

BasicNet S.p.A.

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PRESS RELEASE
BASICNET - H1 2023: DOUBLE-DIGIT CONSOLIDATED REVENUES GROWTH CONTINUES, +10.9%.

Turin, July 28, 2023. The Board of Directors of BasicNet S.p.A. has approved the H1 2023 consolidated results:

- **aggregate sales** of Group brands products of Euro 558.3 million worldwide, as follows:
 - commercial licensees and direct sales: Euro 396.2 million (Euro 393.5 million in H1 2022, +0.7%);
 - productive licensees sales: Euro 162.1 million (Euro 174.3 million in H1 2022, -7.0%).

Commercial licensees and direct sales growth confirmed in Europe (+12.5%), which accounts for approx. 70.6% of aggregate sales, while reducing in the other regions (Americas -25.4%, Asia and Oceania -17.4%, Middle East and Africa -14.2%), due to a contraction in some markets which saw extraordinary growth in the preceding period;

- **consolidated revenues** of Euro 180.0 million (Euro 162.3 million in H1 2022, +10.9%), which include:
 - royalties from commercial and productive licensees of Euro 32.7 million (Euro 34.9 million in H1 2022, -6.4%);
 - direct sales of Euro 146.6 million (Euro 127 million in 2022, +15.5%).

Direct sales grew on the same period of the previous year, partly due to the contribution of K-Way France S.a.s, acquired in April 2022. On the other hand, the corresponding royalties from the French subsidiary decreased;

- **EBITDA:** Euro 22.6 million (Euro 22.4 million in H1 2022, +0.9%);
- **EBIT:** Euro 14.5 million (Euro 15.5 million in H1 2022, -6.3%);
- **net profit:** Euro 7.4 million (Euro 10.7 million in H1 2022);
- **net financial position:** Euro -138.3 million (Euro -141.7 million at December 31, 2022 and Euro -119.3 million at June 30, 2022). Dividends of Euro 8.4 million were distributed in H1 2023 and treasury shares acquired for Euro 1.2 million.

Outlook

On the basis of the order portfolio and forecast royalties and sourcing commissions, consolidated revenues are expected to confirm the growth in the current financial year. The results from operations however remain contingent on the evolving global general economic and geopolitical environment.

The Chief Executive Officer Federico Trono will present the H1 2023 results during a video conference to be held today, in English at 6PM.

To participate:

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The presentation may be downloaded from the website www.BasicNet.com, from the section: "Financial information/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 measures", as defined by the ESMA/2015/1415 guidelines, we provide below a definition of the measures used in this press release:

- | | |
|---|--|
| • 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. |
| • Brands 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 from third parties. |
| • 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, records and accounting entries.

FINANCIAL STATEMENTS

BasicNet Group Key Financial Highlights

<i>(Euro thousands)</i>	H1 2023	H1 2022	Changes	%
Brands Aggregate Sales *	558,266	567,863	(9,597)	(1.7%)
Royalties and sourcing commissions	32,694	34,939	(2,245)	(6.4%)
Consolidated direct sales	146,597	126,975	19,622	15.5%
EBITDA	22,634	22,443	191	0.9%
EBIT	14,538	15,523	(985)	(6.3%)
Group Net Profit	7,429	10,732	(3,303)	(30.8%)
Earnings/(loss) per share	0.1489	0.2124	(0.064)	(29.9%)

* Data not audited

BasicNet Group Condensed Balance Sheet

<i>(Euro thousands)</i>	June 30, 2023	December 31, 2022	June 30, 2022
Property	40,133	40,930	41,374
Brands	59,134	59,095	59,075
Rights-of-use	30,773	29,911	32,246
Non-current assets	75,977	74,514	66,982
Current assets	240,865	248,663	215,011
Total assets	446,882	453,114	414,688
Group shareholders' equity	146,990	149,146	133,726
Non-current liabilities	99,844	106,548	89,216
Current liabilities	200,048	197,420	191,746
Total liabilities and shareholders' equity	446,882	453,114	414,688

BasicNet Group Summary Net Financial Position

<i>(Euro thousands)</i>	June 30, 2023	December 31, 2022	June 30, 2022	Changes vs December 31, 2022	Changes vs June 30, 2022
Net financial position – Short-term	(52,854)	(41,862)	(41,543)	(10,993)	(11,312)
Financial payables – Medium-term	(44,021)	(51,756)	(30,617)	7,734	(13,404)
Finance leases	(153)	(259)	(380)	106	227
Net financial position with banks	(97,028)	(93,876)	(72,540)	(3,153)	(24,489)
Payables for earn-out	(9,738)	(17,081)	(13,598)	7,343	3,860
Payables for rights-of-use	(31,570)	(30,734)	(33,118)	(836)	1,549
Net Financial Position	(138,336)	(141,691)	(119,256)	3,354	(22,940)
Debt/Equity ratio	0.94	0.95	0.89	(0.01)	0.05

