

**BasicNet S.p.A.**

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**PRESS RELEASE**
**BASICNET - GROWTH IN H1 2021**
**EXTRAORDINARY SHAREHOLDERS' MEETING APPROVED THE PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION TO INTRODUCE THE MECHANISM FOR INCREASING VOTING RIGHTS.**

**Turin, July 29, 2021.** The Board of Directors of BasicNet S.p.A. today approved the H1 2021 consolidated results:

- **aggregate sales** of Group products by the Global licensees' Network of Euro 443 million, up 20.5% on H1 2020, as follows:
  - commercial licensees of Euro 334 million (Euro 259.6 million in H1 2020, +28.6%)
  - productive licensees of Euro 109.1 million (Euro 108 million in H1 2020, +1%).

Commercial licensees' sales saw a major upturn. Overall, Europe - which accounts for over 69% of aggregate sales - saw a significant recovery (+30.8%) on H1 2020 and was up 3.7% on the record sales of 2019, despite the continuance of government restrictions in H1 2021 to limit the spread of COVID. Sales rose 57.3% (+10% on 2019) in the Americas and 64.2% in the Middle East and Africa. Asia and Oceania, which represents 7% of aggregate sales, reported a decline of 29.9% on the same period of the previous year, mainly due to the replacement of a licensee. Productive licensees' sales recovered at a slower pace due to a general delay in shipments as a result of the current temporary slowdown of commercial marine transport;
- **consolidated revenues** of Euro 128.5 million (Euro 109.1 million in H1 2020, +17.7%), as follows:
  - royalties from commercial and productive licensees: Euro 25.8 million (Euro 22.4 million in H1 2020, +15.5%);
  - direct sales: Euro 102.6 million (Euro 86.8 million in 2020, +18.3%); this result is even more exceptional in view of the prolonged closure of plug@sell stores in Italy (between March and May 2020, compared to the closures in 2021 which, although discontinuously, were extended from January until mid-May);
- **EBITDA:** Euro 14.5 million (Euro 0.8 million in H1 2020);
- **EBIT:** Euro 8.5 million (Euro -5 million in H1 2020);
- **net profit:** Euro 4.1 million (Euro -5.5 million in H1 2020);
- **net financial position:** Euro -84.1 million (Euro -81.6 million at June 30, 2020 and Euro -82.2 million at December 31, 2020). Dividends of Euro 3.1 million were distributed in the year and treasury shares acquired for Euro 1.6 million.

The Group continues to be on the frontline in the fight against COVID. On April 27, at the BasicVillage, BasicNet's Turin headquarters, the "Humanitas Gradenigo" vaccination centre opened. The facility, which is also open to BasicNet staff and their families, has to-date administered an average of 800 vaccines per day.

## **Outlook**

On the basis of the order portfolio and forecast royalties and sourcing commissions, the positive operating performance is expected to continue in the second half of the year. This expectation however remains subject to the developing health emergency.

## **Introduction of the mechanism for increasing voting rights**

The Extraordinary Shareholders' Meeting today approved the amendments to the By-Laws to introduce mechanism for increasing voting rights, as per Article 127-*quinquies* of Legislative Decree No. 58/98. This mechanism permits the assignment of two votes for each ordinary BasicNet share held by the same Shareholder of the Company for a continuous period of at least 24 months from their enrolment in a special Register set up and maintained by the Company.

The methods to request enrolment in the Register and all other information regarding increased voting rights in accordance with Article 127-*quinquies* of Legislative Decree No. 58/1998 are available on the Company website at [www.basicnet.com/corporategovernance/increasedvote](http://www.basicnet.com/corporategovernance/increasedvote).

The introduction of the mechanism for increasing voting rights is intended to incentivise medium/long-term investment in support of the long-term growth and development of the BasicNet Group.

The Chief Executive Officer Federico Trono will present the H1 2021 results during a video conference to be held today in English at 6PM.

