2	Production planned: Fittings	134400
Distribution		Production planned: Furniture	18900
Promotion: Fabrics (€)	0	New leased machines	0
Promotion: Fittings (€)	0	Owned machines (+/-)	20
Promotion: Furniture (€)	0	Automation technology (€)	5000000
Customer service (€)	3000000	Finance	
Central outlets (+/-)	1	Loans (€) (+/-)	3373549
Out-of-town outlets (+/-)	-2	Environmental issues (€)	1000000
New vehicles	12		
Staff	6		
Sales persons	24		
Training (€)	2000000		

Image n.1

The decisions of this first period were already mentioned in Report 1, as an example of the application of the formulas designed for our strategy. We notice very high investments in all business functions. We also notice that the investment in Automation Technology is equal to the maximum value allowed by the period, as we had assumed that, given the Market Trend, many companies would use a strategy of differentiation on quality. The chosen prices, as we recall, are higher

than the last period before our entry into the company, but not knowing yet the prices of our competitors, we do not know if they will be slightly higher than the average, as defined in the strategy. When, after this first period, even our competitors will show their cards, we can consequently adjust our prices. Instead, the prices of the Wholesale market, are the maximum prices accepted. We decide to sell in the Wholesale market as we want to optimize our warehouses and production. In accordance with the strategy, since we want to saturate production as much as possible to exploit the advantages of scale economies, we decide to sell the excess quantity that we don't want to keep in the warehouse, to the Wholesale market.

As for Distribution, we started moving the shops to the center, opening one. As investments will take some time to show results, we are fully aware that our sales in the first periods will not be very high; thus, to avoid paying store rents that would remain unused, we are closing now two out-of-town shops. Ideally, every time

we do this, it can be seen as an out-of-town shops that moves to the center, and one that closes, with employees working there who will be sorted into existing shops, so as to make the service more effective. Our strategy, in fact, provides a lot of staff available to customers who enter every store, so as to perceive a quality service to customers. Always following this line, we also hire new staff, as already explained in Report 1. Having hired new staff and being the first period the one with major investments, we also invest a lot in Training. In addition, ideally, this investment is also part of a re-training project for employees already present in the company, to introduce them the new policies introduced by us regarding the relationship with the customer. The purchase of 12 new vehicles has already been commented in Report 1. As for Operation, we simply followed the method by applying the formulas described in Report 1. We remind the machines' saturation percentage with this production mix, equal to 99,46%. As decided in the strategy, we have never purchased outsourced goods and imported raw materials, and we will never do it for the entire game. The decision to buy 20 new machines has also been extensively commented in Report 1. In addition, thinking that in the next period the costs of local raw materials will increase for Fabrics, we decide to stock 21,000 pcs (having 1,000 in stock, we buy 20,000 more than we need for programmed production). Since we don't have maintenance costs for raw materials, it seemed the best choice for us. As for Finance, we ask for the maximum loan available, so we can finance as much as possible high investments without remaining with low Cash Available in the coming periods. With these decisions we get:

Cash needed to satisfy the decisions: 28,789,994 €

Cash Available: 28,790,931 €

1.2 RESULTS: GENERAL – RETAIL MARKET

Image n.2

Team	Share value	EBIT Quarter	Cumulative EBIT	Share %	EBIT %	AVG	Rank
4Ichea	18,67 €	61.703,53 €	61.703,53 €	77,46%	82,27%	79,86%	3
4JustInTeam	1,80 €	-13.272.314,19 €	-13.272.314,19 €	0,00%	0,00%	0,00%	6
4LeeQuidity	17,19 €	-1.166.688,41 €	-1.166.688,41 €	70,66%	74,69%	72,68%	4
4MonzaMilano	23,58 €	2.935.760,99 €	2.935.760,99 €	100,00%	100,00%	100,00%	1
4NPRspa	16,53 €	1.668.800,54 €	1.668.800,54 €	67,63%	92,18%	79,91%	2
4ObladiEBITda	12,62 €	-5.097.237,00 €	-5.097.237,00 €	49,68%	50,44%	50,06%	5

As expected, we achieved a negative EBIT due to very high investments. The share value has also decreased (initial value: 19.8 €), as well as it decreased to almost all Teams in our group.

Therefore, knowing the reason this happened, we do not worry, as we know that the situation will improve in the future. As for our competitors, we are for the moment in penultimate position (in our group), and we notice that, in this period, there are only 3 teams, including us, to have recorded negative profits. The best of this period is “4MonzaMilano”, while the worst is “4JustInTeam” making a very low profit: even if they had made very high investments, their recorded profit is really too low, this initial result could cost them a lot in the future.

Regarding the global ranking:

Image n.3

Girone	Team	ShareValue	EBIT	Share %	ebit %	AVG	Rank
1	4ObladiEBITda	€ 12,62	-€ 5.097.238,53	37,61	63,01	50,31	153

We rank in a relatively low position, but being the first period, we can only improve it.

1.3 PRICES, SALES AND MARKET SHARES – RETAIL MARKET

Image n.4

Team	Fabrics price	Fittings price	Furniture price	Fabrics sales	Fittings sales	Furniture sales	Fabrics revenues	Fittings revenues	Furniture revenues
4Ichea	294 €	88 €	840 €	76.032	148.198	20.464	22.353.408 €	13.041.424 €	17.189.760 €
4JustInTeam	313 €	89 €	813 €	62.656	132.699	17.591	19.611.328 €	11.810.211 €	14.301.483 €
4LeeQuidity	285 €	84 €	729 €	67.492	135.009	16.287	19.235.220 €	11.340.756 €	11.873.223 €
4MonzaMilano	275 €	85 €	800 €	72.155	130.822	17.226	19.842.625 €	11.119.870 €	13.780.800 €
4NPRspa	320 €	100 €	920 €	58.009	96.050	11.374	18.562.880 €	9.605.000 €	10.464.080 €
4ObladiEBITda	302 €	104 €	930 €	72.189	103.373	14.544	21.801.078 €	10.750.792 €	13.525.920 €
Sums and averages	298 €	92 €	839 €	408.533	746.151	97.486	121.406.539 €	67.668.053 €	81.135.266 €

Finally, we have some data available from our competitors, and from these we can deduce a lot of important information. First of all, we try to understand what kind of strategy our competitors are going through: we can say that tendentially, those who pursue a quality strategy, will have a higher price to cope with higher costs of raw materials and investments. It follows that, at a first glance, the Team that seem to follow our same strategy is only “4NPRspa”, having set the price above the average. “4JustInTeam” and “4Ichea” seem to be pursuing a quality strategy on Fabrics, while a pricing strategy on Fittings and Furniture. Instead, “4LeeQuidity” and “4MonzaMilano” seem to be implementing a pricing strategy. Obviously, these considerations are still indicative: just as we did not have information on the prices of others, every other Team did not have this information, thus entering prices that maybe do not correctly identify their strategy. To understand it, it will be necessary to wait for the next quarter, as from now on prices will be adjusted by everyone, according to their own strategy and according to the prices that have been shown by others. In any case, it is already useful to get an idea of how future events could evolve according to the strategies that we assume our competitors have adopted. As for the sales, we notice that, although we have placed the Fabrics line at a higher price both “4MonzaMilano” and “4LeeQuidity” (the two Teams that in our opinion are pursuing the pricing strategy), we recorded higher sales than them. This indication is a confirmation of what was said in Report 1: the customer is increasingly demanding and attentive to the quality of products. In addition, thanks to the high price, our profit in Fabrics is slightly lower than the revenue recorded by the best of the period, “4Ichea”. Since our corporate strategy relies heavily on the earnings that Fabrics could make us record (especially with the peak of the JUL-SEP period), we are satisfied with the result obtained. For Fittings and Furniture, we recorded average earnings, indicating that the investments made have yet to mature. From the website, we can also see the percentage of Customer Satisfaction as: “100% Customer Satisfaction means all customer requests have been met. If lower than 100%, you have turned away potential sales. If it is greater, you have gained customers from competitors”. For this quarter we have the percentages

Fabrics	99,8%
Fittings	99,7%
Furniture	100,1%

Image n.5

in Image n.5. These values are normal and without particular issues, being the first quarter, we didn’t expect them to increase. We also measure the Market Shares achieved as an integral part of the corporate strategy objectives. The indicative share that we thought to reach in each period have already been explained in Report 1; in this Report will be taken only the desired share of the period considered, for each product.

We recall that we are very interested in the market share based on revenues (r, in Image n.6) and less on sales (q, in Image n.6). Remember that each company started with 16.9% of the share for each product.

q desired *Fabrics*: 16%

q desired *Fittings*: 14.5%

q desired *Furniture*: 15.3%

Below, the shares reached on the quantities (q) and revenues (r) of each Team at the end of this period:

Team	Share q fabrics	Share q fittings	Share q furniture	Share r fabrics	Share r fittings	Share r furniture
4Ichea	18,6%	19,9%	21,0%	18,4%	19,3%	21,2%
4JustInTeam	15,3%	17,8%	18,0%	16,2%	17,5%	17,6%
4LeeQuidity	16,5%	18,1%	16,7%	15,8%	16,8%	14,6%
4MonzaMilano	17,7%	17,5%	17,7%	16,3%	16,4%	17,0%
4NPRspa	14,2%	12,9%	11,7%	15,3%	14,2%	12,9%
4ObladiEBITda	17,7%	13,9%	14,9%	18,0%	15,9%	16,7%

Image n.6

We notice that the shares reached at the end of the period do not differ too much from what we thought we would achieve. To be honest, the increase in the share of Fabrics surprised us: we knew we were very strong in this product, but we didn't think of increasing the share from the first game period, considering the quality strategy we have chosen! Obviously, having a higher selling price, the market shares based on revenues (r) are higher, and are those that actually, at a strategy level, are the most important. Having reached slightly different shares from those previewed, we always proceed in agreement with the strategy, to the

			RECALCULATION
JAN-MAR 20	Forecast share	Achieved share	APR-JUN 20 share
Fabrics	16,00%	17,70%	19,00%
Fittings	14,50%	13,90%	14,40%
Furniture	15,30%	14,90%	15,20%

Image n.7

recalculation of the same ones (Image n.7) in order to have a more precise value for the next period, because we recall that they are necessary to Operations to calculate the production in

the next period. Since the difference between the expected and the reached ones is very little, we feel sure to leave, for the next period, the shares already provided in Report 1.

1.4 GENERAL – WHOLESALE MARKET

Wholesalers

Your sales	
Fabrics	30.000
Fittings	80.000
Furniture	2.500

Total sales	
Fabrics	175.670
Fittings	98.000
Furniture	5.000

Requested quantity	
Fabrics	250.000
Fittings	120.000
Furniture	5.000

Image n.8

In this market, we notice that the quantity we offered has been entirely bought. This gives us a confirmation of the strategy above: Wholesalers are interested in buying our products (they are also attentive to quality) and therefore we can still consider the possibility to sell in this market when we will have too much goods in the warehouses compared to what we think is necessary. We also notice that other Teams sell in this market,

Image n.9

Lowest index of offer (The most appealing)	
Fabrics	0,88
Fittings	0,90
Furniture	0,86

Your index of offer	
Fabrics	0,88
Fittings	0,91
Furniture	0,86

especially Fabrics. For Fittings, only 18,000 pcs were offered by other Teams. It is interesting to cross-reference the data with the Index of Offer (Image n.9), to understand the priority of sale: the Wholesalers decided to buy first all our 30,000 pcs of Fabrics (having the more attractive index) and then, having finished them, have turned to another Team for the remaining part. The same reasoning applies to Furniture. For Fittings, the most attractive index was not ours: it means that the 18,000 pcs were bought first and then our 80,000 pcs, indicating that the other Teams offered only 18,000 pcs in total. The most likely hypothesis is that since it was the first period, many Teams have perhaps failed to meet the minimum quality criteria accepted in this market. More information about it will be obtained in the coming periods. Since we do not consider very important the quotas reached in this market, we will not make an in-depth analysis.

