

BasicNet[®]

2024 HALF-YEAR REPORT



jesus
jeans[®]

SUPERGA[®]

KWAY[®]

Sabelf[®]

SEBAGO[®]

BRIKO[®]

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COMPANY INFORMATION

REGISTERED OFFICE

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LEGAL INFORMATION

Approved and subscribed share capital Euro 31,716,673.04
VAT, Tax and company's office registration number 04413650013
Turin Economic and Administrative Register No. 631153

CORPORATE BOARDS**BOARD OF DIRECTORS**

Marco Daniele Boglione	Chairperson
Alessandro Boglione	Vice-Chairperson
Lorenzo Boglione	Vice-Chairperson
Federico Trono	Chief Executive Officer
Maria Boglione	Director
Veerle Bouckaert	Executive Director
Piera Braja	Independent Director Remuneration Committee Chairperson of the Control and Risks and Related Parties Committee
Paola Bruschi	Executive Director
Francesco Calvo	Independent Director Remuneration Committee Control and Risks and Related Parties Committee
Cristiano Fiorio	Independent Director Control and Risks and Related Parties Committee
Monica Gamberoni	Executive Director
Francesco Genovese	Executive Director
Daniela Ovazza	Remuneration Committee
Carlo Pavesio	Chairperson of the Remuneration Committee

BOARD OF STATUTORY AUDITORS

Ugo Palumbo	Chairperson
Gianna Luzzati	Statutory Auditor
Alberto Pession	Statutory Auditor
Simonetta Mattei	Alternate Auditor
Riccardo Garbagnati	Alternate Auditor

INDEPENDENT AUDIT FIRM

EY S.p.A.

DIRECTORS' REPORT

H1 2024 Key Performance Indicators:

- aggregate sales of Group brand products globally totalled Euro 543.7 million, decreasing 2.6% and were broken down as follows:

<i>(in Euro millions)</i>	H1 2024	H1 2023	% Change
Commercial licensee and direct sales	390.3	396.2	(1.5%)
Productive licensee sales	153.4	162.1	(5.4%)
Aggregate sales of licensees and direct	543.7	558.3	(2.6%)

Commercial licensee and direct sales again grew in Europe (+6.5%), which accounts for approx. 76.3% of aggregate sales, while reducing in the other regions (Asia and Oceania -23.3%, Middle East and Africa -4.5%), due to a general contraction in consumption. The Americas saw a decline of 34.4%, due to the difficulties of the US licensee and the challenging economic environment in Argentina;

- consolidated revenues of Euro 173.9 million (Euro 180.0 million in H1 2023, -3.4%), as follows:
 - royalties from commercial and productive licensees of Euro 29.7 million (Euro 32.7 million in H1 2023, -9.2%);
 - direct sales: Euro 143.4 million (Euro 146.6 million in 2023, - 2.2%);
- EBITDA: Euro 17.6 million (Euro 22.6 million in H1 2023, -22.2%);
- EBIT: Euro 8.7 million (Euro 14.5 million in H1 2023), after amortisation and depreciation of Euro 4.5 million and depreciation on the right-of-use for Euro 4.4 million, increasing due to the new openings (11 direct sales points), as part of retail segment development;
- net profit: Euro 2.8 million (Euro 7.4 million in H1 2023);
- net financial position with banks was a debt of Euro 93.1 million (debt of Euro 92.6 million at December 31, 2023), improving on a debt of Euro 97 million at June 30, 2023; net financial position: debt of Euro 144.8 million (debt of Euro 139.1 million at December 31, 2023).

In relation to the “alternative performance indicators”, as defined by CESR/05-178b recommendation and Consob Communication DEM/6064293 of July 28, 2006, we provide below a definition of the indicators used in the present Directors' Report, 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.
Brands aggregate sales	is the sum of "Commercial 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 on the basis of the weighted average number of shares in circulation in the year.

THE GROUP AND ITS ACTIVITIES

The BasicNet Group operates in the causal and sportswear leisurewear, footwear and accessories sector through the brands Kappa®, Robe di Kappa®, K-Way®, Superga®, Sebago®, Briko®, Jesus® Jeans and Sabelt®.

Group activities involve driving brand enhancement and product distribution through a global network of licensees. This business network is defined as the “Network”. And from which the name BasicNet derives. The Network of licensees encompasses all key markets worldwide.

The BasicNet Group brands form part of the informal and casual clothing sector, which has experienced significant growth since the 1960's and continues to develop with the “liberalisation” of clothing trends.

The BasicNet Group comprises Italian and international operating companies within two sectors, as outlined in detail in Note 6:

- i) the "clothing, footwear and accessories" sector,
- ii) property management.

REGIONAL COMMERCIAL PERFORMANCES

Commercial operations focused mainly on the renewal of expiring licensing contracts. New agreements were signed for the Kappa® brand in Korea, replacing the previous licensee, for the K-Way® brand for the production and sale of eyewear globally, for the Superga® brand for Taiwan and for the Sebago® brand for Norway.

The main communication initiatives in the period concerned:

Kappa® sponsored the VR46 Racing Team for the coming three seasons and from the 2024-2025 season shall be the official partner and kit supplier for Versailles Football Club.

In terms of collaborations, Kappa launched a collection with Warner Bros, inspired by "Rick and Morty", and with Heinz, the US sauce brand. It also collaborated with the Les Ardentes festival in Belgium and with Big Mamma, an ambassador for Italian cooking in France.

Robe di Kappa® presented its second collection in collaboration with Haribo.

K-Way®: in addition to the presentation of the R&D collection for the 2024-2025 autumn/winter season at the Milan and Paris Fashion Weeks, it sponsored the Convey Running Experience and the Terraforma cultural festival, during Milan Design Week. It also featured on the New York Fashion Week runway at Ulla Johnson's show to present its first collaboration with the U.S. designer.

In May, K-Way®'s skipper and Brand Ambassador Quentin Delapierre launched the boat of the Orient Express Racing Team, the French challenger for the 37th America's Cup, kitted out by K-Way®.

For 2024, renewed and new collaborations include the brands Play by Comme des Garçons, Maison Kitsuné, an exclusive capsule with Spanish brand Tiny Cottons, and with the Parisian brand agnès b, these latter launched through social media. As previously outlined, a six-year partnership was signed with Marcolin as the exclusive licensee for the design, production and distribution of K-Way® sunglasses and eyewear.

Finally, K-Way® collaborated with the artist Giacomo Bagnara to customise Le Vrai jackets, and sponsored art events such as Urvanity during Madrid Design Week, and launched a capsule collection with the artist Cha Incul for the Korean market.

Superga® attended the Pavilion Vendôme at the Man/Woman trade fair during the Paris Fashion Week, presenting its new autumn/winter collections: from the 2750 classics to the Artifacts and Alpina Padded, at the Milan Design Week, which it previewed by setting up a pop up store at Antonia Portrait and, finally, at Pitti with an exhibition space at the Fortezza da Basso.

Collaborations continued with other brands such as Martini for a limited edition shoe, with Viktor&Rolf and with anGostura for a new shoe collection.

Sebago® presented its new collection at Paris Fashion Week and the new Artisan collection, created with the Italian tannery Opera at Giuseppe Bartoli's store in Forte dei Marmi. It launched a collection with Dynamo the Good Company and a limited edition line for Genoa CFC.

Briko® was the technical sponsor of the VF Group Bardiani-CSF Faizanè team at the Giro d'Italia and the Title Sponsor of the Granfondo Internazionale. It also launched a collection with Zara Athleticz and attended the Prowinter and Sport Achat trade fair.

Group brand sales points

At June 30, Kappa® and Robe di Kappa® monobrand stores and shop-in-shops opened by licensees globally numbered 1,157 (of which 99 in Italy), with Superga® monobrand stores and shop-in-shops totalling 177 (of which 53 in Italy), and there were 120 K-Way® sales points (of which 61 in France, 37 in Italy, 2 in Spain and 1 in Ireland) and 48 Sebago® sales points (of which 6 in Italy).

H1 2024 FINANCIAL PERFORMANCE OVERVIEW

THE GROUP

BasicNet Group Key Financial Highlights

The condensed income statement for the year is reported below:

<i>(Euro thousands)</i>	H1 2024	H1 2023	Changes	%
Brand aggregate sales *	543,664	558,266	(14,602)	(2.6%)
Royalties and sourcing commissions	29,684	32,694	(3,010)	(9.2%)
Consolidated direct sales	143,373	146,597	(3,224)	(2.2%)
EBITDA **	17,611	22,634	(5,023)	(22.2%)
EBIT **	8,667	14,538	(5,871)	(40.4%)
Group Net Result	2,820	7,429	(4,609)	(62.0%)
Earnings per share**	0.0572	0.1489	(0.092)	(61.5%)

* Data not audited

** For the definition of the indicators reference should be made to paragraph 5 of this Report

Commercial and financial analysis

The breakdown of sales and production revenues generated through the global Group licensees and direct sales at current exchange rates was as follows:

<i>(Euro thousands)</i>	H1 2024	H1 2023	Changes	
Brand aggregate sales*	Total	Total	Total	%
Commercial licensees and direct sales	390,260	396,164	(5,904)	(1.5%)
Productive Licensees (sourcing centers)	153,404	162,102	(8,698)	(5.4%)
Total	543,664	558,266	(14,602)	(2.6%)

* Data not audited

The regional breakdown of commercial licensee aggregate sales was as follows:

<i>(Euro thousands)</i>	H1 2024		H1 2023		Changes	
Group commercial license and direct aggregate sales*	Total	%	Total	%	Total	%
Europe	297,712	76.3%	279,567	70.6%	18,145	6.5%
The Americas	29,370	7.5%	44,756	11.3%	(15,386)	(34.4%)
Asia and Oceania	22,199	5.7%	28,933	7.3%	(6,734)	(23.3%)
Middle East and Africa	40,979	10.5%	42,908	10.8%	(1,929)	(4.5%)
Total	390,260	100.0%	396,164	100.0%	(5,904)	(1.5%)

* Data not audited

and of the productive licensees:

<i>(Euro thousands)</i>	H1 2024		H1 2023		Changes	
Group productive licensees aggregate sales*	Total	%	Total	%	Total	%
Europe	12,694	8.3%	18,972	11.7%	(6,278)	(33.1%)
The Americas	13,944	9.1%	18,919	11.7%	(4,975)	(26.3%)
Asia and Oceania	124,873	81.4%	122,161	75.4%	2,712	2.2%
Middle East and Africa	1,893	1.2%	2,051	1.3%	(158)	(7.7%)
Total	153,405	100.0%	162,102	100.0%	(8,698)	(5.4%)

* Data not audited

Commercial licensee and direct aggregate sales of Euro 390.3 million decreased 1.5%, from Euro 396.2 million in the same period of the previous year; continental level growth is commented upon in the introductory paragraphs to this Report.

Sales of the third party commercial licensees declined amid a settling of consumption on certain markets, against a preceding year which saw extraordinary growth. The directly managed markets, Italy, France and Spain, reported a slight decrease, with results varying by Brand and region. With regard to the Southeast Asia markets, distribution is currently being reorganised for Vietnam and Japan. The crisis in consumer spending continues, which is slowing sales in North America. In Argentina, both the contraction in consumer spending and the weakening of the country's currency are weighing on performance.

The **sales of the productive licensees** (Sourcing Centers) are only made to commercial licensees or entities within the "Powered by BasicNet" scope. The production licenses issued to the Sourcing Centers, differing from those issued to the commercial licensees, do not have regional limitations, but are rather based on technical production and business competences. Product sales by the Sourcing Centers to commercial licensees are made in advance of those made by the latter to the end customer.

Overall, **consolidated direct sales** were Euro 143.4 million (Euro 146.6 million in H1 2023) - a contraction of 2.2%. The retail segment reported strong performances across all sectors, particularly franchising sales which were up over 7%. Sales via e-commerce also grew significantly (+84%), as this is a sector in which the Group is focusing investment to consolidate development.

The **contribution margin** on sales decreased from Euro 62.4 million in 2023 to Euro 59.9 million in 2024 (-4.04%), due to the reduced direct sales (-2.20%) both in Italy and on the European market, together with a slight decrease in the product margin as a result of the less favourable mix between the distribution channels and the Brands.

Other income of Euro 9.2 million grew by approx. Euro 5.3 million on the first half of 2023, mainly due to the income from the early conclusion of a long-term agreement by an Asian licensee, which has already been replaced with a new leading commercial partner.

Sponsorship and media spend of Euro 20.4 million compares to Euro 18.2 million in the previous year. The increase from the prior year is mainly attributable to the increase in costs related to sponsorships of strategic importance to global brand development and to the significant marketing efforts, particularly in relation to the K-Way brand.

Personnel costs rose from Euro 22.3 million in 2023 to Euro 24.4 million in 2024, an increase of approx. Euro 2 million, due mainly to the expansion of strategic areas of the Group and the opening of new points of sale. The average number of employees in H1 2024 was 1,078, compared to 946 in 2023.

Overhead costs, i.e. **Selling and general and administrative costs and royalties expenses** increased from Euro 35.8 million in H1 2023 to Euro 36.4 million in H1 2024. The increase is mainly attributable to commercial and sales costs and to an increase in allocations to the doubtful debt provision for the sake of prudence.

EBITDA stood at Euro 17.6 million (Euro 22.6 million in H1 2023).

EBIT amounted to Euro 8.7 million, after amortisation and depreciation of Euro 4.5 million, slightly increasing on 2023 as BasicVillage Milano becomes fully operational, and depreciation on the right-of-use for Euro 4.4 million, increasing due to the new openings (11 direct sales points), as part of retail segment development.

Consolidated net financial charges/income, including exchange gains and losses, reported a charge of Euro 2.4 million, compared to Euro 2.2 million in the previous year. The increase is due to the widely reported and general increase in the average cost of money, which rose in the first half of 2023, partly offset by the better currency management result.

The **pre-tax profit** was Euro 6.3 million, compared to a Euro 12.4 million in H1 2023.

Current and deferred taxes in the year amounted to Euro 3.5 million, with the effective tax rate having increased, also due to the reduction in the Patent Box benefit.

The **net profit** of Euro 2.8 million compares to Euro 7.4 million in the previous year.

Segment information

The Financial Highlights by Group segment were as follows:

- **“Clothing, footwear and accessories”**: the segment reports net royalties and sourcing commissions of Euro 29.7 million, compared to Euro 32.7 million in the previous year, while direct sales decreased to Euro 143.4 million (Euro 146.6 million in 2023). The H1 2024 EBIT of Euro 8.5 million compares with Euro 14.3 million in 2023. Net profit in 2024 was Euro 3.3 million, compared to Euro 7.7 million in 2023.
- **“Property”**: property management reported an operating profit of Euro 197 thousand (Euro 238 thousand in H1 2023).

The financial statements by segment are reported at Note 6 of the Notes to the consolidated financial statements.

Balance sheet overview

The changes in the balance sheet are reported below:

<i>(Euro thousands)</i>	June 30, 2024	December 31, 2023	June 30, 2023
Property	38,341	39,240	40,133
Brands	59,169	59,138	59,134
Non-current assets	82,487	78,830	75,977
Rights-of-use	42,808	35,900	30,773
Current assets	242,016	247,644	240,865
Total assets	464,821	460,752	446,882
Group shareholders' equity	159,806	164,787	146,990
Non-current liabilities	103,211	102,259	99,844
Current liabilities	201,804	193,706	200,048
Total liabilities and shareholders' equity	464,821	460,752	446,882

With regard to the change in non-current assets, amortisation and depreciation increased by Euro 4.5 million during the year. Brands increased as a result of the capitalisation of costs incurred for the registration of trademarks in new countries and for renewals and extensions, net of amortisation for the period. Investments were also made for the development of computer programs (Euro 1.6 million). The increase in non-current assets also includes the key money related to the new K-Way stores in La Rochelle, Tours and Strasbourg (for a total of Euro 1.0 million), net of the sale of the store in Lyon, at book value (Euro 0.6 million).

Group shareholders' equity increased from Euro 147 million in H1 2023 to Euro 159.8 million in H1 2024.

