

BasicNet S.p.A.

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PRESS RELEASE: BASICNET BOD APPROVES 2022 DRAFT SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS. RESULTS PRESENTED ON FEBRUARY 10 CONFIRMED. PROPOSED DIVIDEND OF EURO 0.18 PER SHARE (+50% ON PREVIOUS YEAR).

Turin, March 9, 2023. The Board of Directors of BasicNet S.p.A. has approved the 2022 Consolidated Financial Statements and the 2022 draft Separate Financial Statements, calling the Shareholders' AGM for April 13 in single call.

Consolidated highlights:

- **aggregate sales of licensees** of Group brands products worldwide by the Global licensees Network and direct of Euro 1.27 billion, up 34.1% on the previous year;
- **consolidated revenues** of Euro 386.1 million (Euro 296.4 million in 2021, +30.0%), as follows:
 - royalties from commercial and productive licensees of Euro 72.3 million (Euro 54.8 million in 2021, +32.0%);
 - direct sales: Euro 312.7 million (Euro 241.6 million in 2021, +29.4%);
- **EBITDA:** Euro 60.9 million (Euro 44.2 million in 2021, +37.7%);
- **EBIT:** Euro 46.1 million (Euro 31.6 million in 2021, +45.8%);
- **net profit** of Euro 30.0 million (Euro 20.3 million in 2021, +47.7%);
- **net financial position:** Euro -141.7 million (Euro -61.7 million at December 31, 2021). In 2022, besides having supported the significant commercial growth, dividends of Euro 6.1 million were distributed and treasury shares were acquired for Euro 6.5 million. The Group also acquired for Euro 36.9 million full ownership of the company K-Way France and invested Euro 9.9 million in the Real Estate sector.

FINANCIAL STATEMENTS OF THE PARENT COMPANY BASICNET S.p.A.

The Board of Directors has also approved the 2022 draft separate financial statements of BasicNet S.p.A.

A corporate reorganisation was launched at the beginning of the year for a better focus on the individual brands (similar to that carried out in 2021 for K-Way). Following the corporate transactions carried out in the year, the current structure includes all the brand-owning companies directly held by BasicNet S.p.A. As part of this process, BasicNet transferred to Kappa S.r.l., with effect from July 1 last, the business unit engaged in business system activities for the Kappa®, Robe di Kappa®, and Briko® brands. A similar transaction was undertaken for the Superga® e Sebago® brands, with effect from December 31, 2022.

In light of the above:

- **royalties and sourcing commissions** amount to Euro 24.1 million (Euro 30.1 million in 2021).
- **EBIT** is Euro 3.9 million (Euro 6.0 million in 2021);
- **dividends** from subsidiaries amount to Euro 7 million;
- **the net profit** for the year is Euro 11.2 million (Euro 4.8 million in 2021, net of non-recurring financial income of Euro 60.9 million from the contribution of the "K-Way" business unit to K-Way S.p.A.).

DIVIDEND PROPOSED

The Board of Directors of BasicNet S.p.A. has proposed to the Shareholders' AGM to distribute a dividend of Euro 0.18 (+50.0% on Euro 0.12 in the previous year) per share in circulation, for a total value of approx. Euro 9 million.

The proposed dividend reflects a pay-out ratio of 30.0% on the consolidated net profit, in line with previous years.

The amount will be paid from April 26, 2023, with record date of April 25, 2023, and coupon date (No. 16) of April 24, 2023.

OUTLOOK

On the basis of the order portfolio and forecast royalties and sourcing commissions, consolidated revenues are expected to grow further in the current financial year. Core operating results however remain contingent on the evolving global general economic and geopolitical environment.

SHAREHOLDERS' AGM CALL

The Board of Directors called the Shareholders' AGM for April 13, 2023, at 11.00 AM in single call to resolve on the following:

- approval of the 2022 Separate Financial Statements;
- approval of the proposal for the allocation of the net profit and the payment of a dividend;
- resolutions relating to the First Section of the Remuneration Report as per Article 123-ter, paragraphs 3-bis and 3-ter, of Legislative Decree No. 58/1998;
- resolutions relating to the Second Section of the Remuneration Report as per Article 123-ter, paragraph 6, of Legislative Decree No. 58/1998;
- proposal of authorisation to purchase and dispose of treasury shares.

TREASURY SHARES

The authorisation proposal, as detailed in the illustrative report to the Shareholders' AGM and which shall be made available in accordance with law, concerns the purchase of a maximum number of shares which, taking into account the treasury shares already held in portfolio, does not exceed the legal limits and seeks to provide the Company with a strategic financial instrument, among other purposes, to support future transactions aimed at increasing the value of the Company.

Purchases may be made on one or more occasions, on regulated markets in accordance with the applicable regulations. The authorisation is requested for the period until the Shareholders' AGM called to approve the 2023 Annual Accounts.