1.5 IMPORTANT INDICES

Image n.10

	Your	Mkt				
Quality of advertising	60,2	57,3	Competitiveness		Index of attraction	1,03
Quality of environ.	63,8	58,3	Fabrics	1,06	Supervisor effec.	100,0
Quality of cust.serv.	71,8	70,5	Fittings	0,83	Salesoers. effec.	100,0
			Furniture	0,90		

Quality of production	
40bladiEBITda	68,5%
Mkt std trend	63,7%

Trend of Average Quality	
Quality percentage	63,66

Trend of quality gap	
Index of Variancy	2,97

Since in these early periods the objective is not immediately to think only about profit, but to increase the following indices in view of greater profits in the

future, we give them greater attention, therefore we will constantly monitor them during the game. All the indices that we will show will be taken directly from the website where the Business Game takes place and will be identified by a single progressive Image number. We notice an evident improvement in all the interesting indices for us. In fact, we are above average with regards to the investments made, confirming what has been obtained with the game theory in Report 1. In addition, we have achieved 100% effectiveness for both sellers and supervisors, thus guaranteeing an excellent level of service. The Trend of Average Quality was then increased (from 63.18 to 63.66) and same for the gap between the average of the highest and lowest investors in Technology. An increase, as in this case (+2.97), means the gap is growing between competitors in the quarter. We notice that our production quality is 4.8% higher than the market average, so to underline the correctness of the decision to make high initial investments: it is better to differentiate ourselves more from the beginning, to obtain enormous benefits from the next periods.

As for the Attraction Index (a reflection of our capacity to attract customers to our outlets through an effective website location, advertising, brand image, customer service level and environmental sensitivities) it increased from 1.00 to 1.03, while the Competitiveness Indices have changed as follow: Fabrics from 1.00 to 1.06, Fittings from 1.00 to 0.83 and for Furniture from 1.00 to 0.9 (the decrease is perhaps due to a price positioning too high compared to the average, considering our current quality level).

1.6 CONCLUSION OF THIS PERIOD

In general, for this period, we reported no changes in the defined strategy.

For the next quarter, we expect the peak of Fittings, but we should be able to cope with it, and we will stock Fabrics for the period of JUL-SEP 20.

2nd PERIOD: Q10, APR-JUN 2020

2.1 DECISIONS EXPLANATION OF THIS PERIOD

Image n.11 shows the decisions of this period. The price adjustment is interesting: our goal is always to position ourselves above the average market price, this to emphasize the exclusivity of the product and its quality. For Fabrics, the average price was 298 €, so we decided to move even further than before, positioning ourselves with 306 €. As for Fittings, there was an average of 92 €. Fittings are the most sensitive to a price change, as, in percentage terms, it impacts much more than on the other two lines, being the “starting” price low. We therefore decide that the positioning of 104 € was excessive for the first period

Image n.11

Marketing		Operation	
Retail market price: Fabrics (€)	306	Raw materials local: Fabrics	126400
Retail market price: Fittings(€)	100	Raw materials local: Fittings	204200
Retail market price: Furniture(€)	934	Raw materials local: Furniture	4800
Advertising (€)	350000	Raw materials imported: Fabrics	0
Wholesalers market price: Fabrics (€)	236	Raw materials imported: Fittings	0
Wholesalers market price: Fittings (€)	65	Raw materials imported: Furniture	0
Wholesalers market price: Furniture (€)	625	Finished goods: Fabrics	0
Quantity offered to Whol: Fabrics	50000	Finished goods: Fittings	0
Quantity offered to Whol: Fittings	40000	Finished goods: Furniture	0
Quantity offered to Whol: Furniture	0		
Terms of payment (months)	2		
Distribution		Finance	
Promotion: Fabrics (€)	0	Production planned: Fabrics	159200
Promotion: Fittings (€)	0	Production planned: Fittings	204200
Promotion: Furniture (€)	0	Production planned: Furniture	4800
Customer service (€)	250000	New leased machines	20
Central outlets (+/-)	5	Owned machines (+/-)	0
Out-of-town outlets (+/-)	0	Automation technology (€)	4500000
New vehicles	0		
Staff	0		
Sales persons	0		
Training (€)	300000	Loans (€) (+/-)	0
		Environmental issues (€)	1000000

and we choose to lower the price to 100 €. This choice is also motivated by the reasoning already seen on Report 1: the prices of the second period will be adjusted (positive or negative variation) based on what will be the prices of our competitors. We will not tend to drop prices during the periods, but for this one we already talked about the exception, due to the lack of knowledge of competitors' prices. For Furniture we decided to increase to 934 €: despite the market average of 839 €, we believe that the other competitors have put a too low

price to be competitive in the long term, as this product has very high raw material and production costs, and with such a low price, especially for those who pursue a quality strategy, it takes to too negative margins. Investments are still high in every function but have been slightly lowered following the downward trend envisaged by the strategy. In this period, we have experienced the impossibility of applying for a loan: unlike what we said in the strategy (asking for loans in the first periods to finance high investments), we cannot do it, since we have a Current borrowing limit of - 4,721,170 €. Unfortunately, this limit did not allow us to saturate production, not having sufficient financial resources. Since the decision to buy central outlets, as well as to buy 20 leased machines and to stock up on Fabrics raw materials were necessary in view of the next period, as we expect the Fabrics peak (identified as the most critic), we cannot change these decisions to further saturate. Furthermore, since no unexpected event has yet occurred in the first two periods, we thought that with a good probability it would occur in the next. The choice was therefore between not to fully satisfy the Fabrics peak of the next period (when instead our strategy aimed above all at the revenues generated by this peak) and, considering also the uncertainty involved with the unexpected event, we would have risked not to satisfy our share of demand for the other two lines and therefore have a huge stock-out, or to produce exactly the quantity to meet our market share forecast for this quarter plus the quantity to saturate production as much as possible (selling this quantity, according to the strategy, in the Wholesale market), not protecting us with stocks in case we had reached a higher share in retail. As the second option was less risky, we opted for that, buying the outlets, the leased machines and 43,000 pcs of stock of Fabrics raw materials, saturating production only at 93.34%. Also for this reason, we do not offer any piece of Furniture to Wholesalers. In order to maintain a semi-level production for Fabrics, to satisfy the peak in the next period and to saturate the production as much as possible, we decided to saturate almost exclusively with this line, producing only 40,000 pcs of Fittings more than necessary and 100,000 Fabrics more than necessary: 50,000 to keep in stock and 50,000 to offer to Wholesalers, always at the maximum

accepted price. Basically, in presence of a problem with limited resources (inability to apply for the loan) we opted for the choice of pursuing the least worst, which according to our strategy would be to take the risk of going into stock out for this period but fully protecting ourselves for the next one.

Cash needed to satisfy the decisions: 31,043,410 €

Cash Available: 31,051,076 €

2.2 RESULTS: GENERAL – RETAIL MARKET

Image n.12

Team	Share value	EBIT Quarter	Cumulative EBIT	Share %	EBIT %	AVG	Rank
4Ichea	23,01 €	3.001.097,43 €	3.062.800,96 €	88,49%	90,79%	89,64%	3
4JustInTeam	0,41 €	-3.978.729,64 €	-17.251.043,83 €	0,00%	0,00%	0,00%	6
4LeeQuidity	6,48 €	-7.927.542,68 €	-9.094.231,09 €	23,77%	36,46%	30,11%	5
4MonzaMilano	25,95 €	2.187.506,42 €	5.123.267,41 €	100,00%	100,00%	100,00%	1
4NPRspa	23,16 €	2.096.215,10 €	3.765.015,64 €	89,08%	93,93%	91,50%	2
4ObladiEBITda	14,39 €	-1.720.612,00 €	-6.817.849,00 €	54,74%	46,63%	50,68%	4

As expected, also for this quarter, we obtained a negative EBIT. However, the order of magnitude, compared to the first period, is certainly lower. The revenue trend is therefore growing: despite the high investments, we have both raised the share value and obtained a satisfying results.

We also gained a position in our group, moving forward to “4LeeQuidity”, which achieved a very negative EBIT and a significant worsening of the share value compared to the first quarter.

The EBIT and share values of the first 3 classified also increased.

Regarding the global ranking:

Image n.13

Girone	Team	Share Value	EBIT	Share %	ebit %	AVG	Ranking
1	4ObladiEBITda	14,39 €	-6.817.853,13 €	€ 26,93	57,35	42,14	149

We notice that, compared to the first period, we gained 4 positions, but in general we are still in a low part of the ranking. Investments have yet to show results.

2.3 PRICES, SALES AND MARKET SHARES – RETAIL MARKET

Image n.14

Team	Fabrics price	Fittings price	Furniture price	Fabrics sales	Fittings sales	Furniture sales	Fabrics revenues	Fittings revenues	Furniture revenues
4Ichea	320 €	105 €	920 €	71.861	257.820	15.801	22.995.520 €	27.071.100 €	14.536.920 €
4JustInTeam	315 €	100 €	910 €	69.656	298.782	14.362	21.941.640 €	29.878.200 €	13.069.420 €
4LeeQuidity	285 €	149 €	736 €	61.682	38.131	12.154	17.579.370 €	5.681.519 €	8.945.344 €
4MonzaMilano	268 €	84 €	780 €	62.540	239.476	11.633	16.760.720 €	20.115.984 €	9.073.740 €
4NPRspa	320 €	89 €	960 €	50.078	210.793	9.420	16.024.960 €	18.760.577 €	9.043.200 €
4ObladiEBITda	306 €	100 €	934 €	71.025	209.564	11.117	21.733.650 €	20.956.400 €	10.383.278 €
Sums and averages	302 €	105 €	873 €	386.842	1.254.566	74.487	117.035.860 €	122.463.780 €	65.051.902 €

First of all, we notice a significant increase in the average sales price for every product line. As expected, all the Teams have adapted by looking at the prices of their competitors. The strategies adopted by the various Teams are more clearly outlined: there are 4 of us pursuing a quality strategy: “4Ichea”, “4JustInTeam”, “4NPRspa” and us. “4LeeQuidity” would seem to pursue a quality strategy only for Fittings, positioning itself with an excessive price, in our opinion, also for this strategy (in fact we notice very low sales). The game theory hypothesis found in Report 1 has therefore proven to be correct: many Teams are trying to differentiate themselves on quality and this gives us the advantage having made initial investments that are probably higher than theirs. It is also interesting to notice how we are taking more and more ground in Fabrics: this is excellent, as we will be more competitive in the next period, when there will be the peak. For the other 2 lines we are still more or less on average.