Financial position

<i>(Euro thousands)</i>	June 30, 2024	Dec. 31, 2023	June 30, 2023	Changes vs Dec. 31, 2023	Changes vs June 30, 2023
Net financial position –Short-term	(59,281)	(53,390)	(52,854)	(5,891)	(6,427)
Financial payables –Medium-term	(33,471)	(39,136)	(44,021)	5,665	10,550
Finance leases	(369)	(77)	(153)	(292)	(216)
Net financial position with banks	(93,121)	(92,603)	(97,028)	(518)	3,907
Payables for purchase of investments beyond one year	(8,081)	(9,738)	(9,738)	1,657	1,657
Payables for rights-of-use	(43,633)	(36,778)	(31,570)	(6,855)	(12,063)
Net Financial Position	(144,835)	(139,119)	(138,336)	(5,716)	(6,499)
Debt/equity ratio	0.91	0.84	0.94	0.07	(0.03)

The **net financial position** increased from a net debt of Euro -139.1 million at December 31, 2023 to Euro -144.8 million at June 30, 2024; the **net financial position with banks** was a debt of Euro -93.1 million, compared to Euro -92.6 million at December 31, 2023, and with over Euro -97.0 million at June 30, 2023. Dividends of Euro 7.4 million were paid and treasury shares acquired for Euro 1.4 million.

Earnout payables include the best estimate of the variable price component still due to the former shareholders of K-Way France, which will be defined on the basis of the subsidiary's performance over the three-year period 2023-25. The total debt at the reporting date was estimated at Euro 8.1 million, of which Euro 1.6 million payable in 2025.

Right-of-use payables rose approx. Euro 6.9 million compared to 2023, due to new shop openings and the renewal of expired or maturing lease contracts.

THE BASICNET SHARE PRICE

The Share Capital, fully subscribed and paid-in, amounts to Euro 31,716,673.04 and comprises 54,000,000 ordinary shares, without nominal value and listed on the Euronext Milan (EXM).

The key stock market figures for the years 2024 and 2023 are reported in the following table:

<i>(in Euro)</i>	June 30, 2024	December 31, 2023	June 30, 2023
Earnings/(loss) per share	0.0572	0.4912	0.1489
Price at period end	3.45	4.55	5.34
Maximum price in the period	5.00	6.03	6.03
Minimum price in the period	3.40	4.07	5.23
Stock market capitalisation (in thousands of Euro)	186,300	245,700	288,360
Total number of shares	54,000,000	54,000,000	54,000,000
No. Shares outstanding	49,262,300	49,626,500	49,906,700

The multi-voting rights came into effect on September 1, 2023. The rights relate to 15,153,984 ordinary shares, pursuant to Article 127-*quinquies* of the Consolidated Finance Act and in compliance with the provisions of the Company By-Laws and the Regulations for multi-voting rights, adopted by the Company on July 29, 2021. On the basis of the above, the voting rights as at today's date amount to 69,153,984.

At the reporting date, the list of parties holding, directly or indirectly, more than 5% of the share capital (the significance threshold established by Article 120, paragraph 2 of Legs. Decree No. 58 of 1998 for BasicNet which is classified as a "Small-Medium sized enterprise" as per Article 1, letter w-quater 1) of Legs. Decree No. 58 of 1998), represented by shares with voting rights, according to the shareholders' register, supplemented by the communications received in accordance with Article 120 of Legislative Decree No. 58 of 1998, other information held by the Company, and other communications as per Consob Resolution No. 21326 of April 9, 2020, is as follows:

Shareholder	% held of share capital (1)	% of voting rights (2)	Note
Marco Boglione	37.996%	42.209%	Owned directly and indirectly through Marco Boglione e Figli S.r.l., which in turn owns the entire share capital of BasicWorld S.r.l.
Francesco Boglione	6.949%	10.758%	Part-owned directly and indirectly through Francesco Boglione S.r.l.
Helikon Investments Limited	11.730%	9.160%	Held by way of discretionary asset management. The company in addition holds "cash settled equity swaps" financial instruments on BasicNet shares equal to 1.240% of voting rights
BasicNet S.p.A.	8.773%	6.851%	Treasury shares in portfolio
Enrico Boglione	3.704%	5.418%	Part-owned directly and indirectly through Enrico Boglione S.r.l.

¹⁾ Calculated on 54,000,000 shares of its share capital

²⁾ Calculated on 69,153,984 total voting rights

PRINCIPAL RISKS AND UNCERTAINTIES

The BasicNet Group is subject to a variety of strategic, market, financial and environment risks, as well as general business operational risks.

Strategic risks

These risks arise from factors that may comprise the value of the trademarks that the Group implements through its Business System. The Group requires the capacity to identify new business opportunities and markets and appropriate licensees for each market. The Group monitors the activities of its licensees and detects any problems on-line in the management of the brands in the various regions. However, as the commercial license contracts usually establish the advance payment of guaranteed minimum royalties, economic conditions on certain markets may impact the financial capacity of certain licensees, temporarily reducing royalties, particularly where such licensees had previously exceeded the guaranteed minimums.

Risks associated with economic conditions

The Group retains that its Business System has the flexibility needed to swiftly respond to changes in customers' tastes and to limited and localised consumer slowdown. However, the Group may be exposed to economic crises and social and general unrest, which may impact on consumer trends and the general economic outlook.

Macroeconomic risks

The Group's widespread presence in many countries around the world makes it possible to reduce the risks inherent in a business that is heavily concentrated in specific regions. Nonetheless, deteriorations in economic, social, political, or environmental circumstances in one or more markets could have an adverse effect on sales and on financial performance. In addition, restrictions set by national or supranational bodies on personal travel, such as in response to the pandemic or other international crises, or restrictions on exports as a result of commercial or financial sanctions, could have an impact on sales, particularly in the specific regions concerned. The Group is committed to preventing or mitigating environmental risks in various ways, as described in detail in the 2023 Non-Financial Report.

Licensee network operating risks

The adoption of a licensee network system has enabled the Group brands to expand and quickly enter new markets. The Group monitors the activities of its licensees and detects any problems on-line in the management of the brands in the various regions. The most important factor of the system is therefore to guarantee the capacity to identify new business opportunities and markets and appropriate licensees for each market. The main risk is therefore the undertaking of licensees not equipped for the task and the particular local market.

The Group has adopted specific measures to assess licensees and for the drawing up of contracts to offset this risk, including:

- the parallel use of Group management and specialised local information sources to identify and negotiate with licensees;
- the use of license contracts based on a standard consolidated over time, prepared by outside international or local specialised legal experts to handle any exceptions, amendments or integrations, established through negotiations or for compliance with local rules;
- the use of three/five-year license contracts which include way-out clauses for underperforming licensees.

The Group in addition in 2012 put in place the "dotcom"" BasicAudit for the control, verification and analysis of licensee operational compliance, identifying any discrepancies in their operations, developing contractual clauses requiring the annual preparation of certified statements by the International Auditing Firm to certify the data sent to the Group, and carrying out specific controls at licensee offices.

Risks related to BasicNet Group production

BasicNet carries out extensive selection and monitoring activities on the Sourcing Centers i.e. licensee businesses managing the production flows of Group brand finished products, which are distributed by the commercial licensees within their respective areas and has developed an IT platform which directly connects the productive and commercial licensees.

The theoretical risks identified with regards to the Sourcing Centers are:

- the possibility that the Sourcing Centers fail to identify producers who can guarantee the required quality standards of BasicNet for product packaging;
- the trust risk regarding the Sourcing Centers, which may hinder the correct identification of product costs;
- compliance risk concerning the international rules governing labour contracts and sustainability and safety compliance, which may impact the international image of the Group brands.

BasicNet has put in place specific operating mechanisms to correctly manage these risks, including:

- a selection of Sourcing Centers based on an assessment of the technical requirements to satisfy Group needs in terms of quality, volumes and production times (contained in the “Sourcing Agreement”), in addition to the financial solidity of the manufacturer, assessed through specific onsite visits and repeated on a consistent basis;
- the use of anti-trust controls that require that strategic products be produced by at least two or three Sourcing Centers (if possible in differing regions). Moreover, after five years orders are switched to a new sourcing centre, and we make sure that no factory devotes more than half of its productive capacity to our Group’s brand-name products.
- the use of contracts with Sourcing Centers stipulating the commitment of the contracting parties to comply with local and international labour and environmental regulations and the signing of a commitment to comply with the Code of Conduct, based on the key conventions of the International Labour Organisation (ILO) and the Universal Declaration of Human Rights and the Product Restricted Substances List (PRSL);
- the Sourcing Center operational cash flows are finally subject to checks by BasicAudit.

Currency risk

The Group is exposed to currency risk on merchandise purchases or royalty income from commercial licensees and sourcing centre commissions not within the Eurozone. These transactions are mainly in US Dollars and to a lesser extent in Japanese Yen, UK Sterling and Swiss Francs.

The risks on fluctuations of the US Dollar on purchases are measured, preliminary, in the preparation of the budgets and finished products price lists, so as to adequately cover the impact of these fluctuations on sales margins.

Subsequently, royalty income and sourcing commissions from sales are utilised to cover purchases in foreign currencies, within the normal activities of the Group centralised treasury management.

For the foreign currency purchases not covered by foreign currency receipts, or in the case of significant time differences between receipts and payments, forward purchase and sales contracts (flexi-term) are underwritten.

The Group does not undertake derivative financial instruments for speculative purposes.

Credit risk

Royalty trade receivables are largely secured by bank guarantees, corporate sureties, letters of credit, guarantee deposits, or advance payment, provided by licensees.

Royalty trade receivables are largely secured by bank guarantees, corporate sureties, letters of credit, guarantee deposits, or advance payment, provided by licensees.

Sourcing commission receivables are covered by the payables of the subsidiaries Kappa S.r.l., K-Way S.p.A., BasicItalia S.r.l., Kappa France S.a.s. and K-Way France S.a.s. to the Sourcing Centers.

Receivables from Italian and French footwear and apparel retailers within the subsidiaries are monitored continually by the credit department of the company alongside specialised legal recovery firms and partners throughout the country, commencing from the customer order. Receivables from the brand stores under franchises are paid weekly, related to their sales and do not present substantial insolvency risks.

Liquidity risk

The sector in which the Group operates is exposed to seasonal factors, which impact upon the timing of goods procurement compared to sales, in particular where the products are acquired on markets with favourable production costs and where the lead times are however much longer. These factors also have seasonal effects on the financial cycle of the Group's commercial companies.

Short-term debt to finance working capital needs comprises "import financing" and "self-liquidating bank advances" secured by the order backlog. The Group manages the liquidity risk through close control on operating working capital with specific attention on inventories, receivables, trade payables and treasury management, with real-time operational reporting indicators or, for some information, at least on a monthly basis, reporting to Senior Management.

Interest rate risk

The interest fluctuation risks of some medium-term loans were hedged with conversion of the variable rate into fixed rates (swaps).

Risks relating to legal and tax disputes

The Group may be involved in legal and tax disputes, concerning specific issues and in various jurisdictions. Considering the uncertainties relating to these issues, it is difficult to predict with precision any future payments required. In addition, the Group has instigated legal action for the protection of its Trademarks, and of its products, against counterfeit products. The cases and disputes against the Group often derive from complex legal issues, which are often subject to varying degrees of uncertainty, including the facts and circumstances relating to each case, jurisprudence and different applicable laws.

In the normal course of business, management consults with its legal consultants and experts in fiscal matters. The Group accrues a liability against disputes when it considers it is probable that there will be a financial payment made and when the amount of the losses arising can be reasonably estimated.

The main disputes in which the Group is involved are summarised below.

Tax disputes***End-of-mandate prov. deductibility***

In the initial months of 2018, a tax dispute with the Tax Agency began, following the inspection by the Finance Police for the years 2012 to 2017 at BasicNet S.p.A.. In the tax assessments which resulted from the audit, the Agency alleged the partial non-deductibility of the Post-employment benefit provision accrual made for the Executive Boards for the years 2012 to 2015, on the basis of an interpretation of the rules governing Post-employment benefits for employees, in the total absence of specific tax rules. The Tax Agency claim amounted to approx. Euro 360 thousand for IRES, in addition to penalties and interest. Not agreeing with the Tax Agency's interpretation and noting also favourable jurisprudence in similar cases, the Company presented an appeal for all of the years subject to assessment. In March 2019, the Turin Provincial Tax Commission heard the appeal presented by BasicNet. The Tax Agency has appealed against the Tax Commission's decision. The hearing before the Regional Tax Commission held in September 2020 confirmed the Turin Provincial Tax Commission's verdict, finding in favour of BasicNet.

In April 2021, the Supreme Court of Cassation notified BasicNet of the challenge made by the Tax Agency. In February 2023, Section VI referred the case to Section V of the Supreme Court.

At the end of September 2023, the Company decided to take advantage of the facilitated settlement of pending tax disputes, as outlined in Article 1, paragraphs 186 to 202, of Italian law no. 197 of December 29, 2022 (Budget Law 2023), given the option to definitively conclude the dispute with payment of approximately Euro 24,500, equivalent to 5% of the higher taxes previously assessed. This approach allowed the Company to avoid the prolongation of disputes, thereby saving on additional defence costs and, more importantly, eliminating the risk, albeit limited, of an unfavourable verdict from the Supreme Court. As of today, the Company is waiting for the Court to acknowledge the settlement and declare the definitive closure of the matter in dispute.

Alleged tax inversion Basic Properties America

On December 28, 2018, tax assessments were received from the Tax Agency by the subsidiary Basic Properties America, Inc., with registered and administration office in New York-USA, following checks on BasicNet by the Finance Police in 2017, on the basis of the alleged tax inversion claimed by the latter against the US subsidiary. The assessments initially concern financial years 2011, 2012 and 2013, alleging tax evasion in Italy for approx. Euro 3.6 million, in addition to interest and penalties. Tax assessments were also received by BasicTrademark S.A. and SupergaTrademark S.A. for the alleged evasion of VAT for approx. Euro 1 million, on the basis that the royalties paid by Basic Properties America, Inc., for tax purposes considered an Italian company, to these two companies should have been subject to VAT. In July 2019, similar tax assessments for financial year 2014 were received, with claims for additional taxes of approx. Euro 0.3 million and for VAT for approx. Euro 0.1 million.

As they did not consider the arguments put forward by the Agency to be well-founded, the companies lodged appeals against the tax assessments and requests for provisional suspension of the executive effects of the assessments. The Turin Provincial Tax Commission, which had already accepted the request for provisional suspension in October 2019, at the end of January 2020 fully accepted the combined appeals of Basic Properties America Inc., BasicTrademark S.A. (changed its legal format to a "S.r.l." and its name to Kappa S.r.l.) and Superga Trademark S.A. (now S.r.l. and subsequently incorporated with BasicTrademark S.r.l., now Kappa S.r.l.) and cancelled the tax assessments issued by the Tax Agency.

In June 2020, the Tax Agency appealed against the Provincial Tax Commission's decision. In February 2023, the Piedmont Second Instance Tax Court rejected the Tax Agency's grounds of appeal, upholding the first instance decision favourable to the Group.

In May and June 2021, assessment notices relating to 2015 were received, with further demands of approx. Euro 0.2 million for direct taxes and Euro 0.3 million for VAT: the companies prepared their respective appeals, as well as the requests for provisional suspension of the effects. Nonetheless, the collections unit of the tax administration took charge of the amounts demanded, issuing payment demands equal to one-third of the respective assessment notices. In January 2023, the Turin First Instance Tax Court communicated acceptance of the appeal filed by the Group Companies.

In October 2022, assessment notices relating to 2016 were received, with further demands of approx. Euro 0.4 million for direct taxes and Euro 0.3 million for VAT: the companies prepared their respective appeals, as well as the requests for provisional suspension of the effects. In late February, the Turin First Instance Tax Court suspended the execution of the challenged acts and set a hearing on the merits for June 2023.

On June 21, 2023, the first level judgement of the Tax Court fully accepted the combined appeals of Basic Properties America Inc., BasicTrademark S.A. (which changed its legal format to a "S.r.l." and its name to Kappa S.r.l.) and Superga Trademark S.A. (now S.r.l. and subsequently incorporated with BasicTrademark S.r.l., now Kappa S.r.l.) and cancelled the tax assessments issued by the Tax Agency in relation to fiscal year 2016.

As noted, the 2023 Budget Law provided for a series of defining institutions of the tax claim ("tax truce"); consequently, its entry into force, in its definitive version, entailed an eleven-month suspension of the deadlines for appealing all judgments, regarding definable disputes, which would have ordinarily expired between January 1 and October 31, 2023. Therefore, as of December 1, 2023 the ordinary terms for any appeal by the Tax Agency in the second instance (for the 2015-2016 fiscal years) or in the Court of Cassation (for the 2011-2014 fiscal years) commenced.

On January 17, 2024, the Office recommended an appeal of the unfavourable ruling issued in June 2023 by the tax court of first instance concerning the assessments related to 2016.

Lastly and specifically on June 5, 2024, the Office also recommended an appeal of the unfavourable ruling issued in January 2023 by the tax court of first instance concerning the assessments related to 2015.