BASICNET GROUP

Financial Statements

CONSOLIDATED INCOME STATEMENT

<i>(Euro thousands)</i>	H1 2023		H1 2022		Changes	
Consolidated direct sales	146,597	100.00	126,975	100.00	19,622	15.45
Cost of sales	(84,163)	(57.41)	(77,319)	(60.89)	(6,845)	(8.85)
GROSS MARGIN	62,434	42.59	49,656	39.11	12,778	25.73
Royalties and sourcing commissions	32,694	22.30	34,939	27.52	(2,245)	(6.43)
Other income	3,892	2.65	3,869	3.05	23	0.58
Sponsorship and media costs	(18,234)	(12.44)	(18,043)	(14.21)	(191)	(1.06)
Personnel costs	(22,346)	(15.24)	(17,623)	(13.88)	(4,723)	(26.80)
Selling, general and administrative costs, royalties expenses	(35,806)	(24.42)	(30,354)	(23.91)	(5,452)	(17.96)
Amortisation and depreciation	(8,096)	(5.52)	(6,921)	(5.45)	(1,175)	(16.98)
EBIT	14,538	9.92	15,523	12.22	(985)	(6.34)
Net financial income (charges)	(2,180)	(1.49)	150	0.12	(2,330)	N/A
Management of equity investments	(3)	(0.00)	(3)	(0.00)	-	0.00
PROFIT BEFORE TAXES	12,355	8.43	15,670	12.34	(3,315)	(21.15)
Income taxes	(4,926)	(3.36)	(4,938)	(3.89)	12	0.23
NET PROFIT	7,429	5.07	10,732	8.45	(3,303)	(30.78)
Earnings per share:						
Basic	0.1489		0.2124		(0.064)	(29.90)
Diluted	0.1489		0.2124		(0.064)	(29.90)

CONSOLIDATED BALANCE SHEET

<i>(Euro thousands)</i>	June 30, 2023	December 31, 2022	June 30, 2022
Intangible assets	68,608	67,479	66,886
Rights-of-use	30,773	29,911	32,246
Goodwill	42,110	41,853	38,400
Property, plant and equipment	55,920	56,503	53,297
Equity invest. & other financial assets	875	794	1,248
Interests in joint ventures	192	184	193
Deferred tax assets	7,539	7,727	7,407
Total non-current assets	206,017	204,451	199,677
Net inventories	137,233	124,983	108,393
Trade receivables	65,526	80,887	62,902
Other current assets	14,123	9,852	13,509
Prepayments	9,496	12,454	10,525
Cash and cash equivalents	12,910	19,476	18,915
Derivative financial instruments	1,577	1,011	767
Total current assets	240,865	248,663	215,011
TOTAL ASSETS	446,882	453,114	414,688

<i>(Euro thousands)</i>	June 30, 2023	December 31, 2022	June 30, 2022
Share capital	31,717	31,717	31,717
Reserve for treasury shares in portfolio	(15,117)	(13,955)	(11,791)
Other reserves	122,961	101,347	103,068
Profit for the period	7,429	30,037	10,732
TOTAL GROUP SHAREHOLDERS' EQUITY	146,990	149,146	133,726
Provisions for risks and charges	1,773	1,792	120
Loans	44,174	52,014	30,997
Payables for rights-of-use	31,570	30,734	33,118
Other financial payables	9,738	9,749	13,598
Employee and Director benefits	3,246	3,279	3,601
Deferred tax liabilities	7,401	7,004	6,449
Other non-current liabilities	1,942	1,976	1,333
Total non-current liabilities	99,844	106,548	89,216
Bank payables	65,765	61,338	60,458
Trade payables	101,203	100,074	104,781
Tax payables	13,678	9,737	13,725
Other current liabilities	11,818	17,069	8,732
Accrued expenses	4,562	6,148	3,620
Derivative financial instruments	3,022	3,054	430
Total current liabilities	200,048	197,420	191,746
TOTAL LIABILITIES	299,892	303,968	280,962
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	446,882	453,114	414,688

STATEMENT OF CHANGES IN FINANCIAL POSITION

<i>(Euro thousands)</i>	June 30, 2023	June 30, 2022
A) OPENING NET FINANCIAL POSITION	(141,691)	(61,743)
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit (Loss) for the period	7,429	10,732
Amortisation and depreciation	8,096	6,921
Management of equity investments	3	3
Changes in working capital	7,249	(12,373)
Net changes in employees and directors' benefits	(32)	(1,300)
Others, net	(168)	(83)
	22,577	3,900
C) CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets investments	(5,096)	(9,130)
Acquisition K-Way France	-	(37,504)
Acquisition of financial assets	(89)	-
	(5,185)	(46,634)
D) CASH FLOW FROM FINANCING ACTIVITIES		
Registration payables for Rights-of-use	(4,440)	(4,313)
Acquisition of treasury shares	(1,162)	(4,373)
Dividends payment	(8,435)	(6,093)
	(14,037)	(14,779)
E) CASH FLOW IN THE PERIOD	3,354	(57,513)
F) CLOSING NET FINANCIAL POSITION	(138,336)	(119,256)

CONSOLIDATED NET FINANCIAL POSITION

<i>(Euro thousands)</i>	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents	12,910	19,476	18,915
Bank overdrafts and bills	(21,704)	(5,977)	(19,174)
Import advances	(28,633)	(39,938)	(28,805)
<i>Sub-total net liquidity available</i>	<i>(37,427)</i>	<i>(26,439)</i>	<i>(29,064)</i>
Short-term portion of medium/long-term loans	(15,428)	(15,423)	(12,479)
Payables for the purchase of equity investments	-	(7,332)	-
Short-term net financial position	(52,854)	(49,194)	(41,543)
Medium/long term loans	(44,021)	(51,756)	(30,617)
Payables for rights-of-use	(31,570)	(30,734)	(33,118)
Payables for exercise future share acquisitions	(9,738)	(9,749)	(13,598)
Finance lease payables	(153)	(259)	(380)
<i>Sub-total loans and leasing</i>	<i>(85,482)</i>	<i>(92,498)</i>	<i>(77,713)</i>
Consolidated Net Financial Position	(138,336)	(141,691)	(119,256)