Unfortunately, during this period occurred the situation that we would have expected:

[Fittings] Attention: you have run out of stock.
[Furniture] Attention: you have run out of stock.

As commented before, although it would seem inconsistent with our product availability strategy, in the presence of limited resources, we are forced to make decisions that also take into account future Customer Satisfaction, thinking about the medium-long term. The decision we made seemed us the one that best meets the strategy we have defined in the medium-long term, which also includes product availability.

Unfortunately, as long as the huge investments we've made will not give us considerable results, we will be forced, as in this case, to make decisions with even more limited resources.

Fabrics	99,8%
Fittings	71,6%
Furniture	89,9%

Image n.15

From the website, we can see the measure of customer satisfaction. It can be noted that in the lines where the stock out occurred, they are not 100% satisfied.

We also measure the market shares achieved, recalling those recalculated in the previous quarter:

q desired *Fabrics*: 19%

q desired *Fittings*: 14.4%

q desired *Furniture*: 15.2%

Below, the shares reached on quantities (q) and revenues (r) of each Team at the end of this period:

Team	Share q fabrics	Share q fittings	Share q furniture	Share r fabrics	Share r fittings	Share r furniture
4Ichea	18,6%	20,6%	21,2%	19,6%	22,1%	22,3%
4JustInTeam	18,0%	23,8%	19,3%	18,7%	24,4%	20,1%
4LeeQuidity	15,9%	3,0%	16,3%	15,0%	4,6%	13,8%
4MonzaMilano	16,2%	19,1%	15,6%	14,3%	16,4%	13,9%
4NPRspa	12,9%	16,8%	12,6%	13,7%	15,3%	13,9%
4ObladiEBITda	18,4%	16,7%	14,9%	18,6%	17,1%	16,0%

Image n.16

As for Fabrics, we also notice here a small discrepancy between the expected and actual ones, not to worry.

Let's see instead how for Fittings we reached a much higher quota: the reason is that, probably, the price set by "4LeeQuidity" was too high, and as confirmed by their low sales, customers who were supposed to buy from them instead turned to us. Looking at the shares on revenues (r), we notice an increase for Fabrics and Fittings, while a decrease in Furniture. Having reached slightly different quotas from those envisaged, we

			RECALCULATION
APR-JUN 20	Forecast share	Achieved share	JUL-SEP 20 share
Fabrics	19,00%	18,40%	21,20%
Fittings	14,40%	16,70%	17,00%
Furniture	15,20%	14,90%	15,60%

Image n.17

always proceed in accordance with the strategy, to recalculate them (Image n.17) in order to have a more precise value for the next period. We decided to keep the quota entered in Report 1

for the Fabrics line, as it seems to us the most truthful estimate. Instead, we increase the share for Fittings (compared to the one in Report 1) as we have seen that we are already growing. For Furniture, we adjust the quota to make it more probable.

2.4 GENERAL – WHOLESALE MARKET

Wholesalers

Your sales	
Fabrics	50.000
Fittings	34.043
Furniture	0

Total sales	
Fabrics	280.000
Fittings	40.000
Furniture	14.000

Requested quantity	
Fabrics	300.000
Fittings	40.000
Furniture	40.000

Image n.18

We notice that despite not having the most Attractive Index in Fabrics, all the quantity we offered was bought. Furthermore, we can notice that, as in the last period, the most Attractive Index for Fittings is always ours.

Although we always sell at the maximum price, it means that Wholesalers are attentive to quality, and above all they seem to appreciate the 2 months of payment that we grant them.

Image n.19

Lowest index of offer (The most appealing)	
Fabrics	0,85
Fittings	0,89
Furniture	0,90

Your index of offer	
Fabrics	0,88
Fittings	0,89
Furniture	0,00

2.5 IMPORTANT INDICES

Your		Mkt	Competitiveness		Index of attraction	
Quality of advertising	61,6	57,2	Fabrics	1,10		1,04
Quality of environ.	66,7	58,2	Fittings	1,19		100,0
Quality of cust.serv.	74,7	72,1	Furniture	1,00		92,1

Quality of production	
40bladiEBITda	70,5%
Mkt std trend	64,8%

Trend of Average Quality	
Quality percentage	64,76

Trend of quality gap	
Index of Variancy	4,58

The quality of our investments is even higher than the market average, as a sign of the advantage we obtained by investing a lot initially. In this quarter we also managed to raise the

Competitiveness Indexes of our 3 lines, with substantial increases compared to the previous quarter:

Fabrics: + 0.04

Fittings: + 0.36

Furniture: + 0.1

These values ensure that we are back competitive on the three lines, and they will be useful for future sales. The attraction index also increased by + 0.01 over the previous quarter. We notice an increase in the quality of production of 2 percentage points, increasing the distance with the quality of the market, which is increasing: looking at the Trend of Average Quality, it would seem increased compared to the previous quarter, but having understood that in this group we are 4 teams pursuing a quality strategy, we will expect it to increase further in the future. The important thing is that our production quality remains higher than the average on the market. The only negative note is the loss of effectiveness in the salesperson: we will have to remedy this situation in the coming periods.

2.6 CONCLUSION OF THIS PERIOD

Since it was the only sensible choice to make, we do not feel that we have gone against our strategy because of the stock out. In limited resources conditions, the best option is to limit the damage by being guided by the “big picture”, which in our case is to fully satisfy the Fabrics demand during the peak of the next period, knowing that customers who would have been dissatisfied if we had only thought about this period, would have resulted in much greater numbers than the dissatisfied ones of the current period. We also recall that guaranteeing a product availability of 100% is not possible even in reality, as the indicator that is most authentic in preventing stock-outs is the GCS, which typical has a value in a range between 95% and 99%.

3rd PERIOD: Q11, JUL-SEP 2020

3.1 UNEXPECTED EVENT: The first unexpected event occurred in this quarter: as a mirror of reality, a pandemic also occurred in the game, which resulted in social distancing and slowing down of production plants. In game terms, the following events have occurred:

-Space reduction in shops: from 40,000 to 25,000 units for central shops and from 55,000 to 35,000 units for out-of-town shops

- Impossibility to buy new central shops and possibility to buy at most 1 out-of-town shop

-Production times increased as follows:

Fabrics: from 1 to 2.06/unit

Fittings: from 0.13 to 0.48/unit

Furniture: from 2.66 to 5.55/unit.

In addition, there is another effect that has not been officially mentioned, but considering the forecast percentages of demand available on the website for this period, which is:

Fabrics: 488,661 pcs

Fittings: 812,362 pcs

Furniture: 79,456 pcs.

While from the forecast using the Holt-Winters method it results:

Fabrics: 953,587 pcs

Fittings: 444,249 pcs

Furniture: 127,674 pcs

Since the SDEs are very good for all the forecasts made, the only reason for such a high discrepancy is attributable to the unexpected pandemic. From the point of view of the game, probably, the demand values have been lowered to facilitate production for the teams, as the times have increased (in fact, note the increase in demand for the article with shorter production time), but nevertheless one very important thing to note: in this way, there is no Fabrics peak.

3.2 DECISIONS EXPLANATION OF THIS PERIOD

Marketing		Operation	
Retail market price: Fabrics (€)	324	Raw materials local: Fabrics	95800
Retail market price: Fittings(€)	109	Raw materials local: Fittings	311900
Retail market price: Furniture(€)	959	Raw materials local: Furniture	0
Advertising (€)	950000	Raw materials imported: Fabrics	0
Wholesalers market price: Fabrics (€)	255	Raw materials imported: Fittings	0
Wholesalers market price: Fittings (€)	75	Raw materials imported: Furniture	0
Wholesalers market price: Furniture (€)	675	Finished goods: Fabrics	0
Quantity offered to Whol: Fabrics	26600	Finished goods: Fittings	0
Quantity offered to Whol: Fittings	180000	Finished goods: Furniture	0
Quantity offered to Whol: Furniture	0	Production planned: Fabrics	90000
Terms of payment (months)	2	Production planned: Fittings	311900
Distribution		Production planned: Furniture	0
Promotion: Fabrics (€)	0	New leased machines	100
Promotion: Fittings (€)	0	Owned machines (+/-)	0
Promotion: Furniture (€)	0	Automation technology (€)	3100000
Customer service (€)	1000000	Finance	
Central outlets (+/-)	0	Loans (€) (+/-)	8028142
Out-of-town outlets (+/-)	1	Environmental issues (€)	800000
New vehicles	0		
Staff	4		
Sales persons	16		
Training (€)	500000		

Image n.21

Taking note of the limitations caused by the unexpected pandemic event, we decide to operate as follows.

In these conditions we are faced again a problem with limited resources. As a first remedial action, we decide to purchase the out-of-town shop available for this period. We know we said that our goal is to move as much as possible towards the center, and so we will. But this does not mean that we must completely forget about out-of-town shops. Obviously, the purchase was dictated by issues of necessity, due to the limited space, but it can be dropped

into a realistic situation and seen as an opening of a more modern shop, closing one out-of-the-way the next quarter, and transferring the staff from one shop to the other. Guided by the strategic objective of starting to make positive profits from this period, we first decide to satisfy, as set, our share of the Fabrics peak. With the remaining production capacity, we try any combination of volumes between Fittings and Furniture, noting the impact of each of them on profit, through the Excel Profit & Loss sheet that we have reconstructed from the website. The winning combination would be to saturate the production capacity by only producing units of Fittings, and to enter the market with the only quantity of Furniture that has remained in stock since the previous period. Analyzing more deeply the reasons for this scenario, we notice that, as can be deduced from the production times, in this period to produce 1 unit of Furniture it takes about 12 times the time necessary to produce 1 unit of Fittings, when the price of Furniture sales is “only” nine times more than the Fittings one. Moreover, the demand of Furniture is much lower than Fittings. But that's not all: 1 unit of Furniture occupies 10 times as much space as 1 unit of Fittings. In a period like this, with production capacity and space in shops both limited, the choice of producing units of the slowest production article which also takes up most space must be deeply considered. In fact, by producing and selling

Furniture, we would reach saturation in the shops long before having a positive profit. Therefore, in this period, we have not been able to respect all the points of our strategy, consciously deciding not to produce Furniture (thus losing market share and leaving unsatisfied a part of customers), preferring to satisfy the goal of making positive profits. So, in the presence of these constraints, we had to choose which strategic objectives to focus on among those we have grouped in two scenarios, using as discriminant the decision to produce or not Furniture:

- Make positive profits, satisfy the “peak” of Fabrics and the demand for Fittings by gaining market share and increase share value.
- Satisfy the demand for Furniture by increasing market share and guaranteeing product availability.