As of today's date, the Group companies have had their claims recognised in the first instance for all the years in dispute and in the second instance for the years 2011 to 2014.

Commercial disputes*FISI pre-emption right*

BasicItalia S.p.A. (now “BasicItalia S.r.l.”) has exercised, on June 3, 2021, its pre-emption right, under the agreement concluding on April 30, 2022, to enter into a new sponsorship contract for the Italian Winter Sports Federation through the Kappa brand for the four-year period 2022-26, which includes the Milan Cortina 2026 Olympics. Nevertheless, FISI considered that the exercise of the pre-emption right by BasicItalia was not sufficient to conclude a contract and informed the BasicNet Group of its intention to sign a sponsorship agreement with a third party.

The judgment in the case on the merits, issued on February 23, 2023, confirms this protective order issued on July 14, 2022 and the position of BasicItalia, namely that from the moment of BasicItalia's acceptance of the conditions offered by FISI, and thus from June 3, 2021, a new sponsorship contract was concluded between BasicItalia and FISI for the 2022/23 seasons until the 2025/26 season, also recognising a right of first refusal in favour of BasicItalia for the following four-year period.

As a result, the court ordered FISI to fulfil its contractual obligations, prohibiting FISI from entering into supply and sponsorship contracts with third parties other than BasicItalia and from using in its competitive activities clothing items with trademarks other than those indicated in the contract between BasicItalia and FISI.

Regarding damages, the Court ruled that the damage resulting from FISI's breach of duty can only be fully assessed and quantified following the last competitive season until at least 2025/2026.

FISI appealed the judgment by writ of summons served on March 27, 2023, requesting to suspend and/or revoke the provisional enforceability of the judgment and to uphold the appeal on the basis of the conclusions advanced by FISI in the first instance judgment and, by way of counterclaim, to establish BasicItalia's failure to comply with the provisions of the Contract and to declare the termination of the Contract for non-performance with an order to pay damages.

Meanwhile, on July 20, 2023, FISI's request for a stay of the enforceability of the first instance ruling was granted by the Court of Appeals, pending further consideration of the documents in the appeal proceedings.

The hearing to send the case for decision was held on June 13, 2024. From that date, the 60 days shall run within which the Milan Court of Appeals must file the judgment, subject to any holiday suspensions.

TREASURY SHARES

Under the treasury share buy-back programme, authorised by the Shareholders' AGM of April 16, 2024 and concluding at the date of the Shareholders' AGM for the approval of the 2024 Annual Accounts, at the date of this report 228,400 treasury shares had been acquired (0.42% of the Share Capital) at an average price of Euro 3.75, for a total outlay of Euro 857 thousand.

At June 30, 2024, BasicNet held a total of 4,737,700 treasury shares (equal to 8.773% of the Share Capital and 6.851% of voting rights), for an investment of approx. Euro 17.9 million.

HUMAN RESOURCES

At June 30, 2024, the Group headcount was 1,082, as follows:

Category	Human Resources at June 30, 2024	Human Resources at June 30, 2023
Executives	37	37
White-collar	1,023	944
Blue-collar	22	38
Total	1,082	1,019

SUBSEQUENT EVENTS TO THE PERIOD-END AND OUTLOOK

Outlook

The uncertain and unstable geopolitical and macroeconomic environment has slowed consumption, which is reflected in the Group's sales. On the basis of the mono-brand store forecasts, the order portfolio and forecast royalties and sourcing commissions, the second half of the year may perform in line with the previous year. The Group continues to focus on medium-long/term growth, enhancing the brands through solid and consolidated distribution, developing the store network and on continually investing in communication and human resources to support the brands.

* * *

Turin, July 31, 2024

On behalf of the Board of Directors

The Chairperson

Marco Daniele Boglione

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

In accordance with Consob Resolution No. 15519 of July 27, 2006 the transactions with related parties are described at Note 48.

BASICNET GROUP CONSOLIDATED INCOME STATEMENT

<i>(Euro thousands)</i>	<i>Note</i>	H1 2024		H1 2023		Changes	
Consolidated direct sales	(7)	143,373	100.00	146,597	100.00	(3,224)	(2.20)
Cost of sales	(8)	(83,463)	(58.21)	(84,163)	(57.41)	700	0.83
GROSS MARGIN		59,910	41.79	62,434	42.59	(2,524)	(4.04)
Royalties and sourcing commissions	(9)	29,684	20.70	32,694	22.30	(3,010)	(9.21)
Other income	(10)	9,173	6.40	3,892	2.65	5,281	135.71
Sponsorship and media costs	(11)	(20,383)	(14.22)	(18,234)	(12.44)	(2,149)	(11.79)
Personnel costs	(12)	(24,382)	(17.01)	(22,346)	(15.24)	(2,036)	(9.11)
Selling, general and administrative costs, royalties expenses	(13)	(36,391)	(25.38)	(35,806)	(24.42)	(585)	(1.64)
Amortisation and depreciation	(14)	(8,944)	(6.24)	(8,096)	(5.52)	(848)	(10.48)
EBIT		8,667	6.05	14,538	9.92	(5,871)	(40.39)
Net financial income (charges)	(15)	(2,379)	(1.66)	(2,180)	(1.49)	(199)	(9.13)
Management of equity investments	(16)	(3)	(0.00)	(3)	(0.00)	-	-
PROFIT BEFORE TAXES		6,285	4.38	12,355	8.43	(6,070)	(49.13)
Income taxes	(17)	(3,465)	(2.42)	(4,926)	(3.36)	1,461	29.67
NET PROFIT		2,820	1.97	7,429	5.07	(4,609)	(62.05)
Earnings per share:	(18)						
Basic		0.0572		0.1489		(0.092)	(61.55)
Diluted		0.0572		0.1489		(0.092)	(61.55)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

<i>(Euro thousands)</i>	<i>Note</i>	H1 2024	H1 2023	Changes
<i>Profit for the period (A)</i>		2,820	7,429	(4,609)
<i>Profit/(loss) from previous years (B)</i>		-	-	-
Effective portion of the gains/(losses) on cash flow hedges		510	544	(34)
Effective part of the Gains/(losses) on cash flow instruments generated in the year ("interest rate hedges")		296	55	242
Effective portion of the gains/(losses) on cash flow hedges		806	598	208
Remeasurement of the agents indemnity provision (IAS 37) (*)		-	-	-
Re-measurement of post-employment benefits (IAS 19) (*)		27	215	(188)
Gains/(losses) from translation of accounts of foreign subsidiaries		385	(166)	552
Tax effect on other profits/(losses)		(163)	(203)	40
<i>Total other gains/(losses), net of tax effect (C)</i>	<i>(32)</i>	1,056	444	612
Total Comprehensive Profit (A)+(B)+(C)		3,876	7,873	(3,997)

(*) items which may not be reclassified to the profit and loss account

BASICNET GROUP CONSOLIDATED BALANCE SHEET

<i>(Euro thousands)</i>	<i>Note</i>	June 30, 2024	December 31, 2023	June 30, 2023
Intangible assets	(19)	70,732	69,290	68,608
Rights-of-use	(20)	42,808	35,900	30,773
Goodwill	(21)	43,687	43,206	42,110
Property, plant and equipment	(22)	56,974	55,371	55,920
Equity invest. & other financial assets	(23)	1,246	955	875
Interests in joint ventures	(24)	185	182	192
Deferred tax assets	(25)	7,173	8,203	7,539
Total non-current assets		222,805	213,108	206,017
Net inventories	(26)	123,707	112,239	137,233
Trade receivables	(27)	72,885	76,329	65,526
Other current assets	(28)	14,385	14,686	14,123
Prepayments	(29)	9,900	11,499	9,496
Cash and cash equivalents	(30)	19,349	31,962	12,910
Derivative financial instruments	(31)	1,790	930	1,577
Total current assets		242,016	247,644	240,865
TOTAL ASSETS		464,821	460,752	446,882

<i>(Euro thousands)</i>	<i>Note</i>	June 30, 2024	December 31, 2023	June 30, 2023
Share capital		31,717	31,717	31,717
Reserve for treasury shares in portfolio		(17,876)	(16,442)	(15,117)
Other reserves		143,145	125,137	122,961
Net Profit		2,820	24,376	7,429
TOTAL GROUP SHAREHOLDERS' EQUITY	(32)	159,806	164,787	146,990
Provisions for risks and charges	(33)	4,552	4,337	1,773
Loans	(34)	33,839	39,214	44,174
Payables for rights-of-use	(36)	43,633	36,778	31,570
Other financial payables	(37)	6,432	8,146	9,738
Employee and Director benefits	(38)	4,131	3,870	3,246
Deferred tax liabilities	(39)	8,397	7,690	7,401
Other non-current liabilities	(40)	2,227	2,225	1,942
Total non-current liabilities		103,211	102,259	99,844
Bank payables	(35)	78,630	85,351	65,765
Trade payables	(41)	96,762	76,959	101,203
Tax payables	(42)	6,181	7,788	13,678
Other current liabilities	(43)	13,447	13,284	11,818
Accrued expenses	(44)	6,510	10,055	4,562
Derivative financial instruments	(45)	274	270	3,022
Total current liabilities		201,804	193,706	200,048
TOTAL LIABILITIES		305,015	295,965	299,892
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		464,821	460,752	446,882

CONSOLIDATED CASH FLOW STATEMENT OF THE BASICNET GROUP

<i>(Euro thousands)</i>	June 30, 2024	June 30, 2023
A) OPENING SHORT-TERM NET BANK DEBT	(39,059)	(26,439)
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	2,820	7,429
Amortisation and depreciation	8,944	8,096
Management of equity investments	3	3
Changes in working capital:		
- (increase) decrease of trade receivables	3,444	15,361
- (increase) decrease of inventories	(11,467)	(12,250)
- (increase) decrease of other receivables	2,930	(1,101)
- increase (decrease) of trade payables	19,804	1,129
- increase (decrease) of other payables	(4,543)	4,110
Net changes in employee and director benefits	260	(32)
Others, net	508	(169)
	22,703	22,576
C) CASH FLOW FROM INVESTING ACTIVITIES		
Investments in fixed assets:		
- tangible assets	(8,572)	(5,096)
- Acquisition K-Way France	(1,657)	(7,343)
Realisable value for fixed asset disposals:		-
- intangible assets	561	(89)
- financial assets	(294)	-
	(9,962)	(12,528)
D) CASH FLOW FROM FINANCING ACTIVITIES		
Undertaking of medium/long-term loans	308	-
Loan repayments	(8,169)	(7,835)
Repayment of loans for rights-of-use	(4,403)	(3,603)
Acquisition of treasury shares	(1,434)	(1,162)
Dividend payments	(7,421)	(8,435)
	(21,119)	(21,035)
E) CASH FLOW IN THE PERIOD	(8,378)	(10,987)
F) CLOSING SHORT-TERM BANK DEBT	(47,437)	(37,426)

Interest paid amounts to respectively Euro 2.5 million in 2024 and Euro 1.4 million in 2023.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share Capital	Treas. shares	Reserves & Retained earnings	Translation reserve	IAS 19 Remeasur e. reserve	IFRS 16 Reserve	IAS 37 Reserve	Cash flow hedge reserve	Result	Total Group Net Equity
Balance at January 1, 2023	31,717	(13,955)	102,168	1,483	(25)	(733)	-	(1,547)	30,038	149,146
Allocation of 2022 result as per Shareholders' Meeting motion of April 13, 2023:										
- Reserves & Retained earnings		-	21,046	-	-	-	-	-	(21,046)	-
- Dividends distributed		-	-	-	-	-	-	-	(8,992)	(8,992)
Acquisition of treasury shares		(1,162)	-	-	-	-	-	-	-	(1,162)
H1 2023 Result									7,429	7,429
Other comprehensive income statement items:										
- Gains/(losses) recorded directly to the change in consolidation scope difference reserve		-	125	-	-	-	-	-	-	125
- Gains/(losses) recorded directly to translation reserve		-	-	(166)	-	-	-	-	-	(166)
- Gains/(losses) recorded directly to equity for IAS 19 remeasurement		-	-	-	163	-	-	-	-	163
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	447	-	447
<i>Total comprehensive income</i>				(166)	163	-	-	447	7,429	7,873
Balance at June 30, 2023	31,717	(15,117)	123,339	1,317	138	(733)	-	(1,100)	7,429	146,990
<i>(Euro thousands)</i>										
	Share Capital	Treas. shares	Reserves & Retained earnings	Translation reserve	IAS 19 Remeasur e. reserve	IFRS 16 Reserve	IAS 37 Reserve	Cash flow hedge reserve	Result	Total Group Net Equity
Balance at January 1, 2024	31,717	(16,442)	123,066	1,245	134	-	188	503	24,376	164,787
Allocation of 2023 result as per Shareholders' Meeting motion of April 16, 2024:										
- Reserves & Retained earnings		-	16,955	-	-	-	-	-	(16,955)	-
- Dividends distributed		-	-	-	-	-	-	-	(7,421)	(7,421)
Acquisition of treasury shares		(1,434)	-	-	-	-	-	-	-	(1,434)
H1 2024 Result		-	-	-	-	-	-	-	2,820	2,820
Other comprehensive income statement items:										
- Gains/(losses) recorded directly to translation reserve		-	-	385	-	-	-	-	-	385
- Gains/(losses) recorded directly to equity for IAS 19 remeasurement		-	-	-	22	-	-	-	-	22
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	648	-	648
- Gains/(losses) recorded directly to IFRS 37 reserve		-	-	-	-	-	-	-	-	-
<i>Total comprehensive income</i>				385	22	-	-	648	2,820	3,876
Balance at June 30, 2024	31,717	(17,876)	140,021	1,630	156	-	188	1,151	2,820	159,806

CONSOLIDATED NET FINANCIAL POSITION

<i>(Euro thousands)</i>	June 30, 2024	December 31, 2023	June 30, 2023
Cash and cash equivalents	19,349	31,962	12,910
Bank overdrafts and bills	(42,263)	(43,832)	(21,704)
Import advances	(24,523)	(27,189)	(28,633)
<i>Sub-total net liquidity available</i>	<i>(47,437)</i>	<i>(39,059)</i>	<i>(37,427)</i>
Short-term portion of medium/long-term loans	(11,844)	(14,330)	(15,428)
Payables for the purchase of equity investments	(1,649)	(1,592)	-
Short-term net financial position	(60,930)	(54,982)	(52,854)
Medium/long term loans	(33,471)	(39,136)	(44,021)
Payables for rights-of-use	(43,633)	(36,778)	(31,570)
Payables for purchase of equity investments beyond one year	(6,432)	(8,146)	(9,738)
Finance lease payables	(369)	(77)	(153)
<i>Sub-total loans and leasing</i>	<i>(83,905)</i>	<i>(84,138)</i>	<i>(85,482)</i>
Consolidated Net Financial Position	(144,835)	(139,119)	(138,336)

The following table shows the composition of the Group's net debt at June 30, 2024 compared with the same figure for December 31, 2023 and June 30, 2023, determined in accordance with the "Guidelines on disclosure requirements under the Prospectus Regulation" issued by ESMA (European Securities & Markets Authority) on March 4, 2021 (ESMA32-382-1138) and implemented by Consob with Attention Reminder No. 5/21 of April 29, 2021.

<i>(Euro thousands)</i>	June 30, 2024	December 31, 2023	June 30, 2023
A. Cash	128	208	136
B. Other cash equivalents	19,221	31,754	12,774
C. Securities held for trading	-	-	-
D. Cash & cash equivalents (A)+(B)+(C)	19,349	31,962	12,910
E. Current financial receivables	-	-	-
F. Current bank borrowings	(68,435)	(72,613)	(50,337)
G. Current portion of non-current debt	(11,844)	(14,330)	(15,428)
H. Other current financial payables	-	-	-
I. Current financial debt (F)+(G)+(H)	(80,279)	(86,943)	(65,765)
J. Net current financial debt (I)-(E)-(D)	(60,930)	(54,982)	(52,855)
K. Non-current bank payables	(83,904)	(84,138)	(85,482)
L. Bonds issued	-	-	-
M. Other non-current financial payables	1,517	660	(1,445)
No. Trade payables and other non-current payables	-	-	-
O. Non-current financial debt (K)+(L)+(M)	(82,387)	(83,478)	(86,927)
P. Net financial debt (J) + (O)	(143,317)	(138,460)	(139,782)

The net financial debt differs from the consolidated net financial position for the fair value of the interest and currency hedging operations - cash flow hedges (Notes 31 and 45).