To participate:

Microsoft Teams Meeting

**Participate via computer or mobile app**

**[Click here to attend the meeting](#)**

**Alternatively, attend by calling (only audio)**

**+39 02 0062 4808,,166759877#** Italy, Milan

Telephone ID conference: 166 759 877#

The presentation may be downloaded from the website [www.BasicNet.com](http://www.BasicNet.com), from the section: "financial data/other information and presentations" shortly before the video conference, at the following link:

<http://www.basicnet.com/contenuti/datifinanziari/informazioniannuali.asp?menuSelectedID=3g>

In relation to the “alternative performance indicators”, as defined by the ESMA/2015/1415 guidelines, we provide below a definition of the indicators used in this press release and in the financial statements, as well as their reconciliation with the condensed half-year financial statement items:

- **Commercial licensees or licensees:** independent business owners, granted licenses to distribute Group brand products in their respective regions.
- **Productive licensees or sourcing centers:** third-party firms to the Group. Their function is to manufacture and market merchandise and are located in various countries worldwide, depending on what type of goods they produce.
- **Commercial licensee aggregate sales:** sales by commercial licensees, recognised by the BasicNet Group to the “royalties and sourcing commissions” account of the income statement.
- **Productive licensee aggregate sales:** sales by productive licensees, recognised by the BasicNet Group to the “royalties and sourcing commissions” account of the income statement.
- **Consolidated Revenues** the sum of royalties, sourcing commissions and sales of the licensee company BasicItalia S.p.A. and its subsidiaries, in addition to the parent company BasicNet S.p.A.
- **Marketing and communication investment** the sum of sponsorship and media costs and other communication costs including overheads.
- **EBITDA:** “operating result” before “amortisation and depreciation”.
- **EBIT:** “operating result”.
- **Contribution margin on direct sales:** “gross profit”;
- **Debt/equity ratio** this is an indicator of the financial structure of the balance sheet and is calculated as the ratio of financial debt to shareholders' equity.
- **Net financial position:** total of current and medium/long-term financial payables, less cash and cash equivalents and other current financial assets.
- **Free cash flow** represents the cash flow available to the company and is the difference between the cash flow from operating activities and the cash flow for investments in fixed assets.
- **Basic earnings per share** calculated as required by IFRS on the basis of the weighted average number of shares in circulation in the year.

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The Executive Officer for Financial Reporting, Ms. Paola Bruschi, declares in accordance with Article 154-bis, paragraph 2, of the Consolidated Finance Act that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

The financial statements are attached

## FINANCIAL STATEMENTS

### BasicNet Group Key Financial Highlights

<i>(Euro thousands)</i>	<b>H1 2021</b>	<b>H1 2020</b>	<b>Changes</b>	<b>%</b>
Group Brand Aggregate Sales by the Network of commercial and productive licensees (*)	<b>443,054</b>	<b>367,611</b>	<b>75,443</b>	<b>20.5%</b>
Royalties and sourcing commissions	25,847	22,382	3,464	15.5%
Consolidated direct sales	102,632	86,765	15,867	18.3%
EBITDA	14,546	772	13,774	n.a.
EBIT	8,535	(4,970)	13,505	n.a.
Net result	4,140	(5,522)	9,661	n.a.
Basic earnings per share	0.0794	(0.1039)	0.1833	n.a.

(\*) Data not audited

## BasicNet Group Condensed Balance Sheet

<i>(Euro thousands)</i>	June 30, 2021	December 31, 2020	June 30, 2020
Property	32,755	33,386	34,120
Brands	58,972	58,917	46,834
Non-current assets	35,053	35,050	33,075
Rights-of-use	21,781	22,082	18,595
Current assets	169,659	172,592	181,787
<b>Total assets</b>	<b>318,221</b>	<b>322,027</b>	<b>314,411</b>
Group shareholders' equity	120,889	119,277	109,691
Non-current liabilities	69,314	73,156	53,678
Current liabilities	128,019	129,594	151,042
<b>Total liabilities and shareholders' equity</b>	<b>318,221</b>	<b>322,027</b>	<b>314,411</b>