Trying to limit the damage to not being able to satisfy all the strategic points listed in Report 1, we choose to pursue the first scenario: in this period, we will not produce Furniture, but we will focus only on the production of Fittings and Fabrics, optimally saturating both the stores and production. With the decisions in Image n.21, we obtain a saturation of the production capacity of 99.65% and a saturation of the shops of 100% (theoretical). In addition, we believe that if we get negative profits for three periods in a row, we risk not be competitive on the market, not respecting what is the main goal of any business for profit: generate a profit margin. Always following this line, trying to maximize the profit we will get, being the space in the shops a very stringent constraint, we used the Wholesalers market for the first time as a source of profit like the retail market, and not only as a support market (exploiting above all our strength in Fittings, a line which also has the shortest production time), since the products sold in this market do not take up space in the shops. Furthermore, making a parallel with reality, it is clear how many companies are suffering from the blow caused by the pandemic situation in progress, trying to develop response plans to the detriment of part of their sales and sometimes, rightly, of customer satisfaction, for example, as in our case, the stop of the production of one product line to favor others. For its part, we trust that the customer understands the emergency situation, and does not judge this choice too severely, remaining loyal to our brand. As for the other decisions, we stuck to the strategy. We have in fact approved the purchase of 100 leased machines, with the aim of giving more flexibility to the production system in the future. For this period, we also keep the 80 machines in our possession (owned machines) that are about to go out of order, as we need all the production capacity available. In the next period we will sell them, and we will no longer make changes in machines number, concluding the game with 120 machines in our possession and 120 leased machines. We have considerably lowered our investments, considering both the strategy and the advantage obtained over the other teams during the first few periods so far. The investment in Automation Technology, being the one that, in addition to raw materials, impacts the quality of the products, still remains quite high. We hire new staff because in the last quarter we did not achieve 100% effectiveness in salesperson and we always hire in a Salesperson/Staff ratio = 4, investing in Training more than in periods when we do not hire human resources. We demand all the available loan, even if it exceeds our need, especially because having experienced the limitation in cash available in the last period, we prefer to support the payment of a little

more interest but not to risk having to limit production again due of economic unavailability. Given the uncertainty in sales that characterizes this period, there is no way to predict future cash available, there is therefore no way to predict whether we will be able to saturate production with the production mix expected for the next period, given to us in output from Holt-Winters model. All considered, our action plan to deal with the unexpected event seems to be outlined very well, since we have tried to stick to the strategy as much as possible, however not in a blind and obtuse way, without considering the change that has happened in the environment, as it would not be a solution that would have led to a good result.

Cash needed to satisfy the decisions: 29,063,452 €

Cash Available: 32,376,594 €

3.3 RESULTS: GENERAL – RETAIL MARKET

Image n.22

Team	Share value	EBIT Quarter	Cumulative EBIT	Share %	EBIT %	AVG	Rank
4Ichea	22,98 €	-871.374,81 €	2.191.426,15 €	100,00%	100,00%	100,00%	1
4JustInTeam	0,00 €	-8.860.694,48 €	-26.111.738,31 €	0,00%	0,00%	0,00%	6
4LeeQuidity	8,38 €	-6.060.329,76 €	-15.154.560,85 €	36,47%	38,71%	37,59%	5
4MonzaMilano	20,30 €	-4.608.042,69 €	515.224,72 €	88,34%	94,08%	91,21%	2
4NPRspa	6,45 €	-7.319.895,11 €	-3.554.879,47 €	28,07%	79,70%	53,88%	4
4ObladiEBITda	18,04 €	374.852,81 €	-6.443.000,32 €	78,50%	69,49%	74,00%	3

In this quarter we made positive profits for the first time: the result was not a foregone conclusion and we had to take well-reasoned decisions to be able to achieve it in this period in which the unexpected event occurred. We note that in fact we were the only ones in our group to have a positive EBIT! Teams that in other periods have achieved good results in terms of EBIT, in this one went in negative for several million euros (e.g. “4MonzaMilano” and “4NPRspa”). We therefore earn another place in the ranking, resulting third. We believe that this result was made possible by two factors: the first concerns the correctness of the choices made in the decision-making phase, while the second concerns the investments that are starting to give us an advantage over the other teams. We also raised the share value in this period, bringing it to a value very close to the OCT-DEC 19 period, when we joined the company (19.8 €).

Regarding the global ranking:

Image n.23

Rank	Girone	Team	Share Value	EBIT	Share %	ebit %	AVG
115	1	4ObladiEBITda	€ 18,04	-€ 6.443.000,32	35,15	50,88	43,02

We have gained 34 positions. If with a positive profit of only 374,852.81 € (even starting from a negative profit of almost 7 million €) and an increase in the share value of only 3.65 € we managed to gain 34 positions, it can be deduced that the unexpected event has hit hard most of the other teams, even in the global ranking. Consequently, another confirmation of our decisions follows: having well defined our priorities, following our strategy as much as possible, we were able to achieve very interesting results.

3.4 PRICES, SALES AND MARKET SHARES – RETAIL MARKET

Image n.24

Team	Fabrics price	Fittings price	Furniture price	Fabrics sales	Fittings sales	Furniture sales	Fabrics revenues	Fittings revenues	Furniture revenues
4Ichea	325 €	110 €	930 €	70.442	144.767	14.931	22.893.650 €	15.924.370 €	13.885.830 €
4JustInTeam	325 €	110 €	925 €	90.417	63.165	4.089	29.385.525 €	6.948.150 €	3.782.325 €
4LeeQuidity	300 €	75 €	850 €	67.077	237.893	6.774	20.123.100 €	17.841.975 €	5.757.900 €
4MonzaMilano	280 €	90 €	810 €	71.849	134.993	11.194	20.117.720 €	12.149.370 €	9.067.140 €
4NPRspa	320 €	95 €	950 €	60.546	46.087	9.475	19.374.720 €	4.378.265 €	9.001.250 €
4ObladiEBITda	324 €	109 €	959 €	96.883	155.148	1.102	31.390.092 €	16.911.132 €	1.056.818 €
Sums and averages	312 €	98 €	904 €	457.214	782.053	47.565	143.284.807 €	74.153.262 €	42.551.263 €

The positioning of prices was correct, we are above the average market price resulting from the decisions of all the teams. As per strategy, we satisfied the peak of Fabrics without going out of stock, selling, despite having one of the highest prices in the whole group, the highest quantity. Obviously, having a high price and selling the highest quantity, the result is much higher revenues than the other teams. Looking at Fittings we are on average compared to quantities and we are second in terms of revenues, while for Furniture, as expected, we recorded a stock-out by selling only the products that we had left in stock from the previous quarter. Compared to the previous period, “4LeeQuidity” has adjusted the price of Fittings, lowering it much below the average, recording very high sales. Having lowered the price a lot, the profit margin was not very high, therefore it registered not much higher revenues than ours. We are generally satisfied with the results achieved in this quarter, as the non-sale of the Furniture line did not weigh much on the final result.

Fabrics	107,6%
Fittings	106,1%
Furniture	8,5%

Image n.25

Looking at the Customer Satisfaction from the website, we notice a 100% exceeding for the Fabrics and Fittings lines, a sign that we have gained customers from the other Teams: our investments in Advertising are paying off, and customers are very attentive to the quality of the products. Obviously, having left a large dissatisfied slice for the Furniture line, we recorded a drastic drop. Taking the decision not to produce the Furniture expecting a stock-out, we recalculated the market share in this line for this period, bringing it from 15.6% expected in the last quarter to 1.4%.

We also measure the market shares achieved, recalling those recalculated in the previous quarter:

q desired *Fabrics*: 21.2%

q desired *Fittings*: 17%

q desired *Furniture*: 1.4%

Below, the shares reached on the quantities (q) and revenues (r) of each team at the end of this period:

Team	Share q fabrics	Share q fittings	Share q furniture	Share r fabrics	Share r fittings	Share r furniture
4Ichea	15,4%	18,5%	31,4%	16,0%	21,5%	32,6%
4JustInTeam	19,8%	8,1%	8,6%	20,5%	9,4%	8,9%
4LeeQuidity	14,7%	30,4%	14,2%	14,0%	24,1%	13,5%
4MonzaMilano	15,7%	17,3%	23,5%	14,0%	16,4%	21,3%
4NPRspa	13,2%	5,9%	19,9%	13,5%	5,9%	21,2%
4ObladiEBITda	21,2%	19,8%	2,3%	21,9%	22,8%	2,5%

Image n.26

After this quarter's results, we have become the leaders in the Fabrics line, both in terms of quantity and above all in terms of revenues. On the other hand, it was surprising to have predicted the share in quantity that we would have obtained in the Fabrics line in this quarter so exactly, as can also be seen in Report 1, we had written 21.2%. For the calculation of these quotas we do not use formulas (since it is unnecessarily complicated and rather impossible to predict), but we mostly go by instinct, based on the quotas we have achieved in the past by putting certain prices and having a certain quality. We believe that instinct and experience are qualities that unquestionably a good manager must have and, sometimes, relying on these can be the best way. It is very interesting, as already noted, that despite “4LeeQuidity” having 30.4% (+ 10.6% compared to us) of the share in Fittings (due to a very low price), it obtained only 1.3% of the revenues

			RECALCULATION
JUL-SEP 20	Forecast share	Achieved share	OCT-DEC 20 share
Fabrics	21,20%	21,20%	23,00%
Fittings	17,00%	19,80%	24,00%
Furniture	1,40%	2,30%	16,10%

Image n.27

shares more than we did. This is exactly the reason why who pursues a strategy on quality, like we do, is much more interested in the revenues share rather than

quantities share. In Image n.27, we recalculate the quotas for the next period, leaving the Fabrics one equal to Report 1, having not detected any deviations from the expected one. For Furniture, we think we can regain positions, also strong in the positions regained in this period by “4LeeQuidity” in the Fittings line: it is possible, to be able to regain the loss on market share suffered from one period to another.

3.5 GENERAL – WHOLESALE MARKET

Wholesalers

Your sales	
Fabrics	23.498
Fittings	156.522
Furniture	0
Total sales	
Fabrics	50.000
Fittings	200.000
Furniture	1.800
Requested quantity	
Fabrics	50.000
Fittings	200.000
Furniture	5.000

Image n.28

By selling in this market with the aim of making profits, we reached 78.26% of the share in the Fittings line and 46.99% in the Fabrics line. In fact, we note that ours is the most attractive index in Fittings, while it is almost the most attractive in Fabrics. The total revenues generated in this market are 17,731,140 € for this period, lower than the retail market, but contributed to meet the goal we set ourselves to obtain a positive EBIT.

Image n.29

Lowest index of offer (The most appealing)	
Fabrics	0,89
Fittings	0,89
Furniture	0,89
Your index of offer	
Fabrics	0,90
Fittings	0,89
Furniture	0,00

3.6 IMPORTANT INDICES

Image n.30

	Your	Mkt	Competitiveness		Index of attraction	
Quality of advertising	57,1	57,2	Fabrics	1,18	Index of attraction	1,10
Quality of environ.	67,9	58,1	Fittings	1,12	Supervisor effec.	93,7
Quality of cust.serv.	76,5	73,8	Furniture	1,05	Salesoers. effec.	100,0

In this quarter we are still above average in terms of the quality of investments (except in Advertising, but at this stage of the game it was expected having

Quality of production	
4ObladiEBITda	71,4%
Mkt std trend	66,2%

Trend of Average Quality	
Quality percentage	66,22

Trend of quality gap	
Index of Variancy	6,13

lowered the amount of money invested). We increased the Competitiveness Indices of Fabrics (+ 0.08) and strangely of Furniture (+ 0.05), while Fittings (- 0.07) is lowering. We significantly increased the Attraction Index (+ 0.06) and, thanks to the hiring of new staff with respective training, we return to 100% in salesperson's effectiveness, while unfortunately this time we lost effectiveness in supervisors. The average quality trend of the market is increasing, and we also increase our production quality by 0.09 compared to the previous quarter. We also noted an increase in the Index of Variancy: + 1.55.