CHANGES IN NET FINANCIAL POSITION

<i>(Euro thousands)</i>	June 30, 2024	June 30, 2023
A) OPENING NET FINANCIAL POSITION	(139,119)	(141,691)
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	2,820	7,429
Amortisation and depreciation	8,944	8,096
Management of equity investments	3	3
Changes in working capital	10,167	7,249
Net changes in employee and director benefits	260	(32)
Others, net	509	(168)
	22,703	22,577
C) CASH FLOW FROM INVESTING ACTIVITIES		
Fixed asset investments	(8,572)	(5,096)
	-	
Acquisition of financial assets	(294)	(89)
Realisable value for disposals of property, plant and equipment	561	-
	(8,305)	(5,185)
D) CASH FLOW FROM FINANCING ACTIVITIES		
Registration payables for Right-of-use	(11,259)	(4,440)
Acquisition of treasury shares	(1,434)	(1,162)
Dividend payments	(7,421)	(8,435)
	(20,114)	(14,037)
E) CASH FLOW IN THE PERIOD	(5,716)	3,354
F) CLOSING NET FINANCIAL POSITION	(144,835)	(138,336)

EXPLANATORY NOTES

1. GENERAL INFORMATION

BasicNet S.p.A. – with registered office in Turin (Italy), Largo Maurizio Vitale 1, listed on the Italian Stock Exchange since November 17, 1999 and its subsidiaries, operate in the sports and casual clothing, footwear and accessories sector through the brands Kappa, Robe di Kappa, Jesus Jeans, K-Way, Superga, Sabelt, Briko and Sebago. Group activities involve the development of the value of the brands and the distribution of their products through a global network of independent licensees.

The duration of BasicNet S.p.A. is fixed by the company by-laws until December 31, 2050.

The consolidated financial statements in this document were approved by the Board of Directors of BasicNet S.p.A. on July 31, 2024. The present document is subject to limited audit.

2. FORM AND CONTENT

The main accounting principles adopted in the preparation of the consolidated half-year financial statements and Group financial reporting are described below.

This document has been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and approved by the European Union. IFRS include all the revised international accounting standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The half-year consolidated financial statements are prepared under the historical cost convention (modified where applicable for the valuation of certain financial instruments), as well as on the going concern assumption.

The Group consolidated half-year financial statements include the financial statements at June 30, 2024 of BasicNet S.p.A. and all the Italian and foreign companies in which the Parent Company holds control - directly or indirectly. For the financial statements of the US, Asian, Spanish, English, Swiss, Irish and French subsidiaries, which utilise local accounting standards, as not obliged to adopt IAS/IFRS, the appropriate adjustments were made for the preparation of the consolidated financial statements in accordance with international accounting standards.

The accounting policies utilised for the preparation of the Condensed Consolidated Half-Year Financial Statements at June 30, 2024 are the same as those utilised for the previous year, with the exception of the adoption of new standards and amendments from January 1, 2023. The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

Accounting standards, amendments and interpretations applied from January 1, 2024

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and requests to give further disclosure of such agreements. The disclosure requirements included in the amendments are intended to assist financial statement users in understanding the effects on an entity's liabilities, cash flows, and exposure to liquidity risk of reverse factoring arrangements.

The transition requirements clarify that an entity does not have to provide disclosures in interim financial statements for the first year of application of the amendments. Consequently, these amendments did not have any impact on the Group condensed consolidated half-year financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale & lease back transaction, to ensure that the selling lessor does not recognize a gain or loss by reference to the right-of-use retained by the lessor.

These amendments did not have any impact on the Group condensed consolidated half-year financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by the right to defer maturity
- that the right of subordination must exist at financial year-end
- that the classification is not impacted by the probability of whether the entity will exercise its subordination right
- that only where a derivative embedded in a convertible liability is itself an equity instrument the maturity of the liability shall have no impact on its classification.

In addition, a requirement has been introduced to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to deferral is subject to compliance with covenants within 12 months.

These amendments did not have any impact on the Group condensed consolidated half-year financial statements.

3. FORMAT OF THE FINANCIAL STATEMENTS

The BasicNet Group presents its income statement by nature of cost items; the assets and liabilities are classified as current or non-current. The statement of cash flows was prepared applying the indirect method. The format of the consolidated half-year financial statements applied the provisions of Consob Resolution No. 15519 of July 27, 2006 and Notice No. 6064293 of July 28, 2006 on financial disclosure requirements. With reference to Consob Motion No. 15519 of July 27, 2006, transactions with related parties are described in Note 48.

4. CONSOLIDATION PRINCIPLES

The consolidated half-year financial statements were prepared including the Financial Statements at June 30, 2024 of the Group companies included in the consolidation scope, appropriately adjusted in accordance with the accounting policies adopted by the Parent Company.

The condensed consolidated half-year financial statements of the BasicNet Group are presented in Euro thousands, where not otherwise stated; the Euro is the functional currency of the Parent Company and the majority of the consolidated companies.

Financial statements in currencies other than the Euro are translated into the Euro applying the average exchange rate for the year for the income statement and the exchange rate at the date of the operation in the case of significant non-recurring transactions. The balance sheet accounts are translated at the year-end exchange rate. The differences arising from the translation into Euro of the financial statements prepared in currencies other than the Euro are recorded in a specific reserve in the Comprehensive Income Statement.

The exchange rates applied are as follows (for 1 Euro):

Currency	June 30, 2024		December 31, 2023		June 30, 2023	
	Average	At period end	Average	At period end	Average	At period end
US Dollar	1.0792	1.0705	1.1050	1.0829	1.0808	1.0866
HK Dollar	8.4385	8.3594	8.6314	8.4802	8.4767	8.5157
Japanese Yen	166.1500	171.9400	156.3300	153.1758	147.6629	157.1600
UK Sterling	0.8535	0.8464	0.8691	0.8688	0.8732	0.8583
Swiss Franc	0.9648	0.9634	0.9260	0.9717	0.9882	0.9788
Vietnamese Dong	26,996	27,250	26,808	25,851	25,446	25,618

The criteria adopted for the consolidation were as follows:

- a) the assets and liabilities, as well as the income and charges of the financial statements consolidated under the line-by-line method are included in the financial statements of the Group, without consideration of the holding in the subsidiary. The carrying value of the investments are eliminated against the relative net equity of the subsidiaries.
- b) the positive differences resulting from the elimination of the investments against the book net equity at the acquisition date is allocated to the higher values attributed to the assets and liabilities acquired, and the residual part to goodwill. On the first-time adoption of IFRS, the Group has chosen not to apply IFRS 3 - Business combinations in retrospective manner for the acquisitions made prior to January 1, 2004;
- c) the payables/receivables, costs/revenues between consolidated companies and the gains/losses resulting from inter-company operations are eliminated, as are the effects of mergers and the sale of business units between companies in the consolidation scope.

As illustrated in Attachment 1, at June 30, 2024 the Group is composed solely of subsidiaries owned directly or indirectly by the Parent Company BasicNet S.p.A., or jointly controlled; there are no associated companies or investments in structured entities.

Control exists where the Parent Company BasicNet S.p.A. simultaneously:

- exercises decision-making power over the investee, i.e. has the capacity to manage its main activities, therefore those activities which have a significant impact on the investee's results;
- has the right to variable profits or losses from its investment in the entity;
- has the capacity to utilise its decision-making power to establish the amount of profits devolving from its investment in the entity.

The existence of control is verified where events or circumstances indicate an alteration to one or more of the three factors determining control.

Investments in associates and joint ventures are consolidated at equity, as established respectively by IAS 28 - Investments in associates and joint ventures and by IFRS 11 – Joint arrangements.

An associate is a company in which the Group holds at least 20% of voting rights or exercises significant influence - however not control or joint control - on the financial and operational policies. A joint venture is a joint control agreement, in which the parties who jointly hold control maintain rights on the net assets of the entity. Joint control concerns the sharing, under an agreement, of the control of economic activities, which exists only where the decisions regarding such activities requires unanimity by all parties sharing control.

Associates and joint ventures are consolidated from the date in which significant influence or joint control begins and until the discontinuation of such. Under the equity method, the investment in an associated company or a joint venture is initially recognised at cost and subsequently the carrying amount is increased or decreased to recognise the associated company's share of the profit or loss after the date of acquisition. The share of profits (losses) of the investment is recognised to the consolidated income statements. Dividends received from the investee reduce the book value of the investment.

If the share of losses of an entity in an associate or a joint venture is equal to or greater than its interest in the associate or joint venture the entity discontinues the recognition of its share of further losses. After the investor's interest is reduced to zero, additional losses are provisioned and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or the joint venture subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Consolidation scope

The consolidation scope includes the Parent company BasicNet S.p.A. and the Italian and foreign subsidiaries in which BasicNet S.p.A. exercises direct, or indirect, control. Attachment 1 contains a list of consolidated companies under the line-by-line method, as well as the complete list of Group companies, registered office, corporate purpose, share capital and direct and indirect holdings.

Information by business segment and geographic area

Two operating segments have been identified within the BasicNet Group: i) apparel, footwear and accessories and ii) real estate. The relevant information is reported in Note 6.

The information by geographic area has significance for the Group in relation to royalty income and direct sales, and therefore was included for the two respective items. The breakdown of licensee aggregate sales by geographic area, from which the royalties derive, is reported in the Directors' Report.

5. OTHER INFORMATION

The subsequent events to the end of the period and the outlook for the current year are reported in the Directors' Report.

Information required by Law No. 124 of August 4, 2017, Article 1, paragraph 125

In accordance with Article 1, paragraph 125 of Law 124/2017, the Group has not received any grants from public bodies in excess of Euro 10 thousand.

6. DISCLOSURE BY OPERATING SEGMENT

The BasicNet Group identifies two reporting segments, as outlined extensively in the Directors' Report:

- "Clothing, footwear and accessories," encompasses the development of proprietary brands and the distribution of related products both directly and through a global network of licensee companies. The following Group companies are included: BasicNet S.p.A., Basic Properties America, Inc., BasicNet Asia Ltd., BasicNet Asia Company Limited (Vietnam) Ltd, Kappa S.r.l. and the subsidiaries KappaRetail S.r.l., Kappa Sport Iberia SL and the Kappa France Group, Jesus Jeans S.r.l., Fashion S.r.l., Sebago S.r.l. and the subsidiary SebagoRetail S.r.l., Superga S.r.l. and the subsidiary SupergaRetail S.r.l., BasicAir S.r.l., K-Way S.p.A. and its subsidiaries K-Way France S.a.s., K-WayRetail S.r.l., K-WayRetail SUISSE S.A., K-Way Iberia SL, K-Way Retail Ireland Ltd. and finally BasicItalia S.r.l.;
- "Property", which includes the management of the Group's real estate properties.

It is recalled that during the previous year, the BasicNet Group completed the corporate reorganisation of the brands, in order to concentrate in a single company for each brand all operations, both license management and of the direct sales channels. This transaction will allow for greater focus on each brand in the BasicNet portfolio.

(In Euro thousands)

H1 2024	Clothing, footwear and accessories	Property	Inter-segment eliminations	Consolidated
Direct sales – third parties	143,373	-	-	143,373
(Cost of sales)	(83,463)	-	-	(83,463)
GROSS MARGIN	59,910	-	-	59,910
Royalties and sourcing commissions – third parties	29,684	-	-	29,684
Other income - third parties	8,332	3,138	(2,297)	9,173
(Sponsorship and media costs)	(20,383)	-	-	(20,383)
(Personnel costs)	(24,310)	(72)	-	(24,382)
(Selling, general and administrative costs, royalties expenses)	(35,554)	(1,571)	734	(36,391)
Amortisation and depreciation	(9,162)	(1,298)	1,516	(8,944)
EBIT	8,517	197	(47)	8,667
Financial income	1,584	-	123	1,707
(Financial charges)	(3,304)	(782)	-	(4,086)
Share of profit/(loss) of investments	(3)	-	-	(3)
PROFIT/(LOSS) BEFORE TAXES	6,794	(585)	76	6,285
Income taxes	(3,466)	-	1	(3,465)
NET PROFIT/(LOSS)	3,328	(585)	77	2,820
<i>Significant non-cash items:</i>				
Amortisation and depreciation	(9,162)	(1,298)	1,516	(8,944)
Total non-cash items	(9,162)	(1,298)	1,516	(8,944)
<i>Segment assets and liabilities:</i>				
Assets	443,556	47,877	(26,612)	464,821
Liabilities	288,883	40,011	(23,879)	305,015

(In Euro thousands)

H1 2023	Clothing, footwear and accessories	Property	Inter-segment eliminations	Consolidated
Direct sales – third parties	146,597	-	-	146,597
(Cost of sales)	(84,163)	-	-	(84,163)
GROSS MARGIN	62,434	-	-	62,434
Royalties and sourcing commissions – third parties	32,694	-	-	32,694
Other income - third parties	2,980	3,120	(2,208)	3,892
(Sponsorship and media costs)	(18,234)	-	-	(18,234)
(Personnel costs)	(22,298)	(48)	-	(22,346)
(Selling, general and administrative costs, royalties expenses)	(35,016)	(1,538)	748	(35,806)
Amortisation and depreciation	(8,257)	(1,296)	1,457	(8,096)
EBIT	14,303	238	(3)	14,538
Financial income	3,742	16	61	3,819
(Financial charges)	(5,363)	(636)	-	(5,999)
Share of profit/(loss) of investments	(3)	-	-	(3)
PROFIT/(LOSS) BEFORE TAXES	12,679	(382)	58	12,355
Income taxes	(4,987)	60	1	(4,926)
NET PROFIT/(LOSS)	7,692	(322)	59	7,429
<i>Significant non-cash items:</i>				
Amortisation and depreciation	(8,257)	(1,296)	1,457	(8,096)
Total non-cash items	(8,257)	(1,296)	1,457	(8,096)
<i>Segment assets and liabilities:</i>				
Assets	420,821	49,474	(23,414)	446,882
Liabilities	280,485	40,401	(20,994)	299,892

The Group operating performance and therefore of the respective segments is outlined in detail in the Directors' Report. The segment performances may be summarised as follows:

- the “Clothing, footwear and accessories” segment reports net royalties and sourcing commissions of Euro 29.7 million in H1 2024, compared to Euro 32.7 million in the same period of the previous year. Direct sales are also reported of Euro 143.4 million, compared to sales in the previous year of Euro 146.6 million. The contribution margin on sales was Euro 83.5 million, compared to Euro 62.4 million in 2023. The revenue margin was 41.8% (42.6% in 2023). Personnel costs increased on the same period of the previous year, mainly due to the development of direct retail operations. The segment reports a profit of Euro 3.3 million compared to Euro 7.7 million in the previous year.
- the “Property” segment reports an operating profit of Euro 197 thousand, compared to Euro 238 thousand in 2023. The increase in this segment mainly concerns the purchase of land adjacent to the Turin, Strada della Cebrosa complex.

EXPLANATORY NOTES TO THE INCOME STATEMENT

7. CONSOLIDATED DIRECT SALES

The breakdown of “consolidated direct sales” by geographic area is reported below:

	H1 2024	H1 2023
Sales Italy	85,075	94,643
EU countries other than Italy	53,338	46,597
Rest of the World	4,960	5,357
Total consolidated direct sales	143,373	146,597

Sales revenues concern the finished product sales of the Group companies through the wholesale, retail (both direct and through franchising) and online channels (Euro 142.6 million) and for the sale of samples (Euro 0.8 million). Sales on the home market accounted for 59.3%, while approx. 37.2% of sales were in other EU countries, with the remaining approx. 3.5% outside the EU.

The composition of revenues from direct sales by distribution channel is presented in the following table:

	H1 2024	H1 2023
Multibrand sales	93,499	102,439
Franchising sales	37,312	37,234
Online sales	11,795	6,392
Sample sales	767	532
Total consolidated direct sales	143,373	146,597

8. COST OF SALES

	H1 2024	H1 2023
Goods purchased – Overseas	74,328	77,504
Freight charges and accessory purchasing cost	8,058	8,018
Cost of outsourced logistics	5,289	5,464
Goods purchased – Italy	5,010	4,755
Samples purchased	1,133	1,343
Packaging	452	587
Change in inventory of raw materials, ancillary, consumables and goods	(11,467)	(12,250)
Other	660	(1,258)
Total cost of sales	83,463	84,163

“Goods purchased” concern the finished products acquired by the Group companies for distribution in their respective territories. The account decreased from the previous year due to extraordinary level of procurements during the prior year and to efforts to optimize inventories during the year under review.

Sample purchases were made by for resale to the licensees.