## BasicNet Group Summary Net Financial Position

<i>(Euro thousands)</i>	June 30, 2021	December 31, 2020	June 30, 2020	Changes 30/06/2021 31/12/2020	Changes 30/06/2021 30/06/2020
Net financial position – Short-term	(21,175)	(14,678)	(38,744)	(6,497)	17,569
Financial payables – Medium-term	(39,546)	(43,709)	(19,155)	4,163	(20,391)
Finance leases	(624)	(678)	(490)	54	(134)
<b>Net financial position with banks</b>	<b>(61,344)</b>	<b>(59,065)</b>	<b>(58,389)</b>	<b>(2,279)</b>	<b>(2,956)</b>
Other financial liabilities	-	-	(2,839)	-	2,839
Payables for rights-of-use	(22,782)	(23,097)	(20,360)	315	(2,422)
<b>Total net financial position</b>	<b>(84,126)</b>	<b>(82,162)</b>	<b>(81,588)</b>	<b>(1,964)</b>	<b>(2,539)</b>
Debt/Equity ratio (Net financial position/Shareholders' equity)	0.70	0.69	0.74	0.01	(0.05)

**BASICNET GROUP**  
Financial Statements

**CONSOLIDATED INCOME STATEMENT**

(Euro thousands)

	H1 2021		H1 2020		Changes	
		%		%		%
Consolidated direct sales	102,632	100.00	86,765	100.00	15,867	18.29
Cost of sales	(60,170)	(58.63)	(52,976)	(61.06)	(7,194)	(13.58)
<b>GROSS MARGIN</b>	<b>42,462</b>	<b>41.37</b>	<b>33,789</b>	<b>38.94</b>	<b>8,673</b>	<b>25.67</b>
Royalties and sourcing commissions	25,847	25.18	22,382	25.80	3,464	15.48
Other income	2,951	2.88	1,884	2.17	1,067	56.52
Sponsorship and media costs	(18,873)	(18.39)	(19,913)	(22.95)	1,040	5.22
Personnel costs	(14,490)	(14.12)	(14,018)	(16.16)	(473)	(3.37)
Selling, general and administrative costs, royalties expenses	(23,351)	(22.75)	(23,353)	(26.92)	3	0.01
Amortisation & depreciation	(6,010)	(5.86)	(5,742)	(6.62)	(269)	(4.68)
<b>EBIT</b>	<b>8,535</b>	<b>8.32</b>	<b>(4,970)</b>	<b>(5.73)</b>	<b>13,505</b>	<b>n.a.</b>
Net financial income (charges)	(1,155)	(1.13)	23	0.03	(1,178)	n.a.
Management of equity investments	(3)	(0.00)	(13)	(0.02)	10	74.61
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>7,377</b>	<b>7.19</b>	<b>(4,960)</b>	<b>(5.72)</b>	<b>12,337</b>	<b>n.a.</b>
Income taxes	(3,238)	(3.15)	(562)	(0.65)	(2,676)	n.a.
<b>NET PROFIT/(LOSS)</b>	<b>4,140</b>	<b>4.03</b>	<b>(5,522)</b>	<b>(6.36)</b>	<b>9,661</b>	<b>n.a.</b>
<b>Earnings per share</b>						
Basic	0.0794		(0.1039)		0.183	n.a.
Diluted	0.0794		(0.1039)		0.183	n.a.

## CONSOLIDATED BALANCE SHEET

(Euro thousands)

ASSETS	June 30, 2021	December 31, 2020	June 30, 2020
Intangible assets	65,470	65,380	53,460
Rights-of-use	21,781	22,082	18,595
Goodwill	11,873	11,907	12,141
Property, plant and equipment	46,184	45,690	45,127
Equity invest. & other financial assets	755	765	1,048
Interests in joint ventures	188	192	204
Deferred tax assets	2,309	3,419	2,048
<b>Total non-current assets</b>	<b>148,561</b>	<b>149,435</b>	<b>132,624</b>
Net inventories	69,617	62,194	76,417
Trade receivables	51,981	53,050	61,150
Other current assets	13,413	10,263	13,955
Prepayments	11,146	13,433	10,082
Cash and cash equivalents	22,285	33,652	19,926
Derivative financial instruments	1,217	-	257
<b>Total current assets</b>	<b>169,659</b>	<b>172,592</b>	<b>181,787</b>
<b>TOTAL ASSETS</b>	<b>318,221</b>	<b>322,027</b>	<b>314,411</b>