3.7 CONCLUSION OF THIS PERIOD

Sticking to the strategy as much as possible allowed us to achieve the best results of all the Teams in our group. Unfortunately, as it was not possible to consider the unexpected event of this period already in Report 1 during the definition of the strategy, and above all since the unexpected event cut us a very substantial part of revenues to which we were aiming for strategy (Fabrics peak), we find ourselves in the situation of starting the next period with less Cash Available than we should have had. This situation, once again, can be found in reality. Unfortunately, the economic consequences of the pandemic in progress are already very tangible for many companies, which have lost part of their revenues due to the restrictions and lockdowns that have become necessary to contain the infection. Solutions by the government to access companies in difficulty to new liquidity based on the company's revenue and number of employees are already in place (link to the decree-law 08 April 2020, n.23: <https://www.gazzettaufficiale.it/eli/id/2020/04/08/20G00043/s>).

For this reason, we already foresee having to take a decision in the next period against the strategy reported in Report 1: we should have started to repay a part of the debt, which obviously will not be possible due to lower revenues than those expected. Indeed, in order to finance the production of the next period, we will have to request one more loan. However, we are confident that with the revenues we will make in the next period, we will be able in Q13 to repay a substantial part of the debt, continuing with this trend also for the subsequent periods. Basically, the time to start repaying the debt has shifted forward a quarter.

4th PERIOD: Q12, OCT-DEC 2020

4.1 DECISIONS EXPLANATION OF THIS PERIOD

Image n.31

Marketing		Operation	
Retail market price: Fabrics (€)	328	Raw materials local: Fabrics	133700
Retail market price: Fittings(€)	114	Raw materials local: Fittings	447500
Retail market price: Furniture(€)	959	Raw materials local: Furniture	24900
Advertising (€)	800000	Raw materials imported: Fabrics	0
Wholesalers market price: Fabrics (€)	240	Raw materials imported: Fittings	0
Wholesalers market price: Fittings (€)	70	Raw materials imported: Furniture	0
Wholesalers market price: Furniture (€)	635	Finished goods: Fabrics	0
Quantity offered to Whol: Fabrics	80000	Finished goods: Fittings	0
Quantity offered to Whol: Fittings	175000	Finished goods: Furniture	0
Quantity offered to Whol: Furniture	0	Production planned: Fabrics	149700
Terms of payment (months)	2	Production planned: Fittings	447500
Distribution		Production planned: Furniture	24900
Promotion: Fabrics (€)	0	New leased machines	0
Promotion: Fittings (€)	0	Owned machines (+/-)	-80
Promotion: Furniture (€)	0	Automation technology (€)	2000000
Customer service (€)	1000000	Finance	
Central outlets (+/-)	2	Loans (€) (+/-)	28000000
Out-of-town outlets (+/-)	-1	Environmental issues (€)	500000
New vehicles	0		
Staff	7		
Sales persons	6		
Training (€)	400000		

We slightly increase the prices of Fabrics and Fittings, while we keep the price of Furniture unchanged, as it seems us the best price in relation to our strategy and prices on the market. Furthermore, since we want to regain the lost customers, it did not seem appropriate to increase the price. We close an out-of-town shop, which is ideally the one we replaced by modernizing another the previous period and we move even more to the center by opening 2 central outlets: in view of the greater sales volumes in the

retail market, we also need more space in the shops. Having lost effectiveness in the supervisors, we hire 7 new ones, also hiring 6 new salesperson. Having now a total of 157 staff and 640 salesperson, we obtain an average control span of approximately 4.07. Having hired new staff, this must be trained: we invest a little more in Training. As for the Operations, we sell, as already discussed, the 80 machines that are in their penultimate period of life, as we want to finish the game with half owned machines and half leased machines, reaching the production system flexibility sought. Furthermore, if we hadn't sold them, we would have had much more production capacity than needed for the production of the period, failing to saturate it. As usual, after calculating the necessary production through the market shares that we would like to achieve and the demand forecast, we saturate the production capacity by offering this excess quantity to the Wholesalers, always setting the maximum price accepted in the period. Saturation achieved with this production plan: 99.9%. Investments are lower than in the previous period, however keeping the one in Automation Technology high, as envisaged by the strategy. As already said, we are unable to repay part of the debt, but we actually request another 28,000,000 €. The choice of this high quantity, in addition to

meeting the decisions of the period, is also taken to protect the following quarter: having already experienced the economic limitation, we would not like to repeat this situation, therefore we accept to pay a few euros more of interests but we protect ourselves financially for the next quarter. Since this period we should record very high profits, thus surely starting from the next period we will be able to repay a large part of the debt. From now on, the investments will have paid off, and with the money earned from sales we should be able to cover the costs only on our own, repaying the accumulated debt period after period.

Cash needed to satisfy the decisions: 48,492,793 €

Cash Available: 58,126,823 €

4.2 RESULTS: GENERAL – RETAIL MARKET

Image n.32

Team	Share value	EBIT Quarter	Cumulative EBIT	Share %	EBIT %	AVG	Rank
4Ichea	14,73 €	5.008.382,77 €	7.199.808,92 €	52,63%	99,64%	76,13%	3
4JustInTeam	0,00 €	-14.493.189,05 €	-40.604.927,36 €	0,00%	0,00%	0,00%	6
4LeeQuidity	17,79 €	8.099.927,31 €	-7.054.633,54 €	63,56%	69,93%	66,74%	4
4MonzaMilano	27,99 €	6.858.083,84 €	7.373.308,56 €	100,00%	100,00%	100,00%	1
4NPRspa	13,50 €	2.700.684,00 €	-854.195,47 €	48,23%	82,85%	65,54%	5
4ObladiEBITda	25,56 €	12.117.979,30 €	5.674.978,98 €	91,32%	96,46%	93,89%	2

Our strategy is proving to be very successful: in this quarter we have achieved surprising results. First of all, we brought back the cumulative EBIT, recording a quarterly profit of 12,117,979.3 €, definitely the highest in the group, with a difference of more than 4 million from the second! We further increased the share value, recording the highest value that the company has ever recorded in the last 2 years of history available on the platform, which turns out to be 24.5 € reached in APR-JUN 19. We gained another position in the group ranking, placing us second. From now on, the competition will be mainly against “4MonzaMilano” for reaching the first position and “4Ichea” for maintaining the second.

Regarding the global ranking:

Image n.33

Rank	Girone	Team	RankingValue	RankingValue	Share %	ebit %	AVERAGE
76	1	4ObladiEBITda	€ 25,56	€ 5.674.978,98	43,48	47,08	45,28

We gained 39 positions. Since it is the fourth period, we believe that globally we will not be able to aim for very high positions, but in any case we try to continue the climbing trend towards the highest realistically achievable position.

4.3 PRICES, SALES AND MARKET SHARES – RETAIL MARKET

Image n.34

Team	Fabrics price	Fittings price	Furniture price	Fabrics sales	Fittings sales	Furniture sales	Fabrics revenues	Fittings revenues	Furniture revenues
4Ichea	330 €	115 €	945 €	60.578	150.776	33.803	19.990.740 €	17.339.240 €	31.943.835 €
4JustInTeam	325 €	110 €	950 €	68.465	65.717	409	22.251.125 €	7.228.870 €	388.550 €
4LeeQuidity	296 €	83 €	875 €	58.702	254.295	24.419	17.375.792 €	21.106.485 €	21.366.625 €
4MonzaMilano	280 €	90 €	810 €	62.266	196.875	30.819	17.434.480 €	17.718.750 €	24.963.390 €
4NPRspa	299 €	80 €	900 €	45.541	265.385	22.098	13.616.759 €	21.230.800 €	19.888.200 €
4ObladiEBITda	328 €	114 €	959 €	69.579	252.897	20.805	22.821.912 €	28.830.258 €	19.951.995 €
Sums and averages	310 €	99 €	907 €	365.131	1.185.945	132.353	113.490.808 €	113.454.403 €	118.502.595 €

The price positioning was correct and thanks to it we were the leaders both in terms of quantity and revenues in Fabrics. This leadership trend will prove very profitable at the next peak of Fabrics, which will occur in the quarter JUL-SEP 21. We are also leaders in terms of revenues in Fittings, having recorded much higher earnings than the other Teams. The recovery compared to the previous quarter in Furniture sales and revenues is also very good. Furthermore, adding the revenues of the various lines, we discover that in this period we have been the Team in our group that has generated the highest value in the retail market. From

these data, we can conclude that the initial investments much higher than the other Teams, have brought us a considerable advantage in the medium-long term, since we immediately thought of retaining customers and investing a lot in the quality of our products and in our brand, we have been able to reach very favorable positions and generally excellent indices.

Fabrics	104,7%
Fittings	132,5%
Furniture	72,5%

Image n.35

Looking at the Customer Satisfaction, we have slightly lost in Fabrics, but being above 100% it is not a problem. Instead, we earn a lot in Fittings, even bringing a result of 32.5% over 100%, while we recover 64% in the Furniture

line, confirming the recovery already noted in sales.

We also measure the market shares achieved, recalling those recalculated in the previous quarter:

q desired *Fabrics*: 23%

q desired *Fittings*: 24%

q desired *Furniture*: 16.1%

Below, the shares reached on the quantities (q) and revenues (r) of each team at the end of this period:

Team	Share q fabrics	Share q fittings	Share q furniture	Share r fabrics	Share r fittings	Share r furniture
4Ichea	16,6%	12,7%	25,5%	17,6%	15,3%	27,0%
4JustInTeam	18,8%	5,5%	0,3%	19,6%	6,4%	0,3%
4LeeQuidity	16,1%	21,4%	18,4%	15,3%	18,6%	18,0%
4MonzaMilano	17,1%	16,6%	23,3%	15,4%	15,6%	21,1%
4NPRspa	12,5%	22,4%	16,7%	12,0%	18,7%	16,8%
4ObladiEBITda	19,1%	21,3%	15,7%	20,1%	25,4%	16,8%

Image n.36

The share achieved is rather unsatisfactory in terms of quantity, having decreased in Fabrics compared to the previous quarter and having registered too high deviations from those expected. On the other hand, we knew that the expected shares were quite challenging, but we preferred to leave them in such a way as to produce a greater quantity to avoid the stock-out in this very delicate quarter from the profit point of view. However,

			RECALCULATION
OCT-DEC 20	Forecast share	Achieved share	JAN-MAR 21 share
Fabrics	23,00%	19,10%	24,00%
Fittings	24,00%	21,30%	24,00%
Furniture	16,10%	15,70%	19,00%

Image n.37

we confirm total leadership in Fabrics and leadership in

Fittings revenues. In Image n.37 we show the recalculated

values of the target market shares on the quantities for the next

quarter, shares that as always will be used by the Operations for the calculation of the production. The shares are still very challenging, and the increase compared to the achieved one is very evident: the reason is explained in the analysis of the Financial Statements, on page 21, *Cash* section.