9. **ROYALTIES AND SOURCING COMMISSIONS**

“Royalties and sourcing commissions” refer to royalty fees for the brand licenses in the countries where the licenses have been assigned, or recognised to authorised sourcing centres for the production and sale of group brand products by commercial licensees.

The changes in the year are commented upon in the Directors’ Report.

	H1 2024	H1 2023
Europe (EU and non-EU)	12,955	13,124
The Americas	3,414	6,027
Asia and Oceania	10,687	10,664
Middle East and Africa	2,629	2,879
Total	29,684	32,694

10. **OTHER INCOME**

	H1 2024	H1 2023
Income from contractual conclusion	3,296	-
Prior year income	1,939	845
Signing fees from commercial licensees	863	863
Income and chargebacks from aircraft	366	330
Rental income	586	495
Income from promo sales	615	51
Recovery of condominium expenses	107	176
Other income	1,401	1,132
Total other income	9,173	3,892

“Income from contractual conclusion” concerns the early conclusion of a long-term agreement by an Asian licensee.

“Prior year income” concerns the positive differences on the assessment of expenses from previous years.

“Income and recharges from aircraft” include the recharge of costs to specialised aircraft operators and income from leasing aircraft to third parties.

The “recovery of condominium expenses” concerns the recharge to lessees of utility costs.

“Other income” includes prior year accruals’ reversals, the recharge of expenses to third parties and other indemnities against counterfeiting and unauthorised usage protection actions.

11. **SPONSORSHIP AND MEDIA COSTS**

	H1 2024	H1 2023
Sponsorship and marketing	14,723	13,640
Advertising	4,686	3,362
Promotional expenses	974	1,232
Total sponsorship and media costs	20,383	18,234

The account “sponsorship” refers to communication investments incurred directly to which the Group contributes, described in detail in the Directors’ Report.

“Advertising” refers to billboard advertising and press communication campaigns.

Promotional expenses concern gifts of products and advertising material, not relating to specific sponsorship contracts.

12. PERSONNEL COSTS

	H1 2024	H1 2023
Wages and salaries	17,783	16,106
Social security charges	5,748	5,459
Post-employment benefits	851	781
Total	24,382	22,346

The number of employees at the reporting date, by category, is reported in the separate section in the Directors' Report.

The average number of employees in 2024 was 1,078, broken down as 37 executives, 1,015 white-collar and 27 blue-collar employees, an increase of 132 resources on the previous year.

The increase mainly concerns the personnel employed at the new sales points, and the new strategic commercial and marketing resources.

13. SELLING, GENERAL AND ADMINISTRATIVE COSTS AND ROYALTIES EXPENSES

	H1 2024	H1 2023
Selling and royalty service expenses	8,899	9,252
Rental, accessory and utility expenses	5,356	5,268
Commercial expenses	6,472	7,194
Professional consultants	2,837	2,878
Directors and Statutory Auditors emoluments	2,502	2,480
Doubtful debt provision	2,683	1,443
Bank charges	963	1,030
Costs related to Human Resources	875	666
Taxes and duties	823	794
Insurance	787	825
Hire	727	805
Extraordinary charges	489	348
Purchases of consumables and paperwork	475	584
Other transport costs	216	218
Company expenses	187	196
Other general expenses	2,100	1,825
Total selling, general and administrative costs, and royalties expenses	36,391	35,806

"Selling and royalty service expenses" mainly includes commissions to agents and transport costs to customers, whose reduction is due to the reduced revenues; the item also includes royalties on sports team merchandising contracts and co-branding operations.

"Directors and Statutory Auditors emoluments", for offices held at the date of the present Report, approved by the Shareholders' AGM and the Board of Directors' meetings of April 13, 2022, are in line with the company remuneration policy, pursuant to Article 78 of Consob Regulation No. 11971/99 and subsequent amendments and supplements, and are reported in the Remuneration Report pursuant to Article 123-ter of the CFA, which is available on the company's website www.basicnet.com Shareholder' Meeting 2024 section, to which reference should be made.

The increase in the doubtful debt provision from the previous year concerns a limited number of specific licensees experiencing financial difficulties, which led to delays in payment.

“Other general expenses” includes other taxes, hire charges and other minor expenses.

14. AMORTISATION & DEPRECIATION

	H1 2024	H1 2023
Amortisation	1,683	1,534
Rights-of-use	4,458	3,827
Depreciation	2,803	2,735
Total amortisation & depreciation	8,944	8,096

Amortisation of intangible assets includes approx. Euro 33 thousand of key-money write-down relating to some sales points for which the decision to close has been made, within a normal rotation of less profitable sales point in favour of the opening of new locations or more appropriate operational strategies.

Provided below is a summary of total charges related to right-of-use assets:

	H1 2024	H1 2023
Depreciation for right-of-use	4,458	3,827
Interest on payables for right-of-use	439	196
Leasing and rental costs excluded from IFRS 16	1,065	1,197
Total rent, lease and hire costs	5,962	5,220

15. NET FINANCIAL INCOME/(CHARGES)

	H1 2024	H1 2023
Interest income	54	39
Bank interest charges	(1,143)	(605)
Interest on medium/long term loans	(1,055)	(855)
Property lease interest	(8)	(6)
Interest IFRS 16	(227)	(227)
Loan and current account fees	(111)	(112)
IAS 19 interest	(17)	(17)
Other	(373)	(158)
Total financial income and charges	(2,880)	(1,941)
Exchange gains	1,407	2,522
Exchange losses	(906)	(2,761)
Net exchange gains/(losses)	501	(239)
Total financial income/(charges)	(2,379)	(2,180)

Net exchange gains amounted to Euro 501 thousand, against losses of Euro 239 thousand in the previous year; net financial charges servicing the debt amounted to Euro 2.9 million, compared to Euro 1.9 million in the previous year.

“Other” comprises financial discounts and rebates mainly on the French and English markets.

16. MANAGEMENT OF EQUITY INVESTMENTS

The account reflects the effect on the consolidated result for the period of the valuation at equity of the joint venture Fashion S.r.l..

17. INCOME TAXES

The account balance refers to a net tax charge of Euro 3.5 million. It consists mainly of:

- current income taxes of Euro 1.9 million, primarily Euro 1 million of IRAP (regional business tax), Euro 0.7 million of IRES (corporate income tax) and Euro 0.2 million of income taxes of the foreign subsidiaries;
- the Patent Box benefit for Euro 0.4 million;
- the assessment and release of deferred tax liabilities totalling Euro 1.6 million;

The reconciliation of the theoretical tax rate with the effective tax rate is reported in the table below:

	H1 2024	H1 2023
Profit before taxes	6,284	12,355
Income tax rate	24.0%	24.0%
Theoretical IRES	(1,508)	(2,965)
Effect of differences between Italian and foreign tax rates	305	713
Permanent differences	(1,686)	(1,372)
Taxes from previous periods	(98)	(282)
Patent Box benefit	403	614
IRAP	(703)	(872)
Deferred assets not recognised on losses	(183)	(762)
Other changes	6	-
EFFECTIVE TAX CHARGE	(3,465)	(4,926)
Effective tax rate	55.1%	39.9%

The tax rate for the period is affected by the non-recognition of deferred tax assets on the loss for the period of a number of overseas subsidiaries, whose future tax benefit shall in any case be utilisable by the Group, in addition to the reduced benefit arising from the application of the Patent Box regulations and the amount of IRAP taxes.

18. EARNINGS PER SHARE

The basic earnings per share, for H1 2024, is calculated dividing the net result attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding during the period:

(in Euro)	H1 2024	H1 2023
Profit/(loss)	2,819,573	7,428,746
Weighted average number of ordinary shares	49,262,300	49,906,700
Basic earnings per ordinary share	0.0572	0.1489

At June 30, 2024 there were no “potentially diluting” shares outstanding, therefore the diluted earnings per shares coincide with the earnings per share.

The change in the weighted average number of ordinary shares outstanding between 2024 and 2023 relates to the number of treasury shares acquired in the year.

EXPLANATORY NOTES TO THE BALANCE SHEET

19. INTANGIBLE ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Concessions, brands and similar rights	59,768	59,772	59,777
Software development	5,519	5,087	4,996
Other intangible assets	5,374	4,384	3,785
Industrial patents	71	47	50
Total intangible assets	70,732	69,290	68,608

The changes in the original costs of the intangible assets were as follows:

	Concessions, brands and similar rights	Software development	Other intangible assets	Industrial patents	Total
Historical cost at 1.1.24	72,645	55,281	15,583	839	144,348
<i>Investments</i>	171	1,569	1,437	5	3,182
<i>Disposals and other changes</i>	-	(3)	-	-	(3)
Historical cost at 30.06.24	72,816	56,847	17,020	844	147,527

The changes in the relative accumulated depreciation provisions were as follows:

	Concessions, brands and similar rights	Software development	Other intangible assets	Industrial patents	Total
Accum. Amort. at 1.1.24	(12,873)	(50,193)	(11,199)	(793)	(75,058)
<i>Amortisation</i>	(175)	(1,138)	(328)	(8)	(1,649)
<i>Disposals and other changes</i>	-	2	(119)	28	(89)
Accum. Amort. at 30.06.24	(13,048)	(51,329)	(11,646)	(773)	(76,795)

The net book value of intangible assets is reported below:

	Concessions, brands and similar rights	Software development	Other intangible assets	Industrial patents	Total
Opening net book value at 1.1.24	59,772	5,087	4,384	47	69,290
<i>Investments</i>	171	1,569	1,437	5	3,182
<i>Disposals and other changes</i>	-	(1)	(119)	28	(92)
<i>Amortisation</i>	(175)	(1,138)	(328)	(8)	(1,649)
Closing net book value at 30.06.24	59,768	5,519	5,374	71	70,732

The increase in “concessions, brands and similar rights” is due to the capitalisation of costs incurred for the registration of trademarks in new countries, for renewals and extensions and for the purchase of software licenses. Amortisation in the period concerns the Jesus Jeans brand, amortised over 20 years, as not yet reaching a market positioning equal to that of the principal brands.

At June 30, 2024, the Kappa and Robe di Kappa brands report a book value of Euro 15.3 million, with the Superga brand reporting a book value of Euro 21.3 million; the K-Way brand was valued at Euro 9.4 million, the Sebago brand at Euro 12.1 million and the Briko brand at Euro 0.9 million. The Kappa, Robe di Kappa, Superga, K-Way, Briko and Sebago brands are considered intangible assets with indefinite useful life and as such are subject to an impairment test at least annually.

The book value of the Sabelt brand, for which the Group is worldwide licensee for the “fashion” classes, held through the two joint ventures, reflects the value of the investment.

At June 30, in application of the provisions of IAS 36 on at least annual impairment testing and in view of the fact that the profitability forecasts drawn up in the financial statements at December 31, 2023 for all the CGU's were substantially achieved during the first half of the year, the Group deemed that there were no indicators of any impairment losses.

The account “software development” increased approx. Euro 1.5 million for investments and decreased Euro 1.1 million for amortisation in the year.

The account “other intangible assets” principally includes improvements related to the franchising project and recorded investments of Euro 1.4 million and amortisation of Euro 0.3 million.

20. RIGHT-OF-USE

The Group utilises the exceptions under the standard on leasing contracts which have a duration of equal to or less than 12 months and which do not contain a purchase option (“short-term leasing”) and on leases whose underlying asset is of a low value (“low value asset”).

	June 30, 2024	December 31, 2023	June 30, 2023
Rights-of-use	42,808	35,900	30,773
Total right-of-use	42,808	35,900	30,773

The changes in the original cost of the right-of-use were as follows:

	June 30, 2024	December 31, 2023
Opening historical cost	74,321	60,224
Investments and increases ISTAT	11,393	14,584
Disposals and other changes	(27)	(487)
Closing historical cost	85,687	74,321

The changes in the relative accumulated depreciation provisions were as follows:

	June 30, 2024	December 31, 2023
Opening accum. depreciation	(38,421)	(30,313)
Depreciation	(4,458)	(8,108)
Disposals and other changes	-	-
Closing accum. depreciation	(42,879)	(38,421)

The movements in the net book value of the right-of-use is shown below:

	June 30, 2024	December 31, 2023
Opening net book value	35,900	29,911
Investments and increases ISTAT	11,393	14,584
Disposals and other changes	(27)	(487)
Depreciation	(4,458)	(8,108)
Closing net book value	42,808	35,900

21. GOODWILL

	June 30, 2024	December 31, 2023	June 30, 2023
Goodwill	43,687	43,206	42,110
Goodwill	43,687	43,206	42,110

“Goodwill” includes:

- the goodwill from the initial consolidation of K-Way France (Euro 24.5 million);
- the goodwill arising on the business combination with the Spanish licensee (Euro 6.7 million) and the French licensee (Euro 1.2 million), of the Kappa brand;
- the goodwill following the acquisition of the French Group Kappa France (Euro 3.4 million);
- the amounts paid to acquire retail businesses for Euro 7.8 million.

The Group verifies the recovery of the goodwill at least on an annual basis or more frequently when there is an indication of a loss in value. For the purposes of the impairment test the goodwill is allocated to the lowest cash-generating unit. See Note 19 on the checks carried out as at June 30, 2024.

22. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	40,591	39,240	40,133
Furniture and other assets	11,087	10,903	10,236
Plant & machinery	3,367	3,479	3,677
EDP	1,660	1,548	1,699
Industrial & commercial equipment	269	201	175
Total property, plant and equipment	56,974	55,371	55,920

The changes in the historical cost of property, plant and equipment were as follows:

	Property	Furniture and other assets	Plant and machinery	EDP	Industrial and commercial equipment	Total
Historical cost at 1.1.24	61,693	30,985	6,950	18,452	1,419	119,499
<i>Investments</i>	<i>2,261</i>	<i>1,171</i>	<i>201</i>	<i>536</i>	<i>100</i>	<i>4,269</i>
<i>Disposals and other changes</i>	<i>-</i>	<i>(498)</i>	<i>-</i>	<i>(219)</i>	<i>-</i>	<i>(717)</i>
Historical cost at 30.06.24	63,954	31,658	7,151	18,769	1,519	123,051

The changes in the relative accumulated depreciation provisions were as follows:

	Property	Furniture and other assets	Plant and machinery	EDP	Industrial and commercial equipment	Total
Accum. Deprec. at 1.1.24	(22,453)	(20,082)	(3,470)	(16,904)	(1,218)	(64,128)
<i>Depreciation</i>	<i>(910)</i>	<i>(1,133)</i>	<i>(313)</i>	<i>(415)</i>	<i>(32)</i>	<i>(2,803)</i>
<i>Disposals and other changes</i>	<i>-</i>	<i>644</i>	<i>-</i>	<i>210</i>	<i>-</i>	<i>854</i>
Accum. Deprec. at 30.06.24	(23,363)	(20,571)	(3,784)	(17,109)	(1,250)	(66,077)

The net book value of property, plant and equipment was as follow:

	Property	Furniture and other assets	Plant and machinery	EDP	Industrial and commercial equipment	Total
Net book value at 1.1.24	39,240	10,903	3,479	1,548	201	55,371
<i>Investments</i>	<i>2,261</i>	<i>1,171</i>	<i>201</i>	<i>536</i>	<i>100</i>	<i>4,269</i>
<i>Depreciation</i>	<i>(910)</i>	<i>(1,133)</i>	<i>(313)</i>	<i>(415)</i>	<i>(32)</i>	<i>(2,803)</i>
<i>Disposals and other changes</i>	<i>-</i>	<i>146</i>	<i>-</i>	<i>(9)</i>	<i>-</i>	<i>137</i>
Net book value at 30.06.24	40,591	11,087	3,367	1,660	269	56,974

“Property” includes the value of the buildings at Strada della Cebrosa 106, Turin, headquarters of BasicItalia S.r.l. and at Largo Maurizio Vitale 1, Turin, headquarters of the Parent Company, adjacent buildings owned by Basic Village S.p.A. acquired in late 2016, and the property complex at Via dell’Aprica, No. 12 in Milan, owned by Aprica Costruzione S.r.l, Milan, a company which was acquired in January 2020, and merged into Basic Village S.p.A. in July 2020, to which the property at C.so Regio Parco, 33, Turin, was added, acquired in 2022. The account increased in the period following the acquisition of land adjacent to the Strada della Cebrosa complex, which will allow for commercial and industrial expansion.

Total gross investments in the period amounted to Euro 4.3 million, principally relating to, in addition to the above land, the acquisition of furniture and EDP for the opening of new stores.

23. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in:		-	-
– Other companies	3	-	-
<i>Total investments</i>	3	-	-
Other receivables, guarantees	1,243	955	875
<i>Total financial receivables</i>	1,243	955	875
Total investments & other financial assets	1,246	955	875

“Other receivables, guarantees” principally refer to deposits on real estate property.