BasicNet today holds a total of 3,917,500 treasury shares (equal to 7.25% of the Share Capital), for an investment of over Euro 14 million.

The Shareholders' AGM documentation, including the illustrative reports of the Board of Directors on matters on the Agenda and the relative proposed resolutions, in addition to the Annual Financial Report, together with the related documentation, the Annual Corporate Governance Report and the report on the remuneration policy and the related compensations paid, will be made available at the registered office, on the 1info authorised storage mechanism (www.1info.it) and on the Company's website (www.basicnet.com) in the terms specified under the legislation in force.

The Chief Executive Officer Federico Trono will present to the market the 2022 results during a video conference call **this afternoon, March 9, 2023, at 6PM CET**. To join the video conference call (to be held in English), click on:

Microsoft Teams Meeting

Participate via computer or mobile app or remote device

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[+39 02 0062 4808,,875114028#](#) Italy, Milan

Telephone ID conference: 875 114 028#

the presentation may be downloaded from the website www.BasicNet.com, from the section: "financial data/other information and presentations" shortly before the video conference, at the following link: www.basicnet.com/contenuti/datifinanziari/informazioniannuali.asp?menuSelectedID=3g&language=IT

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, as well as their reconciliation with the financial statement items:

Commercial licensees or licensees	independent business owners, granted licenses to distribute Group brands products in their respective regions.
Productive licensees or sourcing centers	third-party firms to the Group. Their function is to manufacture and market products and are located in various countries worldwide, depending on what type of goods they produce.
Commercial licensees and direct aggregate sales	sales by commercial licensees, recognised by the BasicNet Group to the royalties account and the sales by the Group companies
Productive licensees aggregate sales	sales by productive licensees, recognised by the BasicNet Group to the “royalties and sourcing commissions” account of the income statement.
Licensees aggregate sales	is the sum of “Commercial licensees and direct aggregate sales” and “Aggregate sales of productive licensees”
Consolidated Revenues	the sum of royalties, sourcing commissions and sales of the BasicNet Group companies and real estate revenues.
EBITDA	“operating result” before “amortisation and depreciation”.
EBIT	“operating result”.
Contribution margin on direct sales	“gross margin”;
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.
Net financial position with banks	the Net financial position, net of payables for rights-of-use and payables for the acquisition of company shares.
Earnings/(loss) per share	calculated as required by IFRS standards on the basis of the weighted average number of shares in circulation in the year.

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, accounting records and books.

The financial statements are attached.

Financial statements (audit not yet complete)

CONSOLIDATED FINANCIAL STATEMENTS

(Euro thousands)

	FY 2022		FY 2021		Changes	
Consolidated direct sales	312,711	100.00	241,635	100.00	71,076	29.41
Cost of sales	(188,537)	(60.29)	(143,628)	(59.44)	(44,909)	(31.27)
GROSS MARGIN	124,174	39.71	98,007	40.56	26,167	26.70
Royalties and sourcing commissions	72,305	23.12	54,763	22.66	17,542	32.03
Other income	7,954	2.54	10,066	4.17	(2,112)	(20.98)
Sponsorship and media costs	(35,013)	(11.20)	(36,231)	(14.99)	1,218	3.36
Personnel costs	(38,301)	(12.25)	(31,043)	(12.85)	(7,258)	(23.38)
Selling, general and administrative costs, royalties expenses	(70,187)	(22.44)	(51,312)	(21.24)	(18,875)	(36.78)
Amortisation & Depreciation	(14,821)	(4.74)	(12,630)	(5.23)	(2,191)	(17.35)
EBIT	46,111	14.75	31,620	13.09	14,491	45.83
Net financial income (charges)	(2,784)	(0.89)	(1,891)	(0.78)	(894)	(47.25)
Management of equity investments	(6)	(0.00)	(6)	(0.00)	-	-
PROFIT BEFORE TAXES	43,320	13.85	29,723	12.30	13,597	45.74
Income taxes	(13,283)	(4.25)	(9,393)	(3.89)	(3,889)	(41.40)
NET PROFIT FOR THE YEAR	30,037	9.61	20,330	8.41	9,707	47.75
Earnings per share:						
- basic	0.5994		0.3965		0.203	51.28
- diluted	0.5994		0.3965		0.203	51.28

BASICNET GROUP CONSOLIDATED BALANCE SHEET

(Euro thousands)

	December 31, 2022	December 31, 2021
Intangible assets	67,479	65,748
Rights-of-use	29,911	23,119
Goodwill	41,853	11,840
Property, plant and equipment	56,503	47,276
Equity invest. & other financial assets	794	1,099
Interests in joint ventures	184	191
Deferred tax assets	7,727	7,737
Total non-current assets	204,451	157,010
Net inventories	124,983	63,622
Trade receivables	80,887	53,120
Other current assets	9,852	11,239
Prepayments	12,454	12,654
Cash and cash equivalents	19,476	28,548
Hedging financial instruments	1,011	1,596
Total current assets	248,663	170,779
TOTAL ASSETS	453,114	327,789

	December 31, 2022	December 31, 2021
Share capital	31,717	31,717
Reserve for treasury shares in portfolio	(13,955)	(30,648)
Other reserves	101,347	112,423
Net Profit	30,037	20,330
TOTAL SHAREHOLDERS' EQUITY	149,146	133,822
Provisions for risks and charges	1,792	590
Loans	52,014	34,783
Payables for rights-of-use	30,734	24,041
Other financial payables	9,749	-
Employees and Directors benefits	3,278	4,902
Deferred tax liabilities	7,004	6,451
Other non-current liabilities	1,976	1,368
Total non-current liabilities	106,547	72,135
Bank payables	61,338	31,466
Trade payables	100,072	66,517
Tax payables	9,737	9,131
Other current liabilities	17,071	8,973
Accrued expenses	6,147	5,703
Derivative financial instruments	3,054	42
Total current liabilities	197,420	121,832
TOTAL LIABILITIES	303,967	193,967
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	453,114	327,789

CONSOLIDATED CASH FLOW STATEMENT

(Euro thousands)

	December 31, 2022	December 31, 2021
A) OPENING SHORT-TERM NET BANK DEBT	6,325	(6,265)
B) CASH FLOW FROM OPERATING ACTIVITIES		
Profit (Loss) for the year	30,037	20,330
Amortisation & Depreciation	14,821	12,630
Management of equity investments	6	6
Changes in working capital:		
· (Increase) decrease in trade receivables	(26,254)	(70)
· (Increase) decrease in inventories	(55,741)	(1,429)
· (Increase) decrease in other receivables	3,560	399
· Increase (decrease) in trade payables	29,799	11,642
· Increase (decrease) in other payables	1,843	1,624
Net changes in employees and directors benefits	(1,624)	840
Others, net	82	(20)
	(3,471)	45,951
C) CASH FLOW FROM INVESTING ACTIVITIES		
Investments in fixed assets:		
- tangible assets	(4,044)	(5,889)
- intangible assets	(13,346)	(3,214)
- financial assets	-	(338)
- purchase of brand K-Way China	-	(1,050)
- acquisition of K-Way France	(11,886)	-
Realisable value for fixed assets disposals:		
- tangible assets	-	118
- intangible assets	-	-
- financial assets	-	-
	(29,275)	(10,372)
D) CASH FLOW FROM FINANCING ACTIVITIES		
New medium/long term loans	31,500	-
Loan repayments	(12,066)	(8,762)
Repayment of loans for rights-of-use	(6,822)	(5,113)
Treasury share purchases	(6,537)	(5,969)
Dividend payments	(6,093)	(3,144)
	(17)	(22,988)
E) CASH FLOW IN THE YEAR	(32,763)	12,591
F) CLOSING SHORT-TERM NET BANK DEBT	(26,438)	6,325

BASICNET GROUP SUMMARY NET FINANCIAL POSITION

<i>(Euro thousands)</i>	December 31, 2022	December 31, 2021	Changes
Net financial position with banks – Short-term	(41,862)	(2,918)	(38,944)
Financial payables – Medium-term	(51,756)	(34,268)	(17,488)
Finance leases	(259)	(515)	256
Net financial position with banks	(93,876)	(37,702)	(56,174)
Payables for exercise future company shares acquisitions	(17,081)	-	(17,081)
Payables for rights-of-use	(30,734)	(24,041)	(6,693)
Total net financial position	(141,691)	(61,743)	(79,948)
Net Debt/Equity ratio	0.95	0.46	0.49

BASICNET S.P.A. FINANCIAL STATEMENTS

BASICNET S.p.A. – INCOME STATEMENT

(in Euro)

	FY 2022	FY 2021	Changes
Direct sales	2,632,441	2,415,827	216,614
Cost of sales	(2,295,001)	(2,644,896)	349,895
GROSS MARGIN	337,439	(229,069)	566,509
Royalties and sourcing commissions	24,052,072	30,131,326	(6,079,254)
Other income	11,832,279	7,372,266	4,460,013
Sponsorship and media costs	(657,363)	(1,147,700)	490,337
Personnel costs	(10,159,935)	(10,202,161)	42,225
Selling, general and administrative costs, royalties expenses	(17,168,763)	(15,695,801)	(1,472,963)
Amortisation & Depreciation	(4,373,895)	(4,266,442)	(107,453)
EBIT	3,861,834	5,962,420	(2,100,586)
Net financial income (charges)	(94,050)	(209,758)	115,708
Dividends	7,000,000	-	7,000,000
Investment income(charges)	-	60,903,373	(60,903,373)
PROFIT BEFORE TAXES	10,767,784	66,656,034	(55,888,250)
Income taxes	387,712	(966,839)	1,354,551
NET PROFIT FOR THE YEAR	11,155,496	65,689,195	(54,533,699)

BASICNET S.p.A. – BALANCE SHEET

(in Euro)

	December 31, 2022	December 31, 2021
Intangible assets	3,969,048	3,767,651
Rights-of-use	7,072,144	8,418,984
Plant, machinery and other assets	1,966,254	2,863,902
Equity invest. & other financial assets	112,250,455	105,854,734
Deferred tax assets	1,664,351	1,665,207
Total non-current assets	126,922,252	122,570,480
Net inventories	-	199,448
Trade receivables	3,462,679	6,411,795
Other current assets	48,285,960	71,122,949
Prepayments	3,277,898	3,715,270
Cash and cash equivalents	541,699	1,451,398
Total current assets	55,568,236	82,900,861
TOTAL ASSETS	182,490,488	205,471,341

	December 31, 2022	December 31, 2021
Share capital	31,716,673	31,716,673
Treasury shares	(13,954,869)	(30,647,910)
Other reserves	117,902,282	81,189,668
Net Profit	11,155,946	65,689,195
TOTAL SHAREHOLDERS' EQUITY	146,819,583	147,947,626
Provision for risks and charges	45,569	-
Loans	5,472,715	10,776,300
Payables for rights-of-use	7,124,087	8,440,693
Employees and Directors benefits	1,218,016	2,416,260
Other non-current liabilities	-	983,052
Total non-current liabilities	13,860,387	22,616,305
Bank payables	4,630,255	12,854,505
Trade payables	5,545,163	4,322,269
Tax payables	5,161,019	5,025,122
Other current liabilities	6,404,124	12,377,626
Accrued expenses	69,959	327,887
Total current liabilities	21,810,519	34,907,410
TOTAL LIABILITIES	35,670,905	57,523,715
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	182,490,488	205,471,341

BASICNET S.p.A. – CASH FLOW STATEMENT

(in Euro)

	December 31, 2022	December 31, 2021
A) OPENING SHORT-TERM NET BANK DEBT	(6,559,358)	(10,591,332)
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) for the year	11,155,496	65,689,195
Amortisation & Depreciation	4,373,895	4,266,442
Changes in working capital:		
- (increase) decrease in trade receivables	2,949,117	822,090
- (increase) decrease in inventories	(448,061)	231,832
- (increase) decrease in other receivables	(4,183,385)	2,520,068
- increase (decrease) in trade payables	1,472,893	(1,627,697)
- increase (decrease) in other payables	(810,806)	1,233,806
Net changes in employees and Directors benefits	(1,015,574)	(119,984)
Others, net	45,569	(60,918,522)
	13,764,338	12,097,231
C) CASH FLOW FROM INVESTING ACTIVITIES		
Investments in fixed assets:		
- tangible assets	(747,040)	(691,879)
- intangible assets	(2,429,450)	(1,873,308)
- financial assets	(5,047,030)	(9,146,628)
Realisable value for fixed assets disposals:		
- tangible assets	161	(19,153)
- intangible assets	-	9,415,796
- financial assets	-	-
	(8,223,359)	(2,315,171)
D) CASH FLOW FROM FINANCING ACTIVITIES		
Net change in inter-company payables/receivables	21,022,852	9,580,254
Undertaking of finance leases	-	66,400
Reimbursement of finance leases	(53,585)	(51,849)
Medium/long term loans (repayments)	-	-
Repayments of medium/long term loans	(5,468,750)	(4,500,000)
Repayments of loans for rights-of-use	(1,316,606)	(1,732,265)
Treasury share purchases	(6,536,517)	(5,969,010)
Distribution of dividends	(6,092,570)	(3,143,616)
	1,554,824	(5,750,086)
E) CASH FLOW IN THE YEAR	7,095,802	4,031,975
F) CLOSING SHORT-TERM NET BANK DEBT	536,444	(6,559,357)

BASICNET S.P.A. SUMMARY NET FINANCIAL POSITION

<i>(Euro thousands)</i>	December 31, 2022	December 31, 2021	Changes
Net financial position – Short-term	(4,089)	(11,403)	7,314
Financial payables – Medium-term	(5,406)	(10,656)	5,250
Finance leases	(66)	(120)	54
Net financial position with banks	(9,561)	(22,179)	12,618
Group financial receivables/(payables)	36,349	57,372	(21,023)
Payables for rights-of-use	(7,124)	(8,441)	1,317
Financial position with the Group	29,225	48,931	(19,706)
Total net financial position	19,664	26,752	(7,088)