4.4 GENERAL – WHOLESALE MARKET

Wholesalers

Your sales	
Fabrics	78.335
Fittings	108.359
Furniture	0
Total sales	
Fabrics	200.000
Fittings	200.000
Furniture	32.020
Requested quantity	
Fabrics	200.000
Fittings	200.000
Furniture	60.000

Image n.38

For the first time in a long time, we have not registered the most

appealing Index in Fittings. Furthermore, the gap between our indices and the most appealing indices has increased considerably:

our hypothesis is that, approaching the last periods, some Teams with solid financial resources have prolonged the payment terms, thus

recording a considerable increase compared to the previous quarter. In any case, we have sold almost all Fabrics offered, and we have obtained a share of more than 50% in the sale

of Fittings. However, there is a decrease compared to the previous quarters: we will have to take into account that from now on, our competitors have lengthened the payment terms granted in this market.

Image n.39

Lowest index of offer (The most appealing)	
Fabrics	0,85
Fittings	0,84
Furniture	0,87
Your index of offer	
Fabrics	0,93
Fittings	0,92
Furniture	0,00

4.5 IMPORTANT INDICES

Image n.40

	Your	Mkt	Competitiveness		Index of attraction	1,06
Quality of advertising	55,6	57,2	Fabrics	1,09		
Quality of environ.	66,2	58,1	Fittings	0,97	Supervisor effec.	86,5
Quality of cust.serv.	77,9	75,3	Furniture	1,15	Salesoers. effec.	85,1

We recorded a further decrease in the quality of Advertising, and a slight decrease in the quality of Environment but remaining far above the market average. The

Quality of production	
4ObladiEBITda	74,7%
Mkt std trend	67,6%

Trend of Average Quality	
Quality percentage	67,57

Trend of quality gap	
Index of Variancy	7,78

decreases in this period do not scare us: from strategy, having gradually scaled the size of the investments, we expected a slight decrease. Instead, we increase the quality of the Customer Service, still positioning ourselves above the average. As regards the Competitiveness Indices, we record a decrease in Fabrics (-0.09) and Fittings (-0.15) but once again, we are not worried: the Customer Satisfaction values commented on earlier reassure us about future consumer choices. The competitiveness of Furniture increases (+0.1): at this point, it seems clear that our customers understood the reasons behind our choice in the last quarter, motivations dictated by a change in the environment, remaining loyal to our brand. Regarding the effectiveness of staff, despite the recruitment of new human resources, we recorded a drastic drop. In the subsequent analysis of the Financial Statements, the reasons will be analyzed. Looking instead at our main Index, we increase our production quality by another 3.3 percentage points, when the market has increased by only 1.4 points.

4.6 FINANCIAL STATEMENTS ANALYSIS

P&L for the Current financial year	
Sales revenues	292.122.900 €
Interests (positive)	0 €
(Adjust for finished goods held in stock)	2.058.482 €
(Adjust for raw materials held in stock)	-2.275.766 €
Total Income	291.905.600 €
Cost of production	63.938.806 €
Raw materials purchase	99.066.600 €
Bought-in	0 €
GROSS PROFIT	128.900.194 €
Fixed costs	15.550.000 €
Machineries depreciation	15.600.000 €
Leasing	10.800.000 €
Vehicles depreciation	746.667 €
Transports	1.196.757 €
Warehouse costs	3.213.307 €
Other expenditures	37.850.000 €
Rent	9.505.000 €
Salaries	27.963.500 €
OPERATING PROFIT	6.474.963 €
Interests on loans	1.486.872 €
Loss on sales of machines	800.000 €
TOTAL COSTS	287.717.500 €
Profit before tax	4.188.107 €
EBIT	5.674.979 €
Profit after tax	3.141.080 €

ASSETS	
Net machines value	15.600.000 €
Net vehicles value	1.140.000 €
FIXED ASSETS	16.740.000 €
Stock of finished goods	12.474.889 €
Stock of raw materials	0 €
Receivables	41.458.474 €
Cash	75.578.074 €
CURRENT ASSETS	129.511.437 €
Invested capital	146.251.437 €
LIABILITIES	
Net capital	19.400.000 €
Cumulative earnings	31.875.289 €
EQUITY	51.275.289 €
Payables	21.892.836 €
Tax	1.047.027 €
CURRENT LIABILITIES	22.939.863 €
Long term debts (loans)	72.036.284 €
Total liabilities	146.251.437 €
Loans level	
Maximum borrowing limit - next	46.592.693 €
Cash available after commitments	58.361.550 €
Cash needed for the period	48.492.515 €
Percentage of budget reduction	0%

Image n.41

At the end of the fourth period, ends the first year of play: therefore the Financial Statements relating to the companies managed by every Team in our group are published. Aside, an image of our Financial Statements.

Restructuring an index analysis on everyone's Financial Statements, we obtain the Image n.42.

In general, compared to the analysis carried out in Report 1, every Team recorded a deterioration in all the main Indices. In our case, from the third period onwards we expected that the Indices had not improved, because unfortunately we have shifted everything by one period: if the fifth period was also included, we would certainly notice a substantial improvement.

INDEX	ROE	ROI	ROS	ROT	r	s	D/E	ACID TEST
4Ichea	0,08	0,06	0,03	2,23	0,02	0,75	1,28	2,64
4JustInTeam	-7,24	-0,52	-0,22	2,41	0,04	1,00	11,85	2,55
4LeeQuidity	-0,33	-0,10	-0,05	1,99	0,02	1,00	1,97	2,26
4MonzaMilano	0,06	0,05	0,03	1,99	0,03	0,75	1,42	2,40
4NPRspa	-0,12	-0,03	-0,02	1,89	0,02	1,00	1,59	2,00
4ObladiEBITda	0,06	0,04	0,02	2,00	0,02	0,75	1,85	5,10

Since the results of the Indices are very similar to each other (among the most competitive companies in this group, which are us, “4Ichea” and “4MonzaMilano”), and having experienced a general deterioration compared to the 2-year history, it does not make sense to pursue an in depth analysis. Instead, it is much more interesting to analyze in depth other aspects of the Financial Statements, in order to be able to obtain useful information. The following Tables (Image n.43) summarize some interesting results recorded in the Financial Statements by each team:

Image n.43

Sales revenues		Bought-in		Total Production Costs		Gross Profit		Fixed Costs	
4Ichea	267.592.300	4Ichea	28.096.342	4Ichea	160.618.998	4Ichea	123.052.802	4Ichea	14.650.000
4JustInTeam	180.643.300	4JustInTeam	16.737.640	4JustInTeam	93.446.490	4JustInTeam	87.176.310	4JustInTeam	11.230.000
4LeeQuidity	214.337.300	4LeeQuidity	30.336.454	4LeeQuidity	112.067.498	4LeeQuidity	94.714.702	4LeeQuidity	12.550.000
4MonzaMilano	247.836.100	4MonzaMilano	50.365.925	4MonzaMilano	146.495.609	4MonzaMilano	96.105.591	4MonzaMilano	12.475.000
4NPRspa	210.577.300	4NPRspa	32.369.560	4NPRspa	126.840.840	4NPRspa	92.650.660	4NPRspa	13.000.000
4ObladiEBITda	292.122.900	4ObladiEBITda	0	4ObladiEBITda	163.005.406	4ObladiEBITda	128.900.194	4ObladiEBITda	15.550.000

Salaries		Cash		Max Borrowing Limit		Long Term Debts		Current Borrowing Limit	
4Ichea	31.532.000	4Ichea	41.246.283	4Ichea	23.250.921	4Ichea	43.000.000	4Ichea	-19.749.079
4JustInTeam	25.161.500	4JustInTeam	39.302.955	4JustInTeam	20.049.539	4JustInTeam	49.961.594	4JustInTeam	-29.912.055
4LeeQuidity	26.356.000	4LeeQuidity	50.591.182	4LeeQuidity	69.009.210	4LeeQuidity	32.604.594	4LeeQuidity	36.404.616
4MonzaMilano	27.313.500	4MonzaMilano	56.909.120	4MonzaMilano	72.504.503	4MonzaMilano	32.634.594	4MonzaMilano	39.869.909
4NPRspa	26.641.000	4NPRspa	41.208.490	4NPRspa	60.161.094	4NPRspa	33.834.594	4NPRspa	26.326.500
4ObladiEBITda	27.963.500	4ObladiEBITda	75.578.074	4ObladiEBITda	46.592.693	4ObladiEBITda	72.036.284	4ObladiEBITda	-25.443.591

Sales revenues: These are the revenues deriving from sales in both markets. As written, our Team recorded the highest group value, with a gap of around 25 million from the second. This is a very positive indicator, as it shows that we have found the right balance between the sale price and the quantity sold, managing to obtain a much higher value than the other Teams.

Bought-in: From this analysis, we understood that all the other Teams, even those who are pursuing a quality strategy such as “4Ichea”, “4JustInTeam” and partially “4NPRspa”, have bought outsourced finished goods, in our opinion in contradiction with this strategy, given the poor quality of the products. We believe that this factor has contributed to disadvantage them in the eyes of customers, preferring us when they asked for a high quality and a strong brand and preferring who had played a pricing strategy when they asked for a low price. They probably made this choice to avoid the problem of the flexibility of the production system, a problem that we solved by using leased machines, and to avoid incurring very high costs by buying only local raw materials. Our strategy instead only included the purchase of these raw materials, which seemed to have proved to be the winning idea, as shown below.

Total Production Costs: includes production costs, raw material costs and bought-in costs. As just mentioned, we note that despite having always bought local raw materials and never having used the bought-in, our direct production costs are not so different from the other Teams, if proportionate to the revenues obtained. In fact, by subtracting the revenues from the production costs we obtain the Gross Profit.

Gross Profit: having obtained the highest Gross Profit of all Teams, means that we were the best at

managing both sales and direct production costs, despite pursuing the most expensive strategy. This shows that if investments are designed with criteria, sometimes spending more than others can also bring economic benefits over time, becoming more competitive.

Fixed Costs: from this fixed cost for owned machines, we can deduce that the Teams with a higher cost have more production machines and therefore more production capacity than the others. It follows that the Team with the most production capacity in the group is us, and probably this has contributed (saturating production as much as possible) to generate the highest revenues of all.

Salaries: those who have incurred more wage costs means that they have hired more staff. Our strategy was to have more staff than other companies to ensure a high level of service, imitating Apple's strategy in its stores. However, not physically having the shops to visit, and therefore realizing the actual workload of the staff, the only way to realize if this strategy was actually being implemented was to look at the effectiveness of the salesperson and staff at the end of each period, taking on new ones if it hadn't been 100%, and so we did. However, by comparing the salary expenses with the other Teams, we realized that we actually have less staff than we would have liked! In the next period we will therefore have to invest more in human resources, hiring new staff and training them in what is our corporate mission.

Cash: money available for the next period, excluding commitments, human resources changes and the loan. From this, we can deduce information of fundamental importance for the next period: we don't need to worry more about "4Ichea" as our competitor, as it will certainly not be able to reach second place, now occupied by us. The reason is simple: by subtracting on average 10,000,000 € from the cash for the commitments, we get a more or less realistic estimate of the cash available for the following period. We notice therefore that "4Ichea" will have around 30,000,000 € available for decisions, but being pursuing a quality strategy, they will need many more to be able to satisfy even production. So it is reasonable to think that they will request a loan from the bank. The problem is that he cannot do it: by subtracting Max Borrowing Limit with Long Term Debts, we obtain the Current Borrowing Limit, namely the maximum loan that can be requested for the following period; the Current Borrowing Limit for "4Ichea" is negative, which means that they cannot ask for more loan and therefore probably will not be able to satisfy the decisions of the next period, certainly leaving part of their demand unsatisfied. It is precisely thanks to this information that we have recalculated the market shares in Image n.37, considering a very challenging increase. This same reasoning can be repeated for all the other teams, but no particularly interesting information is obtained.

4.7 CONCLUSION OF THIS PERIOD

In conclusion, in this period we saw where the investments we made brought us, obtaining more than satisfying results. We believe that having designed our strategy in such a precise way, having carefully planned some of its modifications due to the change in the environment conditions and having adhered to the rest, has allowed us to obtain considerable advantages in the medium-long term.

5th PERIOD: Q13, JAN - MAR 2021

5.1 DECISIONS EXPLANATION OF THIS PERIOD

Marketing		Operation	
Retail market price: Fabrics (€)	328	Raw materials local: Fabrics	178400
Retail market price: Fittings(€)	114	Raw materials local: Fittings	273300
Retail market price: Furniture(€)	959	Raw materials local: Furniture	19400
Advertising (€)	800000		
Wholesalers market price: Fabrics (€)	235	Raw materials imported: Fabrics	0
Wholesalers market price: Fittings (€)	69	Raw materials imported: Fittings	0
Wholesalers market price: Furniture (€)	625	Raw materials imported: Furniture	0
Quantity offered to Whol: Fabrics	67500	Finished goods: Fabrics	0
Quantity offered to Whol: Fittings	65000	Finished goods: Fittings	0
Quantity offered to Whol: Furniture	0	Finished goods: Furniture	0
Terms of payment (months)	3	Finished goods: Furniture	0
Distribution		Production planned: Fabrics	178400
Promotion: Fabrics (€)	0	Production planned: Fittings	219100
Promotion: Fittings (€)	0	Production planned: Furniture	19400
Promotion: Furniture (€)	0		
Customer service (€)	800000	New leased machines	0
Central outlets (+/-)	0	Owned machines (+/-)	0
Out-of-town outlets (+/-)	0	Automation technology (€)	1000000
New vehicles	0	Finance	
Staff	12		
Sales persons	36	Loans (€) (+/-)	-19767238
Training (€)	600000	Environmental issues (€)	800000

Image n.44

We decide to leave the sales prices unchanged, the positioning is perfect from several points of view: our strategy, the prices of competitors on the market and the Customer Perception of the period. Furthermore, considering the new payment extension granted by our competitors to the Wholesale market discovered in the last period, we also decided to increase it to 3 months. In addition to the obvious motivation to remain competitive, there is also an economic factor: thanks to the revenues that we are obtaining and that we will surely obtain in the future, we can afford to be

creditors of the entire sum owed by this market, as our Cash Available will be sufficient both for the production expected in the next period and for the scheduled repayment of the debt. We hire new staff to deal with the wages problem encountered in the previous quarter and invest heavily in Training to train it. It should be noted that with this hiring of human resources, we bring our staff to 676 salesmen and 169 staff, obtaining a span of control precisely of 4, as required by the strategy formulated in Report 1. As regards the Operations, the production plan was calculated as usual through the formulas explained in Report 1, stocking up Fittings for the peak of the next period and starting to stock up on Fabrics in view of the peak of JUL-SEP 21 and maintaining a semi-level production. Machine saturation achieved with this production plan: 99.59%. In this period it is interesting to notice a trick on the order of Fittings' raw materials: positioning ourselves in the "worst" case, i.e. selling everything we have produced (considering the 90% constraint) for each line, planning the production of the next period, we realize that we will have to order more than 500,000 units of raw materials, precisely 554,200, when the order limit per period is 500,000. Considering this constraint, it is necessary to stock up on raw materials in this period's order, and we decide to stock up the line whose raw materials cost less, buying 54,200 units of raw materials for Fittings (as can be seen in the decisions making Raw Material - Production Planned), as in the 500,000 bond there is no distinction between which raw materials are to be ordered and above all not to affect the money that we will return to the banks. In fact, in this period we return 19,767,238 €, considerably reducing the accumulated debt. Thanks to the revenues generated in the previous period, we are gradually becoming financially more autonomous, being also able to return large amounts of money to the banks without minimally affecting the decisions made for the period, also foreseeing improvements in the future. The investments remain substantially stable.

Cash needed to satisfy the decisions: 43,741,309 €

Cash Available: 43,741,308 €

5.2 RESULTS: GENERAL – RETAIL MARKET

Image n.45

Team	Share value	EBIT Quarter	Cumulative EBIT	Share %	EBIT %	AVG	Rank
4Ichea	16,60 €	-2.075.486,24 €	5.124.322,68 €	45,23%	82,09%	63,66%	4
4JustInTeam	0,00 €	3.451.097,32 €	-37.153.830,04 €	0,00%	0,00%	0,00%	6
4LeeQuidity	25,44 €	5.498.226,90 €	-1.556.406,64 €	69,32%	69,12%	69,22%	3
4MonzaMilano	36,70 €	4.588.111,08 €	11.961.419,64 €	100,00%	95,37%	97,68%	1
4NPRspa	19,12 €	226.195,71 €	-627.999,76 €	52,10%	70,92%	61,51%	5
4ObladiEBITda	33,40 €	8.671.164,50 €	14.346.143,48 €	91,01%	100,00%	95,50%	2

At the end of the game, we finished second in our group, due to around 3 € in the value of the action. As for EBIT, we are instead the Team that recorded the highest value, both in the quarter and in general: we feel satisfied with this result, having also obtained a gap of almost 2.5 € million from the second classified,



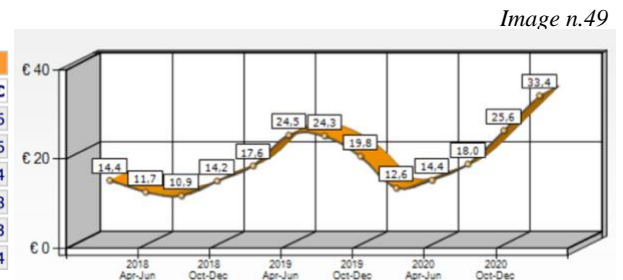
“4MonzaMilano”. Studying the total Cumulative Profit, from the website we report Image n.46: we recorded the best cumulative profit that the company has ever had, obtaining an expected initial drop but then a rise that led us to obtain a total Cumulative Profit equal to the value in Image n.47, which

summarizes the values for each team in the group. In addition to the Cumulative Profit, we also recorded the best Profit Before Tax value, as shown in Image n.48.

Cumulative profit			Yearly cumulative profit before tax		
Rank	Team	C	Rank	Team	C
1°	4ObladiEBITda	39.826.090,82	1°	4ObladiEBITda	7.950.801,66
2°	4MonzaMilano	36.170.409,46	2°	4LeeQuidity	6.565.849,46
3°	4Ichea	30.684.300,41	3°	4MonzaMilano	4.170.097,64
4°	4LeeQuidity	23.454.273,33	4°	4JustInTeam	2.951.481,38
5°	4NPRspa	22.928.497,14	5°	4NPRspa	-577.816,13
6°	4JustInTeam	-10.604.891,06	6°	4Ichea	-2.505.486,24

Image n.47

Image n.48



Also with regard to share value, we report the graph from the website, pointing out that it has reached the highest value ever recorded (Image n.49). In addition, the forecast made on “4Ichea” turned out to be correct: not having sufficient Cash Needed or having the possibility to request a loan, they ended up recording a negative EBIT, ranking fourth.

Regarding the global ranking:

Image n.50

Rank	Girone	Team	Share value	Ebit	Share %	Ebit %	Average	Coeff	Punterggio finale
62	1	4ObladiEBITda	€ 33,40	€ 14.346.143,48	35,13	50,69	42,91	0,95	40,66

Finally, we position ourselves in position 62, gaining 14 positions compared to the previous quarter. We are satisfied with this result: we managed a company by increasing all its main indices, its profitability and obtaining a profit and share value never recorded in the 2 years of history available. In addition, we have never lost positions: neither in the global nor in the group standings, demonstrating the evident growing trend and the spirit of constant growth and continuous improvement sought in our strategy.

5.3 PRICES, SALES AND MARKET SHARES – RETAIL MARKET

Image n.51

Team	Fabrics price	Fittings price	Furniture price	Fabrics sales	Fittings sales	Furniture sales	Fabrics revenues	Fittings revenues	Furniture revenues
4Ichea	331 €	116 €	946 €	88.220	114.871	21.971	29.200.820 €	13.325.036 €	20.784.566 €
4JustInTeam	300 €	90 €	900 €	62.534	120.857	12.436	18.760.200 €	10.877.130 €	11.192.400 €
4LeeQuidity	293 €	84 €	870 €	86.504	207.620	20.652	25.345.672 €	17.440.080 €	17.967.240 €
4MonzaMilano	280 €	85 €	810 €	82.222	151.473	22.326	23.022.160 €	12.875.205 €	18.084.060 €
4NPRspa	285 €	80 €	875 €	85.839	208.598	16.548	24.464.115 €	16.687.840 €	14.479.500 €
4ObladiEBITda	328 €	114 €	959 €	95.614	133.740	20.580	31.361.392 €	15.246.360 €	19.736.220 €
Sums and averages	303 €	95 €	893 €	500.933	937.159	114.513	152.154.359 €	86.451.651 €	102.243.986 €

Once again we confirm to be the leaders in this market: we are in fact the Team that generated the highest revenues in our group. Furthermore, we are leaders both in quantity and revenues of Fabrics, a result consistent with our strategy that envisaged a greater focus on this product, and we are second in revenues of Furniture, as a sign of the complete recovery of position despite the drop recorded in JUL-SEP 20. Looking at the Customer Satisfaction, we notice that our focus strategy on Fabrics worked, preparing the ground for

Fabrics	109,1%
Fittings	99,8%
Furniture	99,3%

Image n.52

the peak of JUL-SEP 21. Instead, we recorded a “neutral” value for the other 2 lines: all our customers are satisfied, which confirms that our strategic objective of effectiveness and customer focus has also been achieved.

We also measure the market shares achieved, recalling those recalculated in the previous quarter:

q desired *Fabrics*: 24%

q desired *Fittings*: 24%

q desired *Furniture*: 19%

Here are the shares reached on the quantities (q) and revenues (r) of each Team at the end of this period:

Team	Share q fabrics	Share q fittings	Share q furniture	Share r fabrics	Share r fittings	Share r furniture
4Ichea	17,6%	12,3%	19,2%	19,2%	15,4%	20,3%
4JustinTeam	12,5%	12,9%	10,9%	12,3%	12,6%	10,9%
4LeeQuidity	17,3%	22,2%	18,0%	16,7%	20,2%	17,6%
4MonzaMilano	16,4%	16,2%	19,5%	15,1%	14,9%	17,7%
4NPRspa	17,1%	22,3%	14,5%	16,1%	19,3%	14,2%
4OblediEBITda	19,1%	14,3%	18,0%	20,6%	17,6%	19,3%

Image n.53

We notice a more substantial difference than those envisaged, especially as regards Fittings. Nonetheless, we are overall satisfied with the result: as already specified, in the end we are interested in the shares achieved with revenues. Recalling that each Team started with a share of 16.9%, our strategy goal was to finish the game by increasing these shares on revenues in each line, a goal that has been achieved, with

JAN-MAR 21	Forecast share	Achieved share	APR-JUN 21 share
Fabrics	24,00%	19,10%	22,00%
Fittings	24,00%	14,30%	19,50%
Furniture	19,00%	18,00%	20,00%

Image n.54

greater emphasis on Fabrics. If we wanted to proceed with the recalculation for future shares, we can see the values in Image n.54.

5.4 GENERAL – WHOLESALE MARKET

Wholesalers

Your sales	
Fabrics	67.500
Fittings	65.000
Furniture	0
Total sales	
Fabrics	194.787
Fittings	100.000
Furniture	11.772
Requested quantity	
Fabrics	300.000
Fittings	100.000
Furniture	20.000

Image n.55

Our Indices of Offer, despite the 3 months of payment granted, was not even close to the value of the lowest ones. We therefore deduce the correctness in the choice to grant 3 months of payment, as in this way we were able to sell all the goods offered, otherwise by granting the classic 2 months we would have had even higher Indices of Offer, risking to record lower sales. Making an end-of-game reflection, we believe that our strategy of exploiting this market only in conditions of overproduction to saturate the machines has proved successful, allowing us to make extra revenues.

Image n.56

Lowest index of offer (The most appealing)	
Fabrics	0,85
Fittings	0,86
Furniture	0,90
Your index of offer	
Fabrics	0,90
Fittings	0,91
Furniture	0,00

5.5 IMPORTANT INDICES

As seen in Image n.57, we increased the quality in Advertising, in Environment and Customer Service. Since closing the game with even higher investment quality than the market was among our goals, we can consider it achieved, especially in Customer Service. We have seen a decrease in competitiveness on all lines, but we are not worried, as looking at the Customer Satisfaction we are at a good level. Despite hiring

Image n.57

	Your	Mkt			
Quality of advertising	61,1	57,1	Competitiveness		
Quality of environ.	67,5	58,0	Fabrics	1,05	
Quality of cust.serv.	83,5	76,9	Fittings	0,86	
			Furniture	1,09	

Index of attraction	1,08
Supervisor effec.	94,4
Salesoers. effec.	88,8

Quality of production	
4ObladiEBITda	73,6%
Mkt std trend	68,4%

Trend of quality gap	
Index of Variancy	7,85

Trend of Average Quality	
Quality percentage	68,42

new staff, we still cannot achieve 100% effectiveness, further investments in this field will be needed in the future. Instead, the gap between the quality of our production and the standard market is reducing but we close with 5.2 percentage points more: the objective of differentiation on quality has also been achieved.

Since it is the last period, we proceed to re-perform an ABC inventory-turnover analysis in the Retail market, to understand if our inventory management has improved during the entire game.

6. ABC ANALYSIS

Valorizing the stocks at the production cost + the cost of raw materials, we obtain the following analysis:

Total revenues					
	JAN-MAR 20	APR-JUN 20	JUL-SEP 20	OCT-DEC 20	JAN-MAR 21
Fabrics	21.801.078	21.733.650	31.390.092	22.821.912	31.361.392
Fittings	10.750.792	20.956.400	16.911.132	28.830.258	15.246.360
Furniture	13.525.920	10.383.278	1.056.818	19.951.995	19.736.220
MEAN 1	95.485.766				
MEAN 2	78.674.587				

Total stock					
	JAN-MAR 20	APR-JUN 20	JUL-SEP 20	OCT-DEC 20	JAN-MAR 21
Fabrics	3.202.846	9.709.648	4.560.531	4.888.198	7.541.916
Fittings	3.084.446	1.150.279	1.166.394	5.455.072	6.492.988
Furniture	4.236.478	695.744	75.683	2.396.997	1.734.271
MEAN 1	18.797.163,57				
MEAN 2	13.244.176,35				

Image n.58

Total revenues			
	A	B	C
Total stock	Fabrics	Fittings	Furniture

Image n.59

Image n.60

As for Report 1, we used the tangents method for the analysis. We found out that with the management and implementation of the various production plans over the quarters, we have obtained ideal inventory management for each product. We have realigned the stocks of each line based on the revenues they produce in the Retail market, finding the perfect balance in the optimized management of the warehouse, also taking advantage of the Wholesale market when we wanted to reduce the quantity in stock of some products.

Yearly cumulative turnover		
Rank	Team	C
1°	4ObladiEBITda	86.691.472,00
2°	4LeeQuidity	77.793.619,70
3°	4MonzaMilano	74.241.425,00
4°	4Ichea	63.310.422,00
5°	4NPRspa	55.631.455,00
6°	4JustInTeam	40.832.332,99

Image n.61

Having also defined this strategic objective in Report 1, we were able to achieve it, also obtaining the first position regarding the Yearly Cumulative Turnover, which we report in Image n.61 the ranking of each Team directly from the website.

7. COMMENTS ON SWOT ANALYSIS FROM REPORT 1

It is interesting to comment the SWOT Analysis defined in Report 1, to understand what opportunities we actually reached thanks to our strengths and what threats we managed to avoid. We notice that we have been able to seize almost all the opportunities found. In fact, we have retained and satisfied all our customers, and also part of our competitors' one, thanks to the quality of our products and our brand. We didn't make big profits in JUL-SEP 20 due to the failure of Fabrics peak, but we still managed to make big profits in the following periods. We contained the weakness of having high prices, as we achieved such high quality as to justify them and we managed to solve the problem of elasticity in the production system by promoting the use of leased machines. Furthermore, as already seen, having always bought local raw materials (more expensive) has not proved to be a disadvantage but rather, looking at Gross Profit, a strength. Even the high initial investments allowed us to differentiate ourselves immediately from those who played on quality, but

also compared to those who pursued a pricing strategy, in fact to face competitors with very low and ideally attractive prices, high initial investments allowed us to be soon more attractive than them, ending the game with the highest profit of the group. For the future, the company will always have to leverage its strengths (quality and brand) in order to always ensure higher revenues, continuing to pursue the strategy we defined.

Image n.62

8. OTHER INTERESTING RESULTS

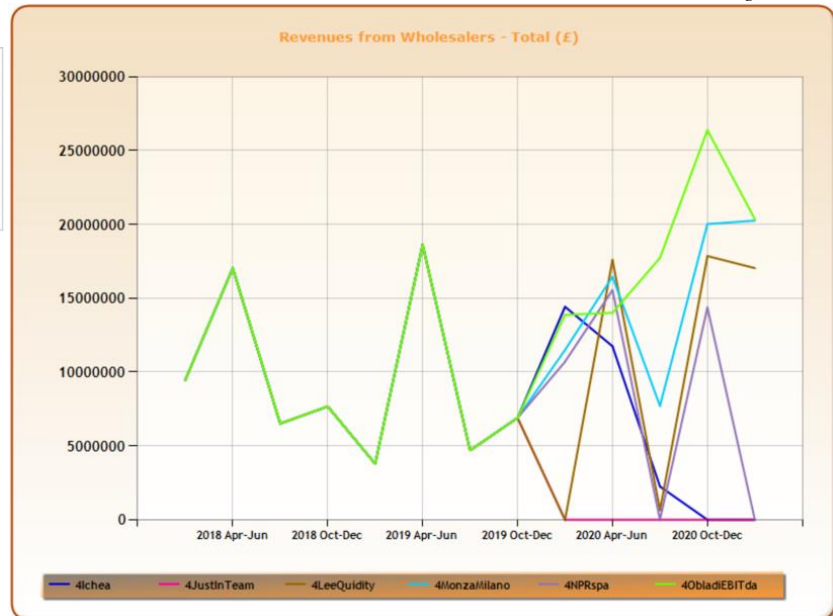
Marketing (2020)			Financial control (2020)		
Rank	Team	%	Rank	Team	%
1°	4ObladiEBITda	27,44	1°	4ObladiEBITda	6,80
2°	4Ichea	27,18	2°	4Ichea	25,25
3°	4MonzaMilano	23,85	3°	4NPRspa	29,89
4°	4NPRspa	14,74	4°	4MonzaMilano	36,66
5°	4LeeQuidity	13,62	5°	4LeeQuidity	40,32
6°	4JustInTeam	-6,83	6°	4JustInTeam	63,24

Percentage of total margins (retail + wholesale) in the year.

Distribution (2020)			Operation (2020)		
Rank	Team	C	Rank	Team	C
1°	4Ichea	2.340.344,03	1°	4Ichea	40,73
2°	4ObladiEBITda	2.244.303,74	2°	4ObladiEBITda	41,17
3°	4MonzaMilano	2.157.549,04	3°	4NPRspa	44,28
4°	4JustInTeam	2.134.275,59	4°	4MonzaMilano	45,05
5°	4NPRspa	2.069.276,51	5°	4LeeQuidity	46,72
6°	4LeeQuidity	2.065.708,29	6°	4JustInTeam	47,82

Average annual turnover per outlet.

Hourly Annual cost of production.



Thanks to the statistics on the website, we discovered that we were for most of the time, in addition to the Retail market, also the leaders in the Wholesale market revenues. It is certainly not among our goals, but we do not regret having achieved it after all. Furthermore, we rank first for the management of Marketing and Finance, while we obtained a second place in the management of Distribution and Operation.

9. CONCLUSION AND DECISIONS FOR THE NEXT PERIOD

In Report 1, we had defined 6 points that characterized our strategy. We satisfied the first 5. As regards the sixth, the debt reduction was unfortunately not completed as we would have liked: this does not mean that in the future it will not be completed, in fact it would have been our concern to return what is necessary to also meet this goal. In fact, through the Holt-Winters model we have forecast the demand for APR-JUN 21:

Fabrics: 434,060 pcs *Fittings:* 1,793,969 pcs *Furniture:* 72,166 pcs

In the next period we will have 46,142,091 € in Cash Available and calculating a production expenditure of 18,738,535 € through the plan:

Fabrics: 134,400 pcs *Fittings:* 358,600 pcs *Furniture:* 13,000 pcs

for the purchase of local raw materials of 18,739,200 € through the plan (confirming the correctness of the stock made in order not to exceed the 500,000 pcs of the order):

Fabrics: 134,400 pcs *Fittings:* 304,400 pcs *Furniture:* 13,000 pcs

and by hiring 20 salespersons and 5 staff equal to 265,000 €, we obtain that we will be able to return another 8,401,856 € to the banks, further decreasing the accumulated debt. Furthermore, in the period of JUL-SEP 21 we will collect the revenues made in the quarter JAN-MAR 21 of the Wholesale market, allowing us to continue this trend of debt repayment. In conclusion, we are generally satisfied with our performance, as we have been able to improve the situation of the company compared to the moment we joined it, through the definition and respect of a strategy specifically defined for this market.