24. INTERESTS IN JOINT VENTURES

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in:			
– Joint venture	185	182	192
Total investments in joint ventures	185	182	192

Investments in joint ventures concern the value of the investment in Fashion S.r.l., held 50%. The company owns the Sabelt brand. From January 1, 2014, this category of investment has been valued at equity, as per IFRS 11.

25. DEFERRED TAX ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Deferred tax assets	7,173	8,203	7,539
Total deferred tax assets	7,173	8,203	7,539

Deferred tax assets and liabilities are calculated on all the temporary differences arising between the book value in the consolidated financial statements and their assessable amount for tax purposes.

The individual effects are reported in the table below:

	June 30, 2024			December 31, 2023		
	Temporary differences	Rate % (*)	Tax effect	Temporary differences	Rate % (*)	Tax effect
Deferred tax assets:						
- Excess doubtful debt provision not deductible	(13,431)	24.1%	(3,238)	(18,145)	24.2%	(4,384)
- Inventory obsolescence provision	(3,918)	27.7%	(1,086)	(3,300)	28.2%	(929)
- Prudent exchange differences, net	(52)	24.0%	(12)	(110)	24.0%	(26)
- Misc. charges temporarily non-deductible	(2,341)	26.5%	(620)	(1,767)	31.8%	(445)
- Effect IFRS 16 - lease payables	(263)	28.7%	(75)	(396)	28.5%	(113)
Total	(20,005)		(5,032)	(23,718)		(5,898)
Deferred tax liabilities:						
- Dividends not received	690	24.0%	166	-		-
- Amortisation/Depreciation tax basis	18,127	27.9%	5,059	16,052	27.8%	4,468
- Statutory-tax difference on amortisation, depreciation, and valuations	11,961	28.1%	3,361	12,403	28.1%	3,484
- Effect IAS 19 – Employee Benefits	127	21.8%	28	60	22.0%	13
- Effect IFRS 39 - financial instruments	1,517	24.4%	370	660	24.5%	162
- Effect IAS 37 – agents indemnity provision	248	24.0%	59	248	24.0%	59
- Amort. goodwill and other sundry	384	27.9%	107	384	27.9%	107
Total	33,054		9,149	29,806		8,294
Losses carried forward	(13,094)	25.0%	(3,253)	(13,054)	25.0%	(3,269)
Undistributed profits/reserves	30,000	1.2%	360	30,000	1.2%	360
Net deferred tax liabilities (asset)	29,956		1,224	(5,466)		(513)
Of which:						
Deferred tax assets			7,173			8,203
Deferred tax liabilities			8,397			7,690

(*) Average tax rate

Deferred tax assets are recorded considering probable their recovery based on future profit expectations, and principally relate to non-deductible doubtful debt provisions (approx. Euro 3.2 million) and inventory obsolescence provisions (approx. Euro 1 million), in addition to Euro 3.2 million of unlimited loss carry forwards for the French tax consolidation and recognised on the basis of the expected recoverability.

Deferred tax liabilities principally refer to the tax effects deriving from the application of the IFRS international accounting standards, with particular reference to the accounting of amortisation on own brands solely for tax purposes (Euro 5 million), differences between statutory and fiscal amortisation (Euro 3.4 million) and goodwill amortisation fiscally deductible (Euro 107 thousand).

The Group also recognises deferred tax liabilities on temporary differences generated by undistributed earnings of subsidiaries, where it anticipates that such earnings will be subject to distribution in the foreseeable future (Euro 360 thousand).

26. NET INVENTORIES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Raw materials, supplies and consumables	71	71	85
Finished products and goods	129,098	116,551	141,260
Inventory obsolescence provision	(5,462)	(4,382)	(4,112)
Total net inventories	123,707	112,239	137,233

Finished inventories include goods in transit at the balance sheet date, which at June 30, 2024 amount to approx. Euro 29.9 million (Euro 22.9 million at June 30, 2023), and goods held at Group brand stores for Euro 11.6 million (Euro 7.3 million at June 30, 2023).

Inventories are valued under the weighted average cost method and net of the obsolescence provision considered reasonable for a prudent valuation of inventories, which recorded the following changes during the year:

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Inventory obsolescence provision at 01.01	4,382	3,643	3,643
Provisions in the period	1,523	2,558	1,129
Utilisations	(443)	(1,819)	(660)
Inventory obsolescence provision at 30.06	5,462	4,382	4,112

27. TRADE RECEIVABLES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Gross value	90,398	98,573	85,532
Doubtful debt provision	(17,513)	(22,245)	(20,006)
Total trade receivables	72,885	76,329	65,526

“Trade receivables” refer for Euro 63 million to direct goods, compared to Euro 69.8 million at December 31, 2023, against which a doubtful debt provision was recorded of Euro 8.9 million (Euro 9.6 million at December 31, 2023) and for Euro 26.7 million to royalties and sourcing commissions (Euro 27.7 million at December 31, 2023), against which a doubtful debt provision was recorded of Euro 8.5 million (Euro 12.5 million at December 31, 2023).

The receivables are aligned with their expected realisable value through a doubtful debt provision based on estimated losses on all trade receivables and includes a component calculated on specific disputed and/or past-due positions and a residual component calculated by a statistical approach.

The movements during the year were as follows:

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Doubtful debt provision at 01.01	22,245	19,528	19,528
Initial balance from acquisition	-	-	-
Provisions in the period	2,683	5,477	1,443
Utilisations	(7,415)	(1,090)	(965)
Release	-	(1,670)	-
Doubtful debt provision at 30.06	17,513	22,245	20,006

The utilisations of the provision are related to the write off of long outstanding amounts and are made when the legal documentation of the loss has been received. Specifically, the extraordinary use in the period

concerns the final liquidation of the long-standing Kappa licensee in Korea, with the process beginning in 2020. Provisions are made based on an examination of individual credit positions and the estimation of expected losses also based on statistical and parametric elements. Overdue receivables not written down are generally recovered in the period immediately after the maturity date and in any case are subject to specific recoverability evaluations.

28. OTHER CURRENT ASSETS

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Tax receivables	10,553	11,039	10,069
Other receivables	3,832	3,647	4,054
Total other current assets	14,385	14,686	14,123

Current “tax receivables” principally relate to withholding taxes on royalties for Euro 5.8 million, VAT receivables for Euro 1.9 million, IRES and IRAP receivables of Euro 1.3 million, in addition to minor amounts.

“Other receivables” mainly includes advances to suppliers and sundry receivables. The account also includes the premium paid to the insurance company against Directors Termination Indemnities, to be paid to the Chairman of the Board of Directors, as approved by the Board of Directors on April 13, 2022, on the indication of the Shareholders’ AGM and the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, on conclusion of his role for Euro 1.5 million (of which Euro 0.5 million settled in the period).

29. PREPAYMENTS

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Expenses pertaining to future collections	630	1,116	1,609
Sponsorship and media	3,480	3,437	2,466
Other	5,790	6,946	5,421
Total prepayments	9,900	11,499	9,496

The “expenses pertaining to future collections” include the costs relating to new Collections to be brought to the market, as well as presentations costs for the relative sales meetings.

The “sponsorship costs” relate to the annual amount contractually defined by the parties, which is partially invoiced in advance during the sports season, compared to the timing of the services.

The “other prepayments” include various costs for samples, services, utilities, insurance and other minor amounts incurred by the companies of the Group.

30. CASH AND CASH EQUIVALENTS

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Bank and postal deposits	19,221	31,754	12,774
Cash in hand and similar	128	208	136
Total cash and cash equivalents	19,349	31,962	12,910

“Bank deposits” refer to temporary current account balances principally due to receipts from clients. In particular, they are held at: K-Way France S.a.s. (Euro 2.9 million), companies of the Kappa France Group (Euro 7.9 million), Kappa S.r.l. (Euro 2.1 million), K-Way S.p.A. (Euro 1.1 million), BasicNet S.p.A. (Euro 0.7

million), Kappa Sport Iberia S.L. (0.4 million), Basic Properties America, Inc. (Euro 1.8 million), K-WayRetail S.r.l. (Euro 0.4 million) and for the difference at the other Group companies (Euro 1.9 million).

31. DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Derivative financial instruments	1,790	930	1,577
Total	1,790	930	1,577

Reference should be made to Note 45 below for further details.

32. SHAREHOLDERS' EQUITY

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Share capital	31,717	31,717	31,717
Treasury shares	(17,876)	(16,442)	(15,117)
Other reserves	143,145	125,137	122,961
Net Profit	2,820	24,376	7,429
Total Shareholders' Equity	159,806	164,787	146,990

The “share capital” of the Parent Company, amounting to Euro 31,716,673.04, is divided into 54,000,000 fully paid-in ordinary shares without par value.

In April, as approved by the Shareholders' Meeting of BasicNet S.p.A. of April 16, 2024, in relation to the allocation of the 2023 net profit, a dividend of Euro 0.15 per share was distributed to each of the ordinary shares in circulation, for a total pay-out of approx. Euro 7.4 million.

With the purchases during the period of 364,200 treasury shares in execution of the authorising shareholder motions of April 13, 2023 and April 16, 2024, there were 4,737,700 treasury shares in portfolio, equal to 8.773% of the share capital.

The account “other reserves” comprises:

- the “cash flow hedge reserve”, positive for Euro 1.1 million, changed in the period due to the fair value measurement of cash flow hedges held at June 30, 2024;
- the “re-measurement reserve for defined benefit plans (IAS 19)”, positive for Euro 156 thousand, refers to the changes in the actuarial gains/losses (“re-measurement”). The valuation is shown net of the tax effect;
- the “*re-measurement reserve for employee defined benefit plans (IAS 37)*” refers to the changes in the actuarial gains/losses (“re-measurement”). The valuation is shown net of the tax effect. This reserve, a positive Euro 188 thousand, is unavailable;
- the “currency conversion reserve”, positive for Euro 1.6 million, entirely concerns conversion differences into Euro of the financial statements of the US, Asian, Swiss and English subsidiaries;
- the “retained earnings” amounting to Euro 140 million, an increase of Euro 16.3 million compared to the end of 2023. This change follows an increase of Euro 16.9 million in retained earnings from the previous year.

The other gains and losses recorded directly to equity in accordance with IAS 1 – Presentation of financial statements are reported below.

	June 30, 2024	December 31, 2023	June 30, 2023
Effective part of the Gains/(losses) on cash flow instruments generated in the period (currency hedges)	510	2,476	543
Effective part of the Gains/(losses) on cash flow instruments generated in the period (interest rate hedges)	296	227	55
Effective part of the Gains/losses on cash flow hedge instruments	806	2,703	598
Remeasurement of the agents indemnity provision (IAS37) (*)	-	248	-
Re-measurement of defined benefit plans (IAS 19) (*)	27	173	215
Gains/(losses) from translation of accounts of foreign subsidiaries	385	(238)	(166)
Tax effect relating to the Other items of the comprehensive income statement	(163)	(728)	(203)
Total other gains/(losses), net of tax effect	1,056	2,158	444

(*) items which may not be reclassified to the profit and loss account

The tax effect relating to Other gains/(losses) is as follows:

	June 30, 2024			June 30, 2023		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Effective part of Gains/losses on cash flow hedge instruments	510	(85)	425	544	(138)	406
Effective part of the Gains/(losses) on cash flow instruments generated in the year (interest rate hedges)	297	(71)	226	55	(13)	42
Remeasurement of the agents indemnity provision (IAS37) (*)	-	-	-	-	-	-
Remeasurement gains/(losses) Employee defined benefit plans (IAS 19) (*)	27	(7)	20	215	(52)	163
Gains/(losses) from translation of accounts of foreign subsidiaries	385	-	385	(166)	-	(166)
Total other gains/(losses), net of tax effect	1,219	(163)	1,056	647	(203)	444

(*) items which may not be reclassified to the profit and loss account

33. PROVISIONS FOR RISKS AND CHARGES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Provisions for risks and charges	4,552	4,337	1,773
Total provisions for risks and charges	4,552	4,337	1,773

The provision for risks and charges relates to the Agents Termination Indemnity Provision (FIRR), the Agents Supplementary Indemnity Provision (FISC), and the provisions for commercial disputes and disputes with the licensee network.

The increase for the period includes the adjustment for the higher estimate of the expected future outlay for the termination of a licensing and distribution agreement.

34. LOANS

The changes in the loans during the year are shown below:

	31/12/2023 Repayments		New loans	30/06/2024	Short-term portion	Medium /long-term portion
Banco BPM Mortgage Loan (Real Estate)	27,563	(1,575)	-	25,988	3,150	22,838
MPS loan (Sebago)	2,438	(2,438)	-	-	-	-
Banco BPM Unsecured Loan (Kappa Japan brand)	4,125	(750)	-	3,375	1,500	1,875
FCG Loan L.662/96 (BasicNet)	3,781	(688)	-	3,094	1,375	1,719
FCG Loan L.662/96 (BasicItalia)	3,781	(688)	-	3,094	1,375	1,719
FCG Loan L.662/96 (K-WayRetail)	3,025	(550)	-	2,475	1,100	1,375
FCG Loan L.662/96 (Kappa Japan brand)	4,125	(688)	-	3,438	1,375	2,063
BPI KE loan	668	(167)	-	501	333	168
Abanca "Covid-19" subsidised loan	101	(33)	-	68	68	-
KSI "Covid-19" subsidised loan	191	(71)	-	120	120	-
Intesa KFF loan	400	-	-	400	400	-
BNP Loan – La Baule	257	(29)	-	229	57	171
BPI Loan – La Baule	286	(29)	-	257	57	200
HSBC Loan – Montpellier	157	(23)	-	134	47	87
BNP Loan – Nice	255	(39)	-	216	79	137
SGE Loan – Lyon	191	(44)	-	147	88	59
SGE Loan – Temple (restructuring)	63	(23)	-	40	40	-
BNP Loan – Temple	85	(42)	-	43	43	-
SGE Loan – Temple	89	(44)	-	46	46	-
SGE Loan – Biarritz	154	(27)	-	126	55	72
BPI Loan – Biarritz	150	(56)	-	94	75	19
BNP Loan – PGE	291	(62)	-	229	124	104
HSBC Loan – PGE	196	(42)	-	154	84	70
SGE Loan – PGE	196	(42)	-	154	84	70
BNP – Lyon	900	(22)	-	878	170	708
Balance	53,467	(8,169)		45,315	11,844	33,471

The maturity of the long-term portion of loans is highlighted below:

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Medium/long term loans:			
- due within 5 years	26,383	30,474	33,784
- due beyond 5 years	7,088	8,663	10,237
Total medium/long-term loans	33,471	39,136	44,021
Leasing payables	369	77	153
Total leasing payables (maturity within 5 years)	369	77	153
Total loans	33,839	39,214	44,174

The “Banco BPM Mortgage” was disbursed in September 2022 for Euro 31.5 million and has a ten-year duration, repayable in quarterly instalments. The variable rate, equal to the quarterly Euribor +150 points, was hedged for 30% of the notional amount at a fixed rate of 3.52%. The loan, secured by a first level mortgage on the BasicVillage in Turin and the adjacent property, the BasicVillage in Milan, and the property on Strada Cebrosa, made it possible to fully refinance the debt arising from the Group's real estate operations.

The “MPS Loan” was issued in July 2017 for Euro 13 million and is of six-year duration, repayable in quarterly instalments from December 2019 at a quarterly Euribor rate (although not below zero) plus 170 basis points. No financial covenants are stipulated, although the maintenance of a number of ownership conditions are required concerning BasicNet S.p.A., in particular that the overall investment (direct or indirect) of BasicWorld S.r.l. in BasicNet S.p.A. should not reduce below 30%. The loan is supported by a pledge on the shares of Sebago S.r.l. (previously “TOS S.r.l.”), owner of the Sebago brand, with obligation to maintain the full investment in the company by the Group.

The “BPM Banco Unsecured Loan” was issued in September 2020 for Euro 6 million and is of six-year duration, repayable in quarterly instalments from December 2022 at a quarterly Euribor rate plus 135 basis points (Note 45). The loan funded Basic Trademark's purchase of the Kappa Japan brand (now Kappa S.r.l.). No financial covenants are stipulated, although the maintenance of a number of ownership conditions are required concerning BasicNet S.p.A., in particular that the overall investment (direct or indirect) of BasicWorld S.r.l. in BasicNet S.p.A. should not reduce below 30%, in addition to the constraint of maintaining the Group's total shareholding in Kappa.