  

LIABILITIES	June 30, 2021	December 31, 2020	June 30, 2020
Share capital	31,717	31,717	31,717
Reserve for treasury shares in portfolio	(26,298)	(24,679)	(22,225)
Other reserves	111,331	103,658	105,721
Net Profit	4,140	8,581	(5,522)
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>	<b>120,889</b>	<b>119,277</b>	<b>109,691</b>
Provisions for risks and charges	184	229	275
Loans	40,170	44,387	19,645
Payables for rights-of-use	22,782	23,097	20,360
Other financial payables	-	-	2,839
Employee and Director benefits	4,315	4,062	3,697
Deferred tax liabilities	366	-	5,140
Other non-current liabilities	1,496	1,381	1,722
<b>Total non-current liabilities</b>	<b>69,314</b>	<b>73,156</b>	<b>53,678</b>
Bank payables	43,460	48,330	58,670
Trade payables	57,413	55,925	60,191
Tax payables	9,645	5,805	10,680
Other current liabilities	12,508	12,020	18,204
Accrued expenses	4,233	5,274	3,028
Derivative financial instruments	760	2,240	268
<b>Total current liabilities</b>	<b>128,019</b>	<b>129,594</b>	<b>151,042</b>
<b>TOTAL LIABILITIES</b>	<b>197,332</b>	<b>202,750</b>	<b>204,720</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>318,221</b>	<b>322,027</b>	<b>314,411</b>

## CHANGES IN FINANCIAL POSITION

(Euro thousands)

	June 30, 2021	June 30, 2020
<b>A) OPENING NET FINANCIAL POSITION</b>	<b>(82,162)</b>	<b>(78,274)</b>
<b>Effects first-time application IFRS 16</b>	-	-
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit (loss)	4,140	(5,522)
Amortisation & depreciation	6,010	5,742
Management of equity investments	-	-
Changes in working capital:	(689)	12,879
Net changes in employee and director benefits	254	290
Others, net	(233)	202
	<b>9,482</b>	<b>13,591</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in fixed assets	(3,880)	(2,901)
Acquisition Kappa China brand	(900)	-
Aprica acquisition	-	(10,466)
Change in scope of consolidation	-	-
Realisable value for fixed asset disposals	13	50
	<b>(4,768)</b>	<b>(13,317)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Registration payables for Right-of-use	(2,460)	(4,151)
Income from right-of-use	545	564
Acquisition of treasury shares	(1,620)	-
Dividend payments	(3,144)	-
	<b>(6,678)</b>	<b>(3,587)</b>
<b>E) CASH FLOW IN THE PERIOD</b>	<b>(1,964)</b>	<b>(3,314)</b>
<b>F) CLOSING NET FINANCIAL POSITION</b>	<b>(84,126)</b>	<b>(81,588)</b>



## CONSOLIDATED NET FINANCIAL POSITION

(Euro thousands)

	June 30, 2021	December 31, 2020	June 30, 2020
Cash and cash equivalents	22,285	33,652	19,926
Bank overdrafts and bills	(12,735)	(19,929)	(26,314)
Import advances	(22,197)	(19,989)	(24,384)
<i>Sub-total net liquidity available</i>	<i>(12,647)</i>	<i>(6,266)</i>	<i>(30,772)</i>
Short-term portion of medium/long-term loans	(8,528)	(8,412)	(7,972)
<b>Short-term net financial position</b>	<b>(21,175)</b>	<b>(14,678)</b>	<b>(38,744)</b>
Medium/long term loans	(39,546)	(43,709)	(19,156)
Payables for exercise future share acquisitions	-	-	(2,839)
Payables for rights-of-use	(22,782)	(23,097)	(20,360)
Finance lease payables	(624)	(678)	(490)
<i>Sub-total loans and leasing</i>	<i>(62,951)</i>	<i>(67,484)</i>	<i>(42,845)</i>
<b>Consolidated Net Financial Position</b>	<b>(84,126)</b>	<b>(82,162)</b>	<b>(81,588)</b>