For the loans disbursed in 2020 under the SMEs Guarantee Fund, the following should be noted:

1. BasicNet: Intesa loan in October 2020 disbursed for Euro 5.5 million; it has a six-year term, repayable in quarterly instalments, starting from December 2022, at a fixed rate. The contractual terms provide that the use of the related cash is restricted to the payment of suppliers for the purchase of services and salaries to employees. The Fund's guarantee covers 90% of the amount disbursed;
2. BasicItalia: Intesa loan in October 2020 disbursed for Euro 5.5 million; it has a six-year term, repayable in quarterly instalments, starting from December 2022, at a fixed rate. The contractual terms provide that the use of the related cash is restricted to the payment of suppliers for the purchase of services and salaries to employees. The Fund's guarantee covers 90% of the amount disbursed; The financing is backed by an additional guarantee from BasicNet;
3. K-WayRetail: BPM Banco Loan issued in September 2020 for Euro 5.5 million (initially issued to BasicRetail and transferred to K-WayRetail); and is of six-year duration, repayable in quarterly instalments from December 2021 at a quarterly Euribor rate plus 110 basis points (Note 46). The contractual terms provide that the use of the related cash is restricted to the payment of suppliers for the purchase of services and goods and salaries to employees. The Fund's guarantee covers 90% of the amount disbursed;
4. Kappa: BPM Banco Loan issued in October 2020 for Euro 5.5 million and is of six-year duration, repayable in quarterly instalments from January 2023 at a quarterly Euribor rate plus 125 basis points (Note 46). The contractual terms provided that the use of the relative liquidity was tied to the purchase of the Kappa Japan brand. The Fund's guarantee covers 90% of the amount disbursed;

The "Intesa KFF Loan" was disbursed in 2019 for Euro 3.6 million to Kappa France by the French branch of Banca Intesa Sanpaolo S.p.A. The unsecured loan is repayable over 5 years in half-yearly instalments, at a half-yearly Euribor rate increased by 185 basis points, converted into a fixed finished rate of 1.65%.

The terms of the unsecured loans granted to the Spanish subsidiary, individually of insignificant amounts, are generally in line with those of the Group's medium/long-term debt.

As part of the acquisition of K-Way France, the Group incorporated

- i. 10 loan contracts, generally backed by collateral on "fonds de commerce", originally entered into to finance the acquisition, development or renovation of monobrand stores;
- ii. 3 loan contracts, backed by a guarantee from the French state, and disbursed as part of the measures to support enterprises in the face of the COVID-19 epidemic.

During the previous year, K-Way France obtained an additional five-year loan for Euro 0.9 million, which is to be repaid in quarterly instalments. The fixed rate was 4.40%. Backed by the related *fonds de commerce*, the loan partially funded the acquisition and redevelopment of new Lyon boutique.

At June 30, 2024, the credit lines available from the banking system (bank overdrafts, commercial advances, medium/long-term loans, import financing, leasing and letters of credit), amounted to Euro 404.1 million, broken down as follows:

<i>(in millions of Euro)</i>	June 30, 2024	Dec. 31, 2023	June 30, 2023
Cash facility	298.8	295.1	283.8
Factoring	14.2	14.2	14.2
Letters of credit and swaps	43.8	43.3	46.3
Medium/long term loans	45.3	55.6	59.5
Property leases	-	1.0	-
Equipment leasing	2.0	-	1.0
Total	404.1	409.2	404.8

The average interest paid for the BasicNet Group in the period is reported in Note 35 below.

35. BANK PAYABLES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Bank payables due within one year:			
- short-term portion of medium/long-term loans	11,844	14,330	15,428
- bank overdrafts and bills	42,263	43,832	21,704
- import advances	24,523	27,189	28,633
Total bank payables	78,630	85,351	65,765

The portion of medium/long-term loans due within one year is included under short-term bank debt as described in Note 34.

The changes in the financial position are commented upon in the Directors' Report. Interest due matured at the end of the year on short and medium/long-term loans is reported in the account "bank payables".

Cash advances refer to temporary utilisation by the Parent Company BasicNet S.p.A., for Group treasury needs.

The financial debt by interest rate at June 30, 2024 is as follows:

	Interest Rate		Total
	Fixed	Variable	
Short-term	10,058	68,572	78,630
Medium/long term	17,376	16,463	33,839
Total	27,434	85,035	112,469

The average interest rate on medium/long term loans was 3.23%.

36. PAYABLES FOR RIGHT-OF-USE

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Payables for rights-of-use	43,633	36,778	31,570
Total payables for right-of-use	43,633	36,778	31,570

In H1, new contracts or renewals of existing agreements amounting to Euro 12.3 million were recognised, respective payables of Euro 4.4 million were settled, and payables reduced due to contractual changes or early terminations for Euro 0.9 million.

37. OTHER FINANCIAL PAYABLES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Payables for earn-out	6,432	8,146	9,738
Total other financial payables	6,432	8,146	9,738

Other financial payables include the portion due beyond one year of the variable component ("earn-out") of the price to be paid for the acquisition of K-Way France. The portion due within one year amounts to Euro 1.6 million and is classified to Other current liabilities (Note 43).

38. EMPLOYEE AND DIRECTOR BENEFITS

The account includes the post-employment benefits for employees of approx. Euro 3 million and the termination indemnities of Directors of Euro 1.1 million.

39. DEFERRED TAX LIABILITIES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Deferred tax liabilities	8,397	7,690	7,401
Total deferred tax liabilities	8,397	7,690	7,401

Reference should be made to Note 25 above for further details.

40. OTHER NON-CURRENT LIABILITIES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Guarantee deposits	2,227	2,225	1,942
Total other non-current liabilities	2,227	2,225	1,942

The “guarantee deposits” include the guarantees received from licensees, to cover the minimum royalties guaranteed contractually.

41. TRADE PAYABLES

“Trade payables” are payable in the short-term and increased by approx. Euro 19.8 million compared to December 31, 2023, due to the Group’s normal trading cycle. At the date of these consolidated half-year financial statements there are no initiatives for the suspension of supplies, payment injunctions or executive actions by creditors against BasicNet S.p.A. or other companies of the Group.

Trade payables are normally settled between 30 and 120 days. The book value of trade payables equates the relative fair value.

42. TAX PAYABLES

The breakdown of this account is shown in the following table:

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Tax payables:			
IRES	2,272	861	8,385
Employee contributions	875	675	738
Group VAT	2,737	6,056	4,380
Other	297	196	175
Total tax payables	6,181	7,788	13,678

Current tax payables include provisions for IRES and IRAP to be settled at the reporting date.

43. OTHER CURRENT LIABILITIES

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Payables for the purchase of equity investments	1,649	1,592	-
Payables to employees and directors	5,076	3,768	4,873
Social security institutions	3,126	2,884	2,822
Accrued expenses	269	1,270	211
Shareholder dividend account	5	2	562
Other payables	3,322	3,768	3,350
Total other current liabilities	13,447	13,284	11,818

“Payables for the purchase of equity investments” includes the estimate of the portion due within one year of the variable component (“earn-out”) of the price based on the 2024 results, to be paid for the acquisition of K-Way France. This is an item of a financial nature, so it is included in the statement of Consolidated Net Financial Position in accordance with ESMA instructions.

The account “accrued expenses” principally includes deferred employee remuneration.

“Payables to employees and Directors” mainly concern salaries and expenses for reimbursement settled in the subsequent month.

“Other payables” at June 30, 2024 principally concern royalty payments on account from licensees (Euro 141 thousand) and other miscellaneous amounts.

44. DEFERRED INCOME

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Royalties for period/subsequent period	14	1,368	37
Sponsored goods revenues	3,927	3,890	3,247
Entry Fee	1,943	4,187	-
Other deferred income	626	609	1,278
Total deferred income	6,510	10,055	4,562

The “sponsored goods revenues” relates to the invoicing of sponsored merchandise, which contractually partially refers to the period after the reporting date, with corresponding prepayments recorded under assets for sponsoring costs.

45. DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2024	Dec. 31, 2023	June 30, 2023
Derivative financial instruments	274	270	3,022
Total	274	270	3,022

The amount includes the market value at June 30, 2024 of the currency hedge instruments on US Dollars (cash flow hedge), subscribed with primary credit institutions; the instrument utilised, called flexi term, operates in the form of forward currency purchases on a portion of the estimated currency needs for the purchase of goods on foreign markets, to be made in 2024 and 2025, on the basis of the goods orders already sent to suppliers, or still to be made but included in the budget. At June 30, 2024, commitments were in place on estimated future purchases, for USD 25.15 million, broken down into 6 transactions with differing maturities and variable pre-fixed rates from USD 1.1025/Euro to USD 1.095/Euro. An equity reserve was recorded of approx. Euro 1.1 million, net of the tax effect. During 2024, forward purchase operations were utilised for approx. USD 14.85 million and the relative effects were recognised to the income statement.

In the case of the Interest Rate Swap (IRS) agreed by the Group, the specific hedge of the variable cash flow realised at market conditions, through the signing of the fix/flo IRS perfectly hedges the item to which the original cash flows stem, as in this case, and continues to be considered effective.

46. GUARANTEES GIVEN/COMMITMENTS

With reference to the guarantees and commitments of the Group with third parties reference should be made to Note 34.

We highlight:

1. For BasicItalia: in February 2010, Intesa Sanpaolo S.p.A. and the Company signed an agreement which would permit access to subsidised finance for the start-up of franchising stores of the Group, against which the Company guarantees a portion of the loan and the purchase of assets in leasing and sub-entry into the management of the sales point in the case of non-compliance of the store owner. At June 30, 2024, Euro 2 thousand was in escrow deposits; guarantees amounting to Euro 60 thousand were issued, commitments for guarantees in favour of the tenants of the stores where the Company directly retails the products were undertaken for Euro 2.3 million, and a surety to guarantee the contractual commitments related to a technical sponsorship contract for Euro 300 thousand;
2. BasicNet S.p.A.: the company has commitments for guarantees in favour of store tenants in the interest of SupergaRetail for Euro 52 thousand, of KappaRetail for Euro 229 thousand, of K-WayRetail for Euro 251 thousand and of SebagoRetail for Euro 71 thousand;
3. Kappa S.r.l.: the company has undertaken guarantees on the VAT deposit for Euro 4.3 million and commitments for guarantees on leasing issued in favour of the Company for Euro 55 thousand;
4. For K-Way S.p.A.: it has commitments undertaken through some Credit Institutions, which refer to the opening of documentary credits (letters of credit) for the import of goods for an amount of Euro 17.5 million and VAT deposit guarantees for Euro 2.5 million;
5. K-WayRetail S.r.l.: the company has undertaken commitments for guarantees on leasing issued in favour of the Company for Euro 155 thousand and guarantees in favour of the tenants of stores where the Company conducts direct retail sales for Euro 439 thousand;
6. Superga S.r.l.: the company has undertaken guarantees on VAT deposits for Euro 1.2 million;
7. Sebago S.r.l.: the shares of the company are subject to a pledge in favour of MPS Capital Services Banca per le Imprese S.p.A. as guarantee of the loan issued in July 2017 and VAT deposit guarantees for Euro 636 thousand;
8. K-Way France S.a.s.: the commercial activities concerning the direct sales points in Montpellier, Paris (Rue de Temple), La Baule, Lyon, Biarritz and Nice are pledged as collateral for the respective loans.

47. CLASSIFICATION OF THE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The principal risks and uncertainties of the Group activities are described in the Directors' Report.

The financial instruments of the BasicNet Group include:

- cash and cash equivalents and bank overdrafts;
- medium/long-term loans and lease financing;
- derivative financial instruments;
- trade payables and receivables.

It is recalled that the Group only subscribes to cash flow hedges, to hedge against interest and currency risks.

In accordance with the requirements of IFRS 7 in relation to financial risks, the types of financial instruments present in the financial statements, with indication of the valuation criteria applied, are reported below:

	Financial instruments at fair value recorded through:		Financial instruments at amortised cost	Non-listed investments valued at cost	Book value at 30.06.2024
	Income Statement	Shareholders' Equity			
Assets:					
Equity invest. & other financial assets	-	-	-	1,246	1,246
Interests in joint ventures	-	-	-	185	185
Cash and cash equivalents	-	-	19,349	-	19,349
Trade receivables	-	-	72,885	-	72,885
Other current assets	-	-	14,385	-	14,385
Derivative financial instruments	-	1,790	-	-	1,790
Liabilities:					
Medium/long-term loans	-	-	33,839	-	33,839
Bank payables	-	-	78,630	-	78,630
Trade payables	-	-	96,762	-	96,762
Other current liabilities	-	-	13,447	-	13,447
Derivative financial instruments	-	274	-	-	274

The financial risk factors, identified in IFRS 7 – Financial instruments: additional disclosures, are described below:

- the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in market prices (“market risk”). The market risk includes the following risks: price, currency and interest rates:
 - a. the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in market prices (other than changes determined from interest rate or currency risk), whether the changes are determined by specific factors related to the financial instrument or its issuer, or whether it is due to factors which influence all similar financial instruments traded on the market (“price risk”);
 - b. the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in currency prices (“currency risk”);
 - c. the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in market interest rates (“interest rate risk”);
- the risk that one of the parties that signs a contract of a financial nature does not comply with an obligation (“credit risk”);
- the risk that an entity has difficulty in complying with the obligations associated with the financial liabilities (“liquidity risk”);
- the risk that the loans within the companies of the Group contain clauses which allow the counterparties to request the creditor on the occurrence of certain events or circumstances the immediate repayment of the sums granted and not yet due, generating a liquidity risk (“default risk”).

Price risk

The Group is exposed to the risk of fluctuations of commodity prices relating to raw materials (wool, cotton, rubber, synthetic fibre etc.) incorporated in the finished products which the Group commercial companies acquire on international markets, as well as fluctuations in the cost of oil which influences transport costs. The Group does not hedge these risks as not directly dealing with raw materials but only finished products and is exposed for the part of the increase which cannot be transferred to the final consumer if the market and competitive conditions do not permit such.

Currency risk

The BasicNet Group has subscribed the majority of its financial instruments in Euro which corresponds to its functional and presentation currency. Operating on the international market the group is also exposed to fluctuations in exchange rates, principally the US Dollar against the Euro.

At June 30, 2024, unrealised exchange gains were recorded of Euro 211 thousand, while unrealised exchange losses were recorded of Euro 102 thousand, for a net exchange gain of Euro 109 thousand.

The amount includes the market value at June 30, 2024 of the currency hedge instruments on US Dollars (cash flow hedge), subscribed with primary credit institutions; the instrument utilised, called flexi term, operates in the form of forward currency purchases on a portion of the estimated currency needs for the purchase of goods on foreign markets, to be made in 2024 and 2025, on the basis of the goods orders already sent to suppliers, or still to be made but included in the budget.

At the consolidated half-year reporting date, there were 6 hedge transactions on US Dollar fluctuations, totalling USD 25.15 million; the relative effects are illustrated in the account “Derivative financial instruments”, in Note 45.

Group Management considers that the management and containment policies adopted for this risk are adequate.

All medium/long-term loans and leasing contracts are in Euro, therefore they are not subject to any currency risk.

Interest rate risk

The composition of the gross financial debt between fixed and variable interest rates at June 30, 2024 is shown below:

	June 30, 2024	%	June 30, 2023	%
Fixed rate	27,434	24.4%	50,025	45.5%
Variable rate	85,035	75.6%	59,914	54.5%
Gross debt	112,469	100.00%	109,939	100.00%

The interest rate fluctuation risks of some medium/term loans were hedged with conversion of the variable rate into fixed rates, as described in Note 45. On the remaining part of the debt, the Group is exposed to fluctuation risks.

Where at June 30, 2024 the interest rate on long/term loans at that date were 100 basis points higher (or lower) compared to the actual rates, there would be a higher financial charges (lower), before the tax effect, respectively of Euro +164 thousand and Euro -164 thousand.

Credit risk

The doubtful debt provision (Note 27) which includes provisions against specific credit positions and a general provision on an historical analysis of receivables, represents approx. 19.4% of trade receivables at June 30, 2024.

Liquidity risk

Liquidity risk is mitigated in the short-term period by the significant generation of cash realised by the “licenses and trademarks” segment, by the significant positive net working capital, and by the overall credit lines provided by the banking system (Note 34).

The table below illustrates the cash flow timing of payments on medium/long-term debt.

Default and debt covenant risk

The risk that the loans within the companies of the Group contain clauses (covenants) which allow the counterparties to request the creditor on the occurrence of certain events or circumstances the immediate repayment of the sums granted and not yet due, generating a liquidity risk.

The loans in place at the reporting date are not subject to financial covenants.

48. INTERCOMPANY TRANSACTIONS AND TRANSACTIONS WITH RELATED COMPANIES

The transactions between the Parent Company and its subsidiaries and between the subsidiaries were within the normal operating activities of the Group and were concluded at normal market conditions. The balance sheet and income statement effects of the transactions are eliminated in the consolidation process. Based on the information received from the companies of the Group there were no atypical or unusual operations.

BasicNet S.p.A. and, as consolidated companies, BasicItalia S.p.A., K-Way S.p.A., K-WayRetail S.r.l., Kappa S.r.l., KappaRetail S.r.l., Basic Village S.p.A., Jesus Jeans S.r.l., Sebago S.r.l., SebagoRetail S.r.l., Superga S.r.l., SupergaRetail S.r.l., and BasicAir S.r.l. have adhered to the national fiscal regime as per Article 177/129 of the CFA.

Kappa France S.a.s. and its subsidiaries and K-Way France S.a.s. are part of the French tax consolidation regime pursuant to Articles 223-A/223-U of the General Tax Code (CGI).

The transactions with related parties for the period ended June 30, 2024 are reported below:

	Investments	Trade receivables	Trade Payables	Other Income	Costs
Interests in joint ventures:					
- Fashion S.r.l.	185	-	-	-	-
Remuneration of Boards and Senior Executives and other related parties	-	-	-	-	4,020

The remuneration concerns emoluments and all other payments, pension-related or social security deriving from the role of Director or Statutory Auditor in BasicNet S.p.A. and the other companies within the consolidation scope.

49. SUBSEQUENT EVENTS

They are described in the Directors' Report.

50. CONSOB COMMUNICATION NO. DEM/6064293 OF JULY 28, 2006

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, we report that there were no non-recurring significant operations during the year.

51. CONTINGENT LIABILITIES/ASSETS

The BasicNet Group is involved in some legal disputes of a commercial nature which are not expected to give rise to significant liabilities.

Tax disputes

End-of-mandate prov. deductibility

In the initial months of 2018, a tax dispute with the Tax Agency began, following the inspection by the Finance Police for the years 2012 to 2017 at BasicNet S.p.A. In the tax assessments which resulted from the audit, the Agency alleged the partial non-deductibility of the Post-employment benefit provision accrual made for the Executive Boards for the years 2012 to 2015, on the basis of an interpretation of the rules governing Post-employment benefits for employees, in the total absence of specific tax rules. The Tax Agency claim amounted to approx. Euro 360 thousand for IRES, in addition to penalties and interest. Not agreeing with the Tax Agency's interpretation and noting also favourable jurisprudence in similar cases, the Company presented an appeal for all of the years subject to assessment. In March 2019, the Turin Provincial Tax Commission heard the appeal presented by BasicNet. The Tax Agency has appealed against the Tax Commission's decision. The hearing before the Regional Tax Commission held in September 2020 confirmed the Turin Provincial Tax Commission's verdict, finding in favour of BasicNet.

In April 2021, the Supreme Court of Cassation notified BasicNet of the challenge made by the Tax Agency. In February 2023, Section VI referred the case to Section V of the Supreme Court.

At the end of September 2023, the Company decided to take advantage of the facilitated settlement of pending tax disputes, as outlined in Article 1, paragraphs 186 to 202, of Italian law no. 197 of December 29, 2022 (Budget Law 2023), given the option to definitively conclude the dispute with payment of approximately Euro 24,500, equivalent to 5% of the higher taxes previously assessed. This approach allowed the Company to avoid the prolongation of disputes, thereby saving on additional defence costs and, more importantly, eliminating the risk, albeit limited, of an unfavourable verdict from the Supreme Court. As of today, the Company is waiting for the Court to acknowledge the settlement and declare the definitive closure of the matter in dispute.

Alleged tax inversion Basic Properties America

On December 28, 2018, tax assessments were received from the Tax Agency by the subsidiary Basic Properties America, Inc., with registered and administration office in New York-USA, following checks on BasicNet by the Finance Police in 2017, on the basis of the alleged tax inversion claimed by the latter against the US subsidiary. The assessments initially concern financial years 2011, 2012 and 2013, alleging tax evasion in Italy for approx. Euro 3.6 million, in addition to interest and penalties. Tax assessments were also received by BasicTrademark S.A. and SupergaTrademark S.A. for the alleged evasion of VAT for approx. Euro 1 million, on the basis that the royalties paid by Basic Properties America, Inc., for tax purposes considered an Italian company, to these two companies should have been subject to VAT. In July 2019, similar tax assessments for financial year 2014 were received, with claims for additional taxes of approx. Euro 0.3 million and for VAT for approx. Euro 0.1 million.

As they did not consider the arguments put forward by the Agency to be well-founded, the companies lodged appeals against the tax assessments and requests for provisional suspension of the executive effects of the assessments. The Turin Provincial Tax Commission, which had already accepted the request for provisional suspension in October 2019, at the end of January 2020 fully accepted the combined appeals of Basic Properties America Inc., BasicTrademark S.A. (changed its legal format to a "S.r.l." and its name to Kappa S.r.l.) and Superga Trademark S.A. (now S.r.l. and subsequently incorporated with BasicTrademark S.r.l., now Kappa S.r.l.) and cancelled the tax assessments issued by the Tax Agency.

In June 2020, the Tax Agency appealed against the Provincial Tax Commission's decision. In February 2023, the Piedmont Second Instance Tax Court rejected the Tax Agency's grounds of appeal, upholding the first instance decision favourable to the Group.

In May and June 2021, assessment notices relating to 2015 were received, with further demands of approx. Euro 0.2 million for direct taxes and Euro 0.3 million for VAT: the companies prepared their respective appeals, as well as the requests for provisional suspension of the effects. Nonetheless, the collections unit of the tax administration took charge of the amounts demanded, issuing payment demands equal to one-third of the respective assessment notices. In January 2023, the Turin First Instance Tax Court communicated acceptance of the appeal filed by the Group Companies.

In October 2022, assessment notices relating to 2016 were received, with further demands of approx. Euro 0.4 million for direct taxes and Euro 0.3 million for VAT: the companies prepared their respective appeals, as well as the requests for provisional suspension of the effects. In late February, the Turin First Instance Tax Court suspended the execution of the challenged acts and set a hearing on the merits for June 2023.

On June 21, 2023, the first level judgement of the Tax Court fully accepted the combined appeals of Basic Properties America Inc., BasicTrademark S.A. (which changed its legal format to a “S.r.l.” and its name to Kappa S.r.l.) and Superga Trademark S.A. (now S.r.l. and subsequently incorporated with BasicTrademark S.r.l., now Kappa S.r.l.) and cancelled the tax assessments issued by the Tax Agency in relation to fiscal year 2016.

As noted, the 2023 Budget Law provided for a series of defining institutions of the tax claim (“tax truce”); consequently, its entry into force, in its definitive version, entailed an eleven-month suspension of the deadlines for appealing all judgments, regarding definable disputes, which would have ordinarily expired between January 1 and October 31, 2023. Therefore, as of December 1, 2023 the ordinary terms for any appeal by the Tax Agency in the second instance (for the 2015-2016 fiscal years) or in the Court of Cassation (for the 2011-2014 fiscal years) commenced.

On January 17, 2024, the Office recommended an appeal of the unfavourable ruling issued in June 2023 by the tax court of first instance concerning the assessments related to 2016.

Lastly and specifically on June 5, 2024, the Office also recommended an appeal of the unfavourable ruling issued in January 2023 by the tax court of first instance concerning the assessments related to 2015.

As of today's date, the Group companies have had their claims recognised in the first instance for all the years in dispute and in the second instance for the years 2011 to 2014.

Commercial disputes

FISI pre-emption right

BasicItalia S.p.A. has exercised, on June 3, 2021, its pre-emption right, under the agreement concluding on April 30, 2022, to enter into a new sponsorship contract for the Italian Winter Sports Federation through the Kappa brand for the four-year period 2022-26, which includes the Milan Cortina 2026 Olympics. Nevertheless, FISI considered that the exercise of the pre-emption right by BasicItalia S.p.A. was not sufficient to conclude a contract and informed the BasicNet Group of its intention to sign a sponsorship agreement with a third party.

The judgment in the case on the merits, issued on February 23, 2023, confirms this protective order issued on July 14, 2022 and the position of BasicItalia S.p.A., namely that from the moment of BasicItalia S.p.A.'s acceptance of the conditions offered by FISI, and thus from June 3, 2021, a new sponsorship contract was concluded between BasicItalia S.p.A. and FISI for the 2022/23 seasons until the 2025/26 season, also recognising a right of first refusal in favour of Basic Italia S.p.A. for the following four-year period.

As a result, the court ordered FISI to fulfil its contractual obligations, prohibiting FISI from entering into supply and sponsorship contracts with third parties other than BasicItalia S.p.A. and from using in its competitive activities clothing items with trademarks other than those indicated in the contract between BasicItalia S.p.A. and FISI.

Regarding damages, the Court ruled that the damage resulting from FISI's breach of duty can only be fully assessed and quantified following the last competitive season until at least 2025/2026.

FISI appealed the judgment by writ of summons served on March 27, 2023, requesting to suspend and/or revoke the provisional enforceability of the judgment and to uphold the appeal on the basis of the conclusions advanced by FISI in the first instance judgment and, by way of counterclaim, to establish BasicItalia's failure to comply with the provisions of the Contract and to declare the termination of the Contract for non-performance with an order to pay damages.

Meanwhile, on July 20, 2024, FISI's request for a stay of the enforceability of the first instance ruling was granted by the Court of Appeals, pending further consideration of the documents in the appeal proceedings.

The hearing to send the case for decision was held on June 13, 2024. From that date, the 60 days shall run within which the Milan Court of Appeals must file the judgment, subject to any holiday suspensions.

On behalf of the Board of Directors

The Chairperson

Marco Daniele Boglione

ATTACHMENT 1

COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE LINE-BY-LINE METHOD

	Registered Office	Corporate purpose	Share capital		Parent company holding (%)
PARENT COMPANY					
BasicNet S.p.A.					
Directly held subsidiaries:					
- BasicAir S.r.l. single shareholder company	Turin (Italy)	Company owning the Cessna Citation VII aircraft.	EURO	3,000,000	100
- BasicItalia S.r.l. single shareholder company	Turin (Italy)	Logistics hub for the Group's distribution companies and providers of operations, legal and administrative services	EURO	100,000	100
- BasicNet Asia Ltd.	Hong Kong (China)	Control activity of the licensees and sourcing centre in Asia.	HKD	10,000	100
- BasicNet Asia Company Limited	Ho Chi Minh City (Vietnam)	Control activity of the licensees and sourcing centre in Asia.	DONG	462,600,000	100
- Basic Properties America, Inc.	Richmond (Virginia – USA)	Sub-license of brands for the American market	USD	2,000	100
- BasicVillage S.p.A. - single shareholder company	Turin (Italy)	Management of the properties owned in Turin - Largo M. Vitale 1, C.so Regio Parco, 43, C.so Regio Parco, 33, Strada della Cebrosa 106, and adjacent land, and Milan - Via dell'Aprica 12.	EURO	412,800	100
- Jesus Jeans S.r.l. single shareholder company	Turin (Italy)	Initially set up to manage the Jesus Jeans brand.	EURO	10,000	100
- Kappa S.r.l. single shareholder company	Turin (Italy)	Company owning the Kappa, Robe di Kappa, Briko brands and distributor for the brands, managing direct-to-public outlets for the brands' products.	EURO	1,300,000	100
- K-Way S.p.A. single shareholder company	Turin (Italy)	Company owning the K-Way brand and distributor for the brand, managing direct-to-public outlets for brand products.	EURO	10,050,000	100
- Sebago S.r.l. single shareholder company	Turin (Italy)	Company owning the Sebago brand and distributor for the brand, managing direct-to-public outlets for brand products.	EURO	50,000	100
- Superga S.r.l. single shareholder company	Turin (Italy)	Company owning the Superga brand and distributor for the brand, managing direct-to-public outlets for brand products.	EURO	50,000	100
Indirectly held subsidiaries:					
- through Kappa S.r.l.					
- Kappa France S.a.s.	Saint Herblain (France)	Kappa licensee for France.	EURO	2,207,600	100

ATTACHMENT
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	Registered Office	Corporate purpose	Share capital		Parent company holding (%)
Indirectly held subsidiaries (cont.):					
- through Kappa S.r.l.					
- KappaRetail S.r.l. single shareholder company	Turin (Italy)	Company operating certain retail outlets for products of the Kappa, Robe di Kappa and Briko brands.	EURO	10,000	100
- Kappa Sport Iberia S.L.	Madrid (Spain)	Sub-licensee for the Spanish and Portuguese territory	EURO	505,588	100
- through Kappa France S.a.s.					
- Kappa Retail Monaco S.a.r.l.	Monaco	Company that manages the store in Monaco.	EURO	15,000	100
- Preppy Cotton S.A. (in liquidation)	Reidermoos (Switzerland)	Swiss company in liquidation.	EURO	101,105	100
- Sport Fashion Distribution UK Ltd (in liquidation)	Manchester (United Kingdom)	British company in liquidation.	POUND STERLING	1	100
- Sport Fashion Retail S.a.r.l.	Saint Herblain (France)	Company operating direct outlets in France.	EURO	5,000	100
- through BasicNet S.p.A.					
- K-WayRetail S.r.l. single shareholder company	Turin (Italy)	Management of outlets owned by the Group and a number of K-Way brand and product sales points.	EURO	10,000	100
- K-WayRetail SUISSE S.A.	Mendrisio (Switzerland)	Management of the point of sale to the public in Mendrisio, Switzerland of K-Way brand products.	CHF	100,000	100
- K-Way France S.a.s.	Paris (France)	- K-Way licensee for France.	EURO	150,000	100
- K-Way Iberia S.L.	Madrid (Spain)	Management of retail outlets of K-Way brand products to the public in Spain.	EURO	3,000	100
- K-Way Retail Ireland Ltd.	Dublin (Ireland)	Management of retail outlet to the public in Kildare, Ireland of K-Way brand products.	EURO	1,000	100
- through Sebago S.r.l.					
- SebagoRetail S.r.l. single shareholder company	Turin (Italy)	Company established in January 2023 to manage certain retail outlets for Sebago brand products.	EURO	10,000	100
- Sebago Iberia S.L.	Madrid (Spain)	Management of retail outlets of Sebago brand products to the public in Spain.	EURO	3,000	100
- through Superga S.r.l.					
- SupergaRetail S.r.l. single shareholder company	Turin (Italy)	Company established in January 2023 to manage certain retail outlets for Superga brand products.	EURO	10,000	100

COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE EQUITY METHOD

	Registered Office	Corporate purpose	Share capital		Share capital Holding (%)
- Fashion S.r.l.	Turin (Italy)	Owner of the Sabelt brand under joint-venture	EURO	100,000	50 ⁽²⁾

(2) the remaining 50% of the investment is held by the Marsiaj family

ATTACHMENT 3**DECLARATION OF THE CONDENSED FINANCIAL STATEMENTS AS PER ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999**

The undersigned Marco Daniele Boglione, Chairperson with delegated powers, Federico Trono, Chief Executive Officer, and Paola Bruschi, Executive Officer for Financial Reporting of BasicNet S.p.A. certify, also taking into account the provisions of Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, the adequacy and effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period from January 1, 2024 to June 30, 2024, considering the characteristics of the company.

In addition, we declare that the condensed half-year financial statements:

- a) corresponds to the underlying accounting documents and records;
- b) were prepared in accordance with International Financial Reporting Standards adopted by the European Union, and also in accordance with Article 9 of Legislative Decree No. 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the Issuer and of the consolidated companies;
- c) the Interim Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the Issuer, together with a description of the risks and uncertainties to which they are exposed.

Turin, July 31, 2024

Marco Daniele Boglione
Chairperson

Federico Trono
Chief Executive Officer

Paola Bruschi
Executive Officer for Financial Reporting

BasicNet S.p.A.

Review report on the interim condensed consolidated
financial statements

(Translation from the original Italian text)

Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
BasicNet S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated income statement, the consolidated comprehensive income statement, the consolidated balance sheet, the statement of change in consolidated Shareholders' equity, the consolidated cash flows and the related explanatory notes of BasicNet S.p.A. and its subsidiaries (the "BasicNet Group") as of 30 June, 2024. The Directors of BasicNet S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of BasicNet Group as of June 30, 2024 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, July 31, 2024

EY S.p.A.

Signed by: Massimiliano Vercellotti, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers