



CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2024

DIRECTORS' REPORT

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## 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.

*"We bring together a large number of entrepreneurs across the world for a common goal. We manage all the critical data along the supply chain. We earn service commissions for approx. one-third of the added value generated by the entire process, capitalising all the enhanced value of the trademarks from the development of sales. We achieve this through continually sourcing state-of-the-art software technologies and peerless internet integration to manage all the processes of our business".*

Marco Boglione, 1999

Dear Shareholders,

#### 2024 Key Performance Indicators:

- **consolidated revenues** of Euro 409.2 million (Euro 396.8 million in 2023, +3.1%), which includes:
  - direct sales: Euro 346.8 million (Euro 332.8 million in 2023, +4.2%);
  - royalties from commercial and productive licensees: Euro 60.9 million (Euro 62.3 million in 2023), -2.2%);
- **aggregate sales** of Group products by the Global Network of Euro 1.178 billion, compared to Euro 1.141 billion in the previous year (+3.3%), as follows:
  - commercial licensees and direct sales of Euro 864.7 million (Euro 820.0 million in 2023, +5.4%);
  - productive licensee sales of Euro 313.8 million (Euro 321.0 million in 2023), -2.3%).
- Commercial and direct licensee sales grow in Europe (+12.1%), which accounts for approx. 76.6% of aggregate sales, and by 1.5% in the Middle East and Africa, while reducing in the Americas (-21.3%) and in Asia and Oceania (-22.6%); **EBITDA**: Euro 61.1 million (Euro 58.1 million in 2023, +5.0%), with increased sponsorship and communication (+11%) and human resources investment (+9%), confirming the continued commitment to the consolidation and development of the Brands;
- **EBIT**: Euro 42.1 million (Euro 41.1 million in 2023, +2.5%), after amortisation and depreciation of Euro 9.6 million and depreciation of right-of-use for Euro 9.4 million, increasing due to the new openings (12 direct points of sale), as part of the retail segment development.
- **net profit** of Euro 25.3 million (Euro 24.4 million in 2023, +3.6%);
- **Net financial position**: debt of Euro 142.0 million compared to debt of Euro 139.1 million at December 31, 2023; **the net financial position with banks** improved to a debt of Euro 90.8 million compared to a debt of Euro 92.6 million at December 31, 2023. Dividends of approx. Euro 7.4 million were distributed in 2024 and treasury shares acquired for Euro 14.4 million.

#### Parent Company Key Financial Highlights:

- **EBITDA** of Euro 1.2 million, compared with a loss of 6.6 million in 2023.
- **net profit** amounted to Euro 8.0 million (Euro 20.1 million in 2023 which including the write-back of impairments on investments for Euro 25.6 million).

In addition to the Corporate Governance and Ownership Structure Report, this file contains the Consolidated Sustainability Statement pursuant to Legislative Decree No. 125 of September 6, 2024.

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 company license holders.
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 "Aggregate sales of commercial and direct licensees" and "Aggregate sales of production 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 Debt	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 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 apparel, footwear and accessories sector through the brands Kappa®, Robe di Kappa®, K-Way®, Superga®, Briko®, Jesus® Jeans, Sabelt® and Sebago®. Group activities involve driving brand enhancement and product distribution directly or 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.

BasicNet S.p.A. is the parent company of the Group – with headquarters in Turin - listed on the Italian Stock Exchange.

## STRENGTHS

The strengths of the Group are founded on the strategic priorities since its inception which encompass:

1. *Brand positioning*
2. *The Business System*
3. *Web Integration*

### 1. Brand positioning

The Basic 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.



is a practical sportswear brand, serving active and fast-paced individuals, who in their sporting activity require highly-functional clothing, while displaying a youthful, colourful and original look. The Kappa® collections include also footwear and accessories for sport, designed to ensure peak performance. The Kappa® brand sponsors major clubs globally across a wide range of sports, in addition to many national sporting federations.



is the brand for those who in their free-time and informal professional activity seek to wear modern, high-quality sportswear at accessible prices. The brand serves energetic, modern individuals, open to an ever-changing world.



is the leisure footwear and accessories brand, designed for those seeking comfort, while demanding a fashionable, colourful and stylish look and high quality. The Superga® collections serve the needs of a wide cross-section of customers, within every age category.



established in Paris in 1965, the brand became known for providing excellence in rain gear, with classic and contemporary designs, bright colours, tech features, and great functionality, creating a whole new product category. It is recognisable by its packable waterproof jacket with its iconic, colourful zipper and French flag-inspired logo. Known for its distinctive windproof jackets, lifestyle fashion products and sportswear.



is the Italian brand of cutting edge technical sporting products, in particular for cycling, skiing and running: eyewear, helmets, masks, accessories, underwear and clothing for professionals and enthusiasts. Briko®'s mission is to use the explosive energy of the brand to create iconically designed products for athletes and sportspeople requiring performance and safety without compromises.



produces exceptional American footwear.

The brand, founded in Westbrook, Maine (USA) in 1946, takes its name from the nearby Sebago lake, which in the native American Abenaki language means "elongated water basin".

The brand launched with the famous "penny loafer", handmade in accordance with local tradition and over the years has continued with best sellers such as the Dockside® boat shoes.



is the jeans brand, created in 1971 by the youthful Maurizio Vitale and Oliviero Toscani.



is the high-end leisure, sport and formal occasion footwear brand, emerging from the racing and automobile world. The brand is positioned in the fashion segment. The Basic Group has held 50% of the fashion categories (clothing and footwear) of the brand and is also a global licensee.

## 2. The Business System

The BasicNet Group has developed around a "network" business model, targeting licensees as the ideal partner for the development, distribution and sourcing of its products globally, choosing partners which act not only as a product supplier, but as an integrated supplier of services, i.e. a business development partner.

Innovative, flexible and modular, the Business System of BasicNet has enabled the Group to grow quickly, although maintaining a lean and agile structure: a large enterprise centered around many businesses connected among themselves and with the parent company on a fully integrated IT Network platform designed to maximise information flows through real time sharing.

The Business System was drawn up and structured to develop both internal lines (new licensees and new markets) and external lines (new brands developed or acquired and new business lines).

The functioning of the Business System is very simple. The parent company BasicNet S.p.A. undertakes the "Powered by" activities serving the companies owning the individual brands.

These "Powered by" activities mainly include:

- Information Technology, i.e. the creation of new software for the online management of all supply chain processes;
- co-ordination of production and commercial activity information flows on the licensees' Network;
- strategic finance.

The Brand owning companies undertake:

- research and development activities;
- global marketing.



The brand-owning companies in the directly managed territories and the licensees, according to territory or goods category, distribute products to retailers, carry out local marketing, regional logistics and working capital funding.

The production flows of the Group brand finished products which are distributed by the commercial licensee businesses in their territories are awarded to the licensee businesses (the Sourcing Centers), managed through the Business System platform which connects the production sources with the product distribution companies.

As part of the Business System development, the Group has also established a direct customer sale system called plug@sell®, currently developed in Italy, Switzerland, Spain and France. The model comprises a web-based integrated sales management system, with a platform which simply manages all daily activities at the store in real time, from orders to stock management, to accounting and training of staff (pre-opening and ongoing).

As part of the Retail project, the various brands have been developed around the three principal retail levels, through which the Group sells directly to the public in Europe:

- Level I: Brands Stores located in city centres, high streets or shopping centres with specific franchising agreements;
- Level II: Brand Outlets located in Outlet Villages;
- Level III: Discount Stores located in “out-of-town” commercial or industrial parks.

The formats have been developed in order to ensure presence on a wide range of market segments.

### 3. Web Integration

The IT platform is one of the major strategic investments for the Group, with a high degree of focus in terms of staffing and centrality to Business System development.

This platform was designed and developed in a fully web integrated manner as the perfect communication tool between Network elements.

The Information Technology department is involved therefore in the design and rolling out of the applications which link the BasicNet Network companies together and externally.

The business model therefore centres on “e-processes” i.e. “.com” divisions - each of which with a production input and exchanging or negotiating with the other divisions, exclusively through the online platform.

## **STRUCTURE OF THE GROUP**

The Basic Group comprises Italian and international operating companies within the following two sectors:

- the “clothing, footwear and accessories” sector;
- “property management”.

The **clothing, footwear and accessories sector** includes all Group entities with the exception of BasicVillage S.p.A.. The sector encompasses all activities directly related to the development of the brands owned and the distribution of related products, both directly and by way of a global network of licensees. Specifically:

- the strategic and “Powered by” activities described above and developed by BasicNet S.p.A. and by the Group Brand owning companies;
- the granting of the intellectual property rights of the BasicNet Group to the various licensee producers and distributors, as well as the administration of the contracts and management of related cash flows;
- the direct use and development of the intellectual property rights and of the products of all brands of the BasicNet Group for Italy and of Kappa in France and Spain, and K-Way in France, Spain, Switzerland and Ireland. In June 2024, Sebago Iberia S.L. was established;
- the operational management of major sponsorship and merchandising contracts, some of which with international visibility, benefitting also the Network;
- the management of the Group brand sales points within the plug@sell project in Italy and of the direct sales points in France, Spain and Switzerland.

**Property management** is carried out by Basic Village S.p.A., which owns commercial and residential properties of more than 30,000 sq m, including:

- the former Maglificio Calzificio Torinese production site. Restructured and preserved in 1998, the facilities house the headquarters of BasicNet Group, called BasicVillage, and numerous other Group and third party activities;
- the property adjacent to BasicVillage in Via Padova 78, Turin, leased to third parties;
- an industrial building covering approx. 4,000 sq m in Milan, Via dell'Aprica 12, close to the Scalo Farini, acquired in 2020 and inaugurated in 2022;
- a property in Turin (Strada della Cebrosa, 106), leased to the company BasicItalia and adjacent land acquired during the year;
- of the property located in Turin, Corso Regio Parco, 33;

The BasicVillage project came about in response to three basic human needs, i.e. a home, a job, and free time.

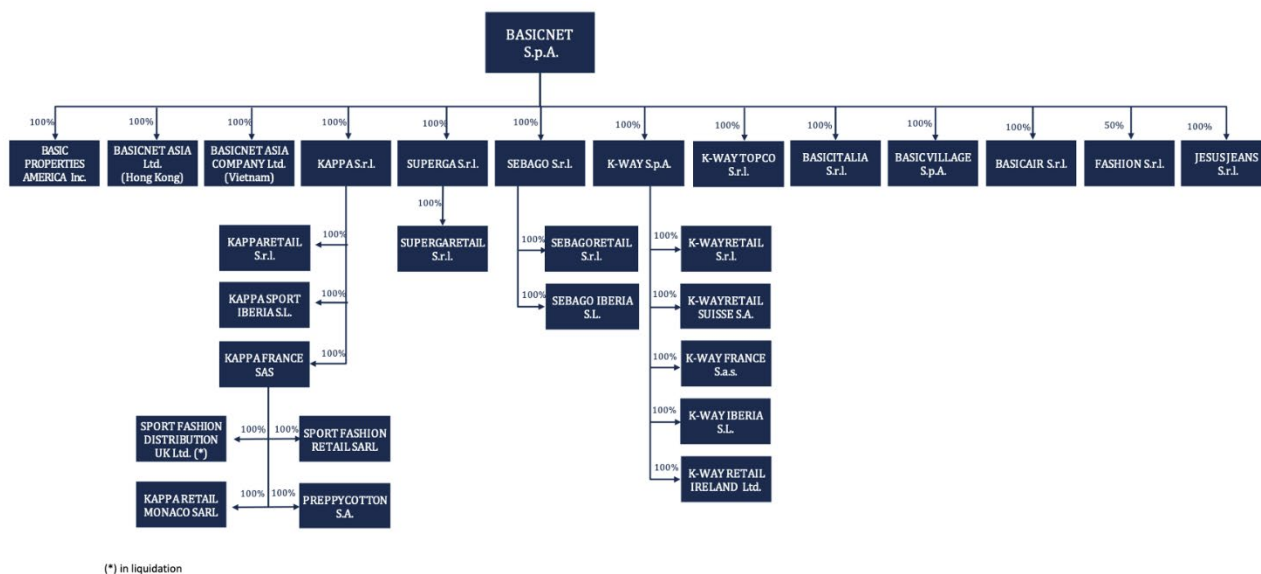
## BUSINESS TARGETS

The Group objective is to extend its global leadership position through the strength of its brands.

The Group project centres on:

- the consolidation and expansion of the brands in areas with a pre-existing presence, supporting the growth of licensees through the Business System;
- extending the territorial coverage of the brands, through finding new qualified licensees - particularly for more recently acquired brands;
- the development of the plug@sell® shops, allowing licensees to improve market presence and to efficiently target end-consumers;
- the search for fresh investment and development opportunities on new markets;
- BasicNet's "powered by" activities.

The BasicNet Group structure at December 31, 2024 is presented below:



## 2024 SIGNIFICANT EVENTS

On October 25, 2024, BasicNet and Permira, a global private equity fund, executed an agreement regarding the undertaking of a stake in K-Way S.p.A., currently a wholly-owned subsidiary of BasicNet.

The transaction was finalised on February 28, 2025, after receiving clearance from the European Antitrust Authority.

K-Way S.p.A. is now indirectly held approx. 60% by BasicNet and for approx. 40% by Permira through its Permira Growth Opportunities II fund, and for a minimum stake lower than 0.5% held by a number of key managers of K-Way S.p.A.

In execution of the agreements, under the terms announced on October 25, 2024, K-Way Topco S.r.l., directly owned by BasicNet, Permira and some key managers of K-Way S.p.A.; K-Way MidCo S.p.A., wholly-owned by K-Way Topco S.r.l.; and K-Way BidCo S.p.A. wholly-owned by K-Way MidCo S.p.A., were established at the end of 2024. K-Way BidCo S.p.A., as of February 28, holds the entire share capital of K-Way S.p.A.

## 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 and Australia.

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. Sponsorships of three Brazilian soccer teams, namely Associação Chapecoense de Futebol, Cuiabá Esporte Clube, and Sociedade Esportiva do Gama, have been initiated.

In terms of collaborations, Kappa® launched a collection with Warner Bros, inspired by “Rick and Morty”, with Heinz, the U.S. condiments brand, with Campari for the capsule “The Authentic Aperitivo”, with Warner Bros for the launch of the film “Joker”, and with the Spanish brand Pompeii. The brand has also collaborated with the Les Ardentes festival in Belgium, with Big Mamma, an ambassador of Italian cuisine in France, with Ibiza’s Ushuaïa nightclub, and with Fib, Europe’s leading indie music festival. As every year, Kappa® sponsored the FuturFestival, which set new records in its eleventh edition: 100,000 participants from 157 nations. For the occasion, Kappa® created a collection of clothing and accessories complemented by Briko® eyewear.

**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, the brand 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 37<sup>th</sup> America's Cup, kitted out by K-Way®.

For 2024, renewed and new collaborations include the brands Play by Comme des Garçons, Maison Kitsuné, the Parisian brand Soeur, and the footwear brand Diemme. Capsules have been made with Spanish brand Tiny Cottons, with Parisian brand agnès b (launched on social media), and with Zalando, as well as a capsule collection with the surfer Leonardo Fioravanti. In addition, K-Way® launched an eco-sustainable capsule collection in collaboration with Coral Gardeners, a nonprofit founded in 2017 to preserve coral reefs. 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.

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 Inchlul for the Korean market.

In 2024, K-Way® added two new brand ambassadors. The first is world champion free diver Arnauld Jerald. The second ambassador is Shownu, leader of the South Korean pop music group Monsta X and an idol of Generation Z.

**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 Milan Design Week, the brand participated by setting up a pop-up store at Antonia Portrait, as well as at Pitti with an exhibition space at Fortezza da Basso. Superga® was an official partner of the Garden Cup, held at Madison Square Garden in New York City.

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. New collaborations include J. Press, the American brand HTC Los Angeles, the brand Forte\_Forte, as well as a capsule collection with K-Way®.

**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. In conjunction with the arrival of the third stage of the Tour de France 2024 in Turin, the second non-competitive race of the Briko® Ride Club community was organised. Finally, Briko® unveiled its new collection of eyewear and bicycle accessories at the Jazz Refound music festival, which included organizing an 80-kilometer ride for fans.

### Group brand sales points

At December 31, 2024, Kappa® and Robe di Kappa® mono-brand stores and shop in shops opened by licensees globally numbered 1,202, with Superga® mono-brand stores and shop in shops totalling 153, along with 119 K-Way® sales points and 47 Sebago® sales points.

## 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>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Change</b>	<b>%</b>
Brand aggregate sales *	1,178,493	1,141,056	37,437	3.3%
Royalties and sourcing commissions	60,882	62,273	(1,391)	(2.2%)
Consolidated direct sales	346,802	332,758	14,044	4.2%
Contribution margin on direct sales	152,657	145,352	7,306	5.0%
EBITDA **	61,070	58,137	2,933	5.0%
EBIT **	42,143	41,099	1,044	2.5%
Group Net Profit	25,264	24,376	888	3.6%
Basic earnings per share**	0.5354	0.4912	0.044	9.0%

\* 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>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Change</b>	
<b>Brand aggregate sales*</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>%</b>
Commercial licensees and direct	864,719	820,049	44,671	5.4%
Productive Licensees (sourcing centers)	313,773	321,007	(7,234)	(2.3%)
<b>Total</b>	<b>1,178,493</b>	<b>1,141,056</b>	<b>37,437</b>	<b>3.3%</b>

\* Data not audited

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

<i>(Euro thousands)</i>	<b>FY 2024</b>		<b>FY 2023</b>		<b>Change</b>	
<b>Group commercial license and direct aggregate sales*</b>	<b>Total</b>	<b>%</b>	<b>Total</b>	<b>%</b>	<b>Total</b>	<b>%</b>
Europe	662,704	76.6%	591,116	72.1%	71,588	12.1%
The Americas	58,210	6.7%	73,923	9.0%	(15,714)	(21.3%)
Asia and Oceania	43,282	5.0%	55,942	6.8%	(12,660)	(22.6%)
Middle East and Africa	100,524	11.6%	99,068	12.1%	1,456	1.5%
<b>Total</b>	<b>864,719</b>	<b>100.0%</b>	<b>820,049</b>	<b>100.0%</b>	<b>44,671</b>	<b>5.4%</b>

\* Data not audited

and of the productive licensees:

<i>(Euro thousands)</i>	FY 2024		FY 2023		Change	
<b>Group productive licensees aggregate sales*</b>	<b>Total</b>	<b>%</b>	<b>Total</b>	<b>%</b>	<b>Total</b>	<b>%</b>
Europe	26,068	8.3%	31,876	9.9%	(5,808)	(18.2%)
The Americas	26,198	8.3%	39,976	12.5%	(13,778)	(34.5%)
Asia and Oceania	258,265	82.3%	245,729	76.6%	12,536	5.1%
Middle East and Africa	3,243	1.0%	3,426	1.1%	(183)	(5.4%)
<b>Total</b>	<b>313,773</b>	<b>100.0%</b>	<b>321,007</b>	<b>100.0%</b>	<b>(7,234)</b>	<b>(2.3%)</b>

\* Data not audited

**Commercial licensee and direct sales** of Euro 864.7 million increased 5.4% compared to Euro 820.0 million in the previous year.

Commercial licensee and direct sales grow in Europe (+12.1%), which accounts for approx. 76.6% of aggregate sales, and by 1.5% in the Middle East and Africa, while reducing in the Americas (-21.3%) and in Asia and Oceania (-22.6%);

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. Sales by productive licensees fell 2.3%, due to the widespread overstocking that occurred during the previous year, which resulted in a decrease in purchases by commercial licensees.

Overall **consolidated direct sales** were Euro 346.8 million (Euro 332.8 million in 2023). Compared to the previous year, direct sales were up by 3.8% in Italy, by 2.7% in France and by 20.3% in Spain. The retail channel posted double-digit growth across nearly all sectors. Sales via e-commerce also grew significantly (+30.3%), as this is a sector in which the Group is focusing investment to consolidate development.

The **contribution margin** on sales increased from Euro 145.4 million in 2023 to Euro 152.7 million in 2024 (+5.0%), due to the increased direct sales (+4.2%) in both Italy and Europe. In percentage terms, the margin was 44% (compared to 43.7% in 2023), due to a reduction in inbound costs and a different sales mix, which saw greater growth in retail than in wholesale..

**Royalties** from commercial and productive licensees reflect the trend of the aggregate sales of licensees and amounted to Euro 60.9 million (Euro 62.3 million in 2023, -2.2%).

**Other income** of Euro 17.6 million, compared to Euro 10.9 million in 2023. The item increased on the previous year mainly due to the income from the early resolution 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 43.6 million compares to Euro 39.2 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 45.1 million in 2023 to Euro 49.2 million in 2024, an increase of approx. Euro 4 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 2024 was 1,092.

**Overhead costs**, i.e. **Selling and general and administrative costs and royalties expenses**, increased from Euro 76.1 million in 2023 to Euro 77.3 million in 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 61.1 million (Euro 58.1 million in 2023).

**EBIT** amounted to Euro 42.1 million, after amortisation and depreciation of Euro 9.6 million, and depreciation on the right-of-use for Euro 9.4 million, increasing due to the new openings (12 direct sales points), as part of retail segment development.

**Consolidated net financial charges/income**, including exchange gains and losses, reported a charge of Euro 5.4 million, compared to a charge of Euro 8.5 million in the previous year. The reduction is mainly due to more favourable currency movements.

The **consolidated pre-tax profit** was Euro 36.7 million, compared to Euro 32.6 million in 2023.

The **Net profit** was Euro 25.3 million, after current and deferred taxes of Euro 11.5 million, down Euro 3.6 million on Euro 24.4 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 60.8 million, compared to Euro 62.4 million in the previous year, while direct sales increased to Euro 346.8 million (Euro 332.8 million in 2023). The 2024 EBIT was Euro 41.7 million, compared with Euro 41.0 million in 2023. Net profit in 2024 was Euro 25.7 million, compared to Euro 24.7 million in 2023.
- **"Property"**: property management reported a loss of Euro 531 thousand (loss of Euro 310 thousand in 2023). Alongside the greater income (up Euro 0.4 million), there is also an increase in amortisation and depreciation (up Euro 0.03 million) and in financial charges (up Euro 0.1 million).

The financial statements by segment are reported at Note 7 of the Notes to the consolidated financial statements.



**Balance sheet overview**

The changes in the balance sheet are reported below:

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Change</b>
Property	39,781	39,240	541
Brands	59,174	59,138	35
Non-current assets	81,524	78,830	2,694
Rights-of-use	41,871	35,900	5,972
Current assets	245,356	247,644	(2,289)
<b>Total assets</b>	<b>467,706</b>	<b>460,752</b>	<b>6,954</b>
Group shareholders' equity	170,346	164,787	5,559
Non-current liabilities	95,791	102,259	(6,468)
Current liabilities	201,569	193,706	7,862
<b>Total liabilities and shareholders' equity</b>	<b>467,706</b>	<b>460,752</b>	<b>6,954</b>

With regard to the change in non-current assets, amortisation and depreciation increased by Euro 9.6 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 programmes (Euro 3.6 million).

Group shareholders' equity went from Euro 164.8 million in 2023 to Euro 170.3 million in 2024

**Financial position**

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Change</b>
Net financial position with banks – Short-term	(62,585)	(53,390)	(9,195)
Financial payables – Medium-term	(27,922)	(39,136)	11,214
Finance leases	(284)	(77)	(206)
<b>Net financial position with banks</b>	<b>(90,791)</b>	<b>(92,603)</b>	<b>1,813</b>
Payables for purchase of equity investments beyond one year	(8,081)	(9,738)	1,657
Payables for rights-of-use	(43,080)	(36,778)	(6,302)
<b>Total net financial position</b>	<b>(141,952)</b>	<b>(139,119)</b>	<b>(2,833)</b>
Net Debt/Equity ratio (Net financial position/Shareholders' equity)	0.83	0.84	(0.01)

**Net financial position:** debt of Euro 142 million, compared to Euro 139.1 million at December 31, 2023; **the net financial position with banks** improved to a debt of Euro 90.8 million, compared to Euro 92.6 million at December 31, 2023. Dividends of Euro 7.4 million were paid and treasury shares acquired for Euro 14.4 million.

Earnout payables include the best estimate of the variable price component 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. Total debt at the end of 2024 is estimated at Euro 8.1 million, Euro 1.6 million of which due within 2025.



Right-of-use payables rose Euro 6.3 million compared to 2023, due to new shop openings and the renewal of expired or maturing lease contracts.

## THE PARENT COMPANY

### **BasicNet S.p.A. Key Financial Highlights**

The Parent Company condensed income statement for 2024 compared to the previous year is reported below:

<i>(Euro thousands)</i>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Change</b>	<b>%</b>
Royalties and sourcing commissions	8,786	2,198	6,588	299.8%
Direct sales and other income	15,063	15,943	(880)	(5.5%)
EBITDA *	1,213	(6,644)	7,857	118.3%
EBIT *	(2,808)	(10,612)	7,804	73.5%
Dividends from subsidiaries	10,568	3,000	7,568	252.3%
Investment income (charges)	-	25,579	(25,579)	(100.0%)
Net Profit of the year	7,959	20,077	(12,118)	(60.4%)

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

The operating highlights of the parent company follow:

- **royalties and sourcing commissions** amounted to Euro 8.7 million, up from the previous year due to the reorganisation of contractual and operational sourcing centre relationships between BasicNet and its subsidiaries. Since 2024, following the company reorganisation, as described above, the account only includes a portion of the sourcing fees due to the productive licensees;
- **other income** amounted to Euro 15.1 million (Euro 15.9 million in the previous year). Other income principally refers to payments for intercompany assistance services charged to the subsidiaries.

**EBIT** was a loss Euro 2.8 million (loss of Euro 10.6 million in 2023), following amortisation and depreciation of approx. Euro 2.7 million and depreciation of rights-of-use for Euro 1.3 million.

**Investment income** in 2023 concerned the restoration of the value of the investments held directly by BasicNet that had been subject to impairment in previous years, but now those impairment losses have been fully recovered.

**Net profit** was approx. Euro 8.0 million after income taxes of Euro 820 thousand (Euro 2.3 million in 2023).

**Balance sheet overview**

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Change</b>
Non-current assets	7,159	7,453	(294)
Rights-of-use	2,401	3,564	(1,163)
Equity invest. & other financial assets	138,322	137,834	488
Current assets	52,189	79,484	(27,296)
<b>Total assets</b>	<b>200,072</b>	<b>228,335</b>	<b>(28,264)</b>
Shareholders' Equity	141,478	155,400	(13,923)
Non-current liabilities	6,165	7,893	(1,728)
Current liabilities	52,429	65,042	(12,613)
<b>Total liabilities and shareholders' equity</b>	<b>200,072</b>	<b>228,335</b>	<b>(28,264)</b>

**Non-current assets** include investments in the year mainly for software development of Euro 2.7 million and EDP, fixtures and fittings and other assets of Euro 692 thousand. The value of tangible and intangible assets are recorded net of amortisation and depreciation for the year of Euro 2.7 million.

**Rights-of-use** include the value of the property lease contracts for the company's offices, owned by the subsidiary BasicVillage S.p.A., for future years, originally recognised in 2019 in application of IFRS 16.

**Equity investments and other financial assets** increased due to security deposits.

**Shareholders' Equity** at December 31, 2024 was approx. Euro 141.5 million (Euro 155.4 million in 2023), following the distribution in 2024 of dividends for Euro 7.4 million and the acquisition of treasury shares for Euro 14.4 million.

**Financial position**

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Change</b>
Net financial position – Short-term	(34,690)	(24,627)	(10,064)
Financial payables – Medium-term	(1,031)	(2,406)	1,375
Finance leases	(283)	(21)	(262)
<b>Net financial position with banks</b>	<b>(36,004)</b>	<b>(27,054)</b>	<b>(8,951)</b>
Group financial receivables/(payables)	20,285	21,249	(964)
Payables for rights-of-use	(2,498)	(3,670)	1,172
<b>Financial position with the Group</b>	<b>17,787</b>	<b>17,579</b>	<b>208</b>
<b>Total net financial position</b>	<b>(18,218)</b>	<b>(9,475)</b>	<b>(8,743)</b>

The **net financial position** of net debt of Euro 18.2 million compares to Euro 9.5 million in 2023.

**RECONCILIATION BETWEEN CONSOLIDATED NET PROFIT AND PARENT COMPANY NET PROFIT**

The reconciliation at December 31, 2024 between the Parent Company net equity and result and the consolidated net equity and result is reported below.

<i>(Euro thousands)</i>	<b>Net Profit</b>	<b>Shareholders' Equity</b>
<b>Financial statements of BasicNet S.p.A.</b>	<b>7,959</b>	<b>141,478</b>
Accounting for equity and results of consolidated companies	31,241	248,779
Derecognition of the value of consolidated equity investments	-	(195,164)
Consolidation adjustments	432	(24,747)
Elimination of dividends	(14,368)	-
<b>Group consolidated financial statements</b>	<b>25,264</b>	<b>170,346</b>

**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>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Earnings per share	0.5354	0.4912
Dividend per share <sup>(1)</sup>	0.16	0.15
Pay-out ratio <sup>(1) (2)</sup>	29.7%	30.5%
Dividend Yield <sup>(1) (3)</sup>	2.0%	3.3%
Price at year-end	7.86	4.55
Maximum price in year	8.14	6.03
Minimum price in year	2.84	4.07
Stock market capitalisation (in thousands of Euro)	424,440	245,700
Total number of shares	54,000,000	54,000,000
No. Shares outstanding	47,185,500	49,626,500

(1) dividends on the 2024 figures on the basis of the proposal for the allocation of the result to the Shareholders' AGM

(2) percentage of consolidated net profit distributed as dividend

(3) ratio between the dividend and the share price on the last day of the financial year

The multi-voting rights came into effect on September 1, 2023. The rights relate to 25,044,667 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. As a result of voting rights increases and waivers exercised by certain shareholders, voting rights currently total 79,044,667.

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%	49.884%	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	6.926%	9.128%	Part-owned directly and indirectly through Francesco Boglione S.r.l.
BasicNet S.p.A.	13.024%	8.897%	Treasury shares in portfolio
Helikon Investments Limited	11.730%	8.014%	Held by way of discretionary asset management. The company in addition holds "cash settled equity swaps" financial instruments on BasicNet shares equal to 1.082% of voting rights

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

2) Calculated on 79,044,667 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 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 Forbidden Chemicals Agreement;
- the Sourcing Center operational cash flows are finally subject to checks by BasicAudit.

### Currency risks

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., Sebago S.r.l., Superga S.r.l., Kappa France S.a.s. and K-Way France S.a.s. to 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 risks

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.

### Environmental risks

Climate change and the transition to a more sustainable economy are driving a constantly changing environment with significant implications for businesses. The adoption of new regulations, changes in the markets and in consumer preferences, technological innovations, and the increasing stakeholder focus on sustainability all pose both challenges and opportunities. In this landscape, four main categories of transition risks have been identified that may affect the Group, both operationally and strategically.

The analyses conducted have identified four categories of transition risk and their impact on the Group:

- **Market risks:** changes in the cost of energy and raw materials, together with consumer preferences, can lead to significant impacts. In addition, the increase in insurance costs related to Group assets is influenced by the rising frequency of natural disasters.
- **Legislative and regulatory risks:** compliance with increasingly stringent laws and regulations imposes stricter requirements for products to reduce emissions and waste and to increase circularity. The impact of these factors may vary as the regulatory landscape evolves.
- **Technological risks:** the need to acquire new technical capabilities, implement advanced systems and optimise the use of business performance data is a transformative element with varying impacts depending on market conditions.

- **Reputational risks:** businesses are subject to increasing expectations regarding their ability to meet the challenges of transition, supply chain management, and transparency in communicating their sustainability strategy, with significant consequences on brand perception.

While the Group has not currently adopted a formalised transition plan or specific policies to manage transition risks, principles, procedures, and control systems have been established to manage and mitigate environmental risks, including climate risks, that concern suppliers of raw materials and processing services. As formalised in the Ethics Code and in the Code of Conduct, the Group is committed to adopting and disseminating responsible environmental protection attitudes. As provided under the Code of Conduct, the Sourcing Centres are also required to comply with all environmental laws and regulations, as well as maintaining procedures to notify the local Authorities in a timely manner of any environmental incidents arising from the work carried out by the Sourcing Centres. In addition, the Group is committed to finding the most suitable solutions to ensuring the responsible use of resources and reduced energy consumption in its operations and waste management.

Specifically with respect to risks related to potential operational disruptions due to natural events or other external factors, the Group has adopted specific measures, including business continuity plans and insurance coverage, to protect the integrity of assets and limit the consequences of any operational downtime.

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

#### Tax disputes

##### *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.

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.

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.

As they did not consider the arguments put forward by the Agency to be well-founded, the companies lodged appeals against all the tax assessments and requests for provisional suspension of the executive effects of the assessments.

The Turin Provincial Tax Commission, 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 for the years from 2011 to 2014.

In June 2020, the Tax Agency appealed against the Provincial Tax Commission's decision.



In January 2023, the Turin First Instance Tax Court communicated acceptance of the appeal filed by the Group Companies and cancelled the assessment notices issued by the Tax Agency for the year 2015.

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, for the years from 2011 to 2014 and sentencing the Office to pay legal fees.

In June 2023, the first level judgement of the Tax Court fully accepted the appeals and cancelled the tax assessments issued by the Tax Agency in relation to fiscal year 2016.

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

In 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.

In February 2025, the Piedmont Second Instance Tax Court rejected the Tax Agency's grounds of appeal, upholding the first instance decision favourable to the Group, for the year 2016 and sentencing the Office to pay legal fees.

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 all the years, except 2015, whose hearing will be held in April.

### 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 Basic Italia 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, 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.

In a ruling published on September 17, 2024, the Milan Court of Appeals did not uphold the first instance ruling and declared that BasicItalia's acceptance of the proposal received from FISI in application of the right of first refusal would not have established a contract between BasicItalia and FISI.

BasicItalia is considering what steps to take to protect rights and ensure a just resolution of the matter.

## OTHER INFORMATION

### ESSENTIAL INTANGIBLE RESOURCES

The BasicNet Group defines the following resources, which are without physical substance, on which the business model of the organisation fundamentally depends, and which are a source of value creation for the Group, as essential intangible resources:

- **Human Capital**, which includes sharing in and supporting the organisation's model of governance, approach to risk management, and ethical values; the ability to understand, develop, and implement the organisation's strategy; loyalty and commitment to the improvement of processes, goods, and services, including their ability to lead, manage, and collaborate; and the value provided by employees by way of the application of their skills, experiences, and know-how.
- **Social and Relational Capital**, which includes common rules, behaviours, and values; relationships with key stakeholders, and the trust and commitment that the organisation has developed and strives to build and protect for the benefit of external stakeholders; the intangible assets associated with the brands and reputation developed by the organisation; and the intrinsic value of relationships with customers, suppliers, business partners, investors, and other key stakeholders.
- **Intellectual Capital**, which includes intellectual property, such as trademarks, patents, copyrights, software, and other rights and licenses; organisational capital, such as implicit knowledge, systems, procedures and protocols; and value created through innovations and processes.

See the note "Intangible assets" in the consolidated and separate financial statements for information on the assets reported in the financial statements.

For information on unrecognised assets and how these resources are a source of value creation, see the BasicNet Group's Sustainability Statement, paragraph 1 – General Information and paragraph 3 – Social Information.

### HUMAN RESOURCES AND THE ENVIRONMENT

Human Resources and the environment are explored in specific sections of the Sustainability Statement as per Legislative Decree 254/2016, respectively at paragraphs 3 and 4, to which reference should be made.

### 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 2,523,700 treasury shares had been acquired (4.67% of the Share Capital) at an average price of Euro 6.16, for a total of Euro 15,534,793.

BasicNet today holds a total of 7,033,000 treasury shares (equal to 13.024% of the Share Capital and 8.897% of the voting rights), for an investment of over Euro 32.5 million. The Group intends to continue the share buy-back programme in 2025 and proposes to the Shareholders' AGM to renew the authorisation. The proposal is submitted in order to provide the Company with a instrument to assist projects developed upon the strategic guidelines under which share swap opportunities are presented or as a guarantee for financing operations, or to service any incentive and loyalty plans adopted by the Company,

### STOCK OPTION PLANS

The Board of Directors, in their meeting of February 12, 2025, approved the Regulations for the 2024-2027 Stock Grant and Incentive Plan for directors and employees of the Company or Group companies (as approved by the shareholders last year) and granted powers for its implementation.

### OPT-OUT REGIMES

The Board of Directors of BasicNet decided on December 19, 2012, in accordance with Consob motion No. 18079 of January 20, 2012, to apply the opt-out as per Article 70, paragraphs 8 and 71, paragraph 1-bis of the Issuers' Regulation, applying therefore the exception from publication of the required disclosure documents concerning significant merger, spin-off, share capital increase through conferment of assets in kind, acquisition, and sales operations.

**SHARES HELD BY DIRECTORS AND STATUTORY AUDITORS**

The shares held by the Directors and Statutory Auditors are reported in the Remuneration Report, available together with the documentation for the 2024 Shareholders' AGM on the website [www.basicnet.com](http://www.basicnet.com), to which reference should be made.

**TRANSACTIONS WITH HOLDING COMPANIES, ASSOCIATES, OTHER INVESTMENTS AND RELATED PARTIES**

The information on transactions with related parties are presented in Note 49 of the consolidated financial statements.

The transactions with related parties are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. These transactions were at normal market conditions.

The operations between Group companies, which substantially involve the purchase of goods and provision of services, under normal market conditions, are not of an atypical or unusual nature, but within the normal business activities of the companies of the Group and are eliminated on consolidation.

The effects deriving from transactions between BasicNet S.p.A. and its subsidiaries are reported in the financial statements of the Parent Company and in the explanatory notes to the financial statements.

The Italian Group companies took part in the tax consolidation of BasicNet S.p.A. as per Articles 117 and subsequent of the Income Tax Law - Pres. Decree December 22, 1986 No. 917.

The Board of Directors approved on October 29, 2010 and updated most recently in June 2021 the procedure for transactions with related parties, which are summarised in the Corporate Governance and Ownership Report. The procedure is also available in its full version on the Group website ([www.basicnet.com](http://www.basicnet.com) in the section "BasicNet Corporate Governance").

**Governance of subsidiaries outside of the European Union**

In accordance with Article 15 of the Markets' Regulation, the company and its subsidiaries utilise administrative-accounting systems which enable the provision to the public of the financial statements used for the purposes of the preparation of the consolidated financial statements of the companies falling within the scope of this regulation and permit management and the auditors of the Parent Company to access the data necessary for preparation of the consolidated financial statements.

The conditions of the above-stated Article 16, letters a), b) and c) of the Markets' Regulation issued by Consob are therefore complied with.

The composition of the Board of Directors of the companies is available on the website [www.basicnet.com/ilgruppo/organisociali](http://www.basicnet.com/ilgruppo/organisociali).

**RESEARCH AND DEVELOPMENT**

In keeping with its economic goals and its responsibility to its stakeholders, the Group regards research and innovation as key to its growth and success.

The Group's research and development activity focuses on three main fields of inquiry:

- product research aimed at developing collections of athletic and casual apparel and footwear;
- IT research aimed at developing data collection and transmission systems;
- research and development of communication and marketing guidelines.

These fields of inquiry – the pursuit of which involves most internal personnel – translate into three main types of research and development activities:

- creating and designing products to suit market needs and the performance specifications set by clients for articles of apparel;
- designing and testing the software and applications that comprise the IT platform, taking account of the needs expressed by licensees;

- drafting and implementing global “marketing communication” guidelines to be made available on the web portal to licensees for the development of local marketing.

### **Creating garment models and designs**

This category includes product research aimed at developing collections of athletic and casual apparel and footwear, from material research to the styling and graphical design of garments, the identification of specific production techniques and the creation of garment prototypes and samples, with a focus on environmental sustainability in materials and processing research. K-Way, Kappa, Superga, Briko and Sebago develop models and designs for all of the Group's brands with the goal of marketing products that provide high added value and are strongly appreciated by consumers for their aesthetic qualities, such as their colour, materials and shape. Designs and models are validated through prototyping (in some cases involving the use of 3D printers), which allows designs to be shared with licensees and Sourcing Centers, often – and most importantly – before actual production begins. In particular, concepts are created, basic designs are prepared and prototypes are produced for all unique, individual designs and models. Early designs form a “meta-collection” which then becomes a “mega-collection” (a set of approved articles) on the basis of feedback from the various licensees. The “mega-collection” is then made available on the online platform for the purchase of samples by the licensees. The selection of articles purchased makes up the “collection” distributed to the market.

### **New software development**

This category includes IT research in terms of the development of proprietary information systems connecting the companies of the BasicNet Network licensees both to each other and externally.

The software and apps developed fall into three major categories by intended use:

- Software and applications used in business management i.e. vertical IT solutions for various company functions that can be automated and/or monitored within a business, thus allowing users to operate in a uniform, integrated environment;
- E-commerce software and applications, i.e. highly innovative business solutions that meet a wide range of needs in terms of multichannel interface and marketing;
- Web-integration software and applications, which are innovative platforms to manage information exchange within the network and to connect with the licensee and sourcing systems.

This type of software is generally used in specific functional areas to carry out activities such as selecting, negotiating and entering into licence agreements, managing the procurement of goods and services, managing e-commerce sales, managing all administrative activities, managing personnel, managing workplace health and safety obligations, managing cash flows, managing institutional and commercial communication, carrying out sponsorship activities and activities involved in designing new collections and making them available to network member companies.

### **Brand exploitation and sponsorship**

This category includes research regarding communication and marketing, i.e. the means that licensees or owners of the Brand use to inform end users of their products and what sets them apart from the competition or the state of the art, as well as to advertise their products and brands. Communication and marketing contribute to brand value and drive sales by increasing brand visibility, supporting positive views or perceptions of brands and increasing customer loyalty. It follows that in order for a brand to grow in the long term, marketing must be appropriately organized so as to satisfy the needs of an increasingly large audience and to take account of multiple objectives. Each company [brand] for its own brand are responsible for setting the Group's commercial strategy and managing the proper combination of distribution channels. Local licensees are responsible for carrying out marketing activities in accordance with the Group's guidelines. The activity performed in this regard is thus attributable to the following communication channels: promotion of sales, public relations, advertising and interactive marketing.

In conducting business, the BasicNet Group is committed to ensuring ethical, transparent relations with all of its stakeholders, and with its shareholders, employees and business partners in particular. Development of BasicNet's business is centered on compliance with laws and regulations, combating bribery and corruption, ethical values and respect for human rights. The following Corporate Governance and Ownership Structure Report and Consolidated Non-Financial Report are key to ensuring transparency and responsibility towards all of the Group's stakeholders.

## SUBSEQUENT EVENTS TO THE YEAR-END AND OUTLOOK

On February 28, BasicNet and Permira, a global private equity fund, executed an agreement regarding the undertaking of a stake by the latter in K-Way S.p.A., as announced on October 25, 2024.

K-Way S.p.A. is now indirectly held approx. 60% by BasicNet and for approx. 40% by Permira through its Permira Growth Opportunities II fund, and for a minimum stake lower than 0.5% held by a number of key managers of K-Way S.p.A.

In execution of the agreements, according to the terms announced on October 25, 2024:

- K-Way Topco S.r.l. was incorporated – directly held by BasicNet, Permira and a number of key managers of K-Way – in addition to two further companies: K-Way MidCo S.p.A. and K-Way BidCo S.p.A., respectively, directly and indirectly held by K-Way Topco S.r.l.;
- through a series of cascading contributions, Permira and the key managers made cash payments of approximately Euro 170 million, and BasicNet concurrently contributed an approx. 57% stake in K-Way S.p.A. to K-Way BidCo;
- the sub-holding company K-Way BidCo S.p.A. acquired the remaining 43% of the shares in K-Way S.p.A. from BasicNet for a provisional consideration, subject to possible standard adjustments based on the calculation of the final net financial position and net working capital, of Euro 192 million;
- K-Way BidCo therefore holds the entire share capital of K-Way, and the companies are expected to undergo a reverse merger in the coming months;
- BasicNet granted K-Way BidCo S.p.A. a non interest-bearing vendor loan of Euro 65 million, to be deducted from the above consideration;
- BasicNet, Permira, the key managers, K-Way Topco S.r.l., K-Way MidCo S.p.A. and K-Way BidCo S.p.A. have entered into the shareholders' agreement concerning the management and ownership structure of K-Way S.p.A. and of the companies that directly and indirectly hold the entire capital of K-Way S.p.A.

Marco Boglione and BasicWorld S.r.l. have made - with respect to Permira Strategic Growth Topco S.à r.l. RAIF - voting commitments at the Shareholders' Meetings of BasicNet S.p.A. in relation to resolutions concerning the listing of K-Way S.p.A. or of companies that directly and indirectly hold the entire capital of K-Way S.p.A.

## Outlook

Based on the acquired order backlog and the continued investment in advancing the Brands, the Group expects to continue on its development trajectory, further consolidating its market positioning.

\* \* \*

**PROPOSAL TO THE SHAREHOLDERS' AGM TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR**

Dear Shareholders,

We highlight the following:

**MOTION**

the Shareholders' Meeting of BasicNet S.p.A., having reviewed the 2024 results, the Directors' Report and having noted the Board of Statutory Auditors' Report and that of the Independent Audit Firm EY S.p.A.,

**RESOLVES**

to approve the Directors' Report and the Financial Statements at December 31, 2024, in relation to each individual part and in its entirety.

**PROPOSAL FOR THE ALLOCATION OF NET PROFIT FOR THE YEAR 2024 AND DIVIDEND DISTRIBUTION.  
RESOLUTIONS THEREON.**

Dear Shareholders,

We propose the allocation of the net profit of Euro 7,959,435.00 as follows:

- |   |      |              |
|---|------|--------------|
| ▪ to each of the 46,967,000 ordinary shares in circulation (excluding the 7,033,000 treasury shares held at March 7, 2025), a dividend of Euro 0.16 before withholding taxes for an amount of | Euro | 7,514,720.00 |
| ▪ to unrealised exchange gains reserves, for a total of   | Euro | 115,801.16   |
| ▪ to retained earnings the residual amount, for a total of  | Euro | 328,913.84   |

The dividend will be paid from April 30, 2025, with record date of April 29, 2025 and coupon date (No. 18) of April 28, 2025.

We also propose that, if at the dividend coupon date the number of shares with dividend rights is lower than indicated above due to any share buy-backs by the company, the relative dividend will be allocated to retained earnings, as will any rounding made on payment.

We propose therefore the following:

**MOTION**

the BasicNet S.p.A. Ordinary Shareholders' Meeting

## RESOLVES

to approve the proposed allocation of the net profit for the year of Euro 7,959,435.00, as presented above, and the proposed payment of a dividend of Euro 0.16 to each of the ordinary shares in circulation and entitled to receive dividends on the coupon date.

Turin, March 7, 2025

for the Board of Directors

**The Chairperson**

Marco Daniele Boglione



## CORPORATE GOVERNANCE REPORT

### Introduction

Pursuant to Article 123-*bis* of Legislative Decree No. 58/1998 (Consolidated Finance Act, hereinafter "CFA"), listed companies are required to annually issue a "Corporate Governance and Ownership Structure Report" which includes information on voluntary compliance to a code of conduct promoted by regulated market management companies or trade associations, giving reasons for any failure to comply to one or more provisions. In this report, listed companies must in any case indicate the corporate governance practices "effectively applied by the company beyond its obligations under laws or regulations."

Article 89-*bis* of the Consob Issuers' Regulation issued by Resolution No. 11971 of 1999 (as amended) on issuers (hereafter the "Consob Regulation"), in regulating the above obligation, stipulates that listed companies that have not complied with or intend not to continue to comply with codes of conduct must disclose such in a report to be published annually, including on the company's website, together with the Directors' Report.

BasicNet has its own governance model, which is constantly updated in relation to changes in the regulations on listed companies. In addition, since the listing BasicNet has always complied with the Self-Governance Code promoted by Borsa Italiana and, in line with EU Recommendation No. 208/2014 and as provided in Paragraph IV of the "Guiding Principles" of the Corporate Governance Code, has always provided evidence and explanation, in the Annual Report made available to the Market, where any principles or application criteria have been disregarded.

Since 2022, BasicNet has decided not to continue to comply with the Corporate Governance Code, except to the extent that its recommendations correspond to those introduced by the legislation in force for listed companies, i.e. the Civil Code, the Consolidated Finance Act and the related regulations issued by Consob, Borsa Italiana and the applicable European Regulations.

The Company, having assessed how its corporate governance model, which has been gradually introduced following the entry into force of new rules, has always ensured full transparency and fairness in conducting its activities, in addition to a balanced and effective system of controls and risk monitoring, considering certain provisions of the Corporate Governance Code, to effectively form, with regard to the size and composition of the shareholder base, an overarching structure in terms of compliance, obliging the company to repeat the reasons for non-compliance of one or more provisions of the code.

The existing Board of Directors and the Internal Board Committees maintain continuity with the skills, organisation and functions performed in previous financial years, consistent with the governance approach already adopted.

The recommendations of the Corporate Governance Code were followed where deemed useful and appropriate for the Company.

For ease of reading, the format suggested by Borsa Italiana to issuing companies in its latest edition of December 2024 was followed in drafting this Report, with appropriate adaptations to BasicNet S.p.A.'s corporate governance model.

### 1. ISSUER PROFILE

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

Group activities involve driving brand enhancement and product distribution through a global network of independent 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.

In its operations, BasicNet has always sought to create value for its shareholders and, more generally, all those who have a stake in the Group's business. The main stakeholders include groups directly linked to business activities, such as Group Resources, the Network of licensees, Investors, Shareholders and the Financial Community, the PA, Governmental and Control Bodies and the Local Communities in which the Group operates.

The sustainable success is achieved through BasicNet's Business System, which offers business opportunities to a worldwide network of independent companies that do business with the Group, namely its manufacturing licensees (sourcing centers) and its commercial licensees (licensees). Accordingly, BasicNet is aware that the



Group's economic growth is closely linked to the economic development of its licensees, and that this link represents an initial important factor of sustainability that is inherent to the nature of the Group's business.

For years now, the Group has been working to innovate the design and quality of their collections and to find sustainable products and materials. This began with the Kappa® and Robe di Kappa® Brands and continues with K-Way®, the collections of which include environmentally sustainable processes and materials, as well as with Superga®, with Sebago®, whose winning features are strength and durability, and Briko®.

BasicNet S.p.A. is the parent company of the Group – with headquarters in Turin - listed on the Italian Stock Exchange.

The Governance of BasicNet S.p.A. is represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The Company has prepared the Consolidated Sustainability Statement in accordance with Legislative Decree No. 125 of September 6, 2024, which is published together with the Directors' Report and Annual Financial Report and may be found at [www.basicnet.com](http://www.basicnet.com).

BasicNet is defined as an SME in accordance with Article 1, paragraph 1, letter w-quater 1), of the CFA and Article 2 of Consob Issuers' Regulation and is included in the list published by Consob here: <https://www.consob.it/web/area-pubblica/emittenti-quotati-pmi>.

Average market capitalisation in 2024 was Euro 232 million, continuing to meet the definition of SME.

BasicNet does not meet the definition of "large enterprise" or "company of concentrated ownership" as per the Corporate Governance Code.

## **2. DISCLOSURE ON THE OWNERSHIP STRUCTURE AT MARCH 7, 2025 (pursuant to Article 123-bis, paragraph 1, CFA)**

### **a) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a), CFA)**

On May 30, 2022, the Extraordinary Shareholders' Meeting of the company approved the elimination from Article 5 of the By-Laws - Share Capital - the reference to the nominal value of the shares, to cancel 6,993,602 treasury shares with no nominal value held by the Company, maintaining the amount of share capital unchanged. Consequently, the Share Capital, fully subscribed and paid-in, amounts to Euro 31,716,673.04 and comprises 54,000,000 ordinary shares listed on the Euronext Milan (EXM).

At the date of this Report, the Company holds 7,033,000 treasury shares, equal to 13.02% of the share capital and 8.90% of the voting rights.

The Company has not issued financial instruments that attribute the right to subscribe to new share issues.

No share-based incentive plans have been introduced which would result in an increase, including through scrip issues, of the share capital.

### **b) Restriction on the transfer of shares (pursuant to Article 123-bis, paragraph 1, letter b), CFA)**

At the date of the present Report, there are no restrictions on the transfer of shares.

### **c) Significant holdings (pursuant to Article 123-bis, paragraph 1, letter c), CFA)**

As stated above, with reference to Article 1, letter w-quater 1) of the CFA, BasicNet qualifies as a "Small-Medium-sized enterprise" (SME). The significance threshold is 5% of the share capital with voting rights.

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. As a result of voting rights increases in 2024 and waiver exercised by certain shareholders, voting rights currently total 79,044,667.

The list of parties holding, directly or indirectly, more than 5% of the share capital 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 and other information held by the Company, is as follows:

Shareholder	% held of share capital (1)	% of voting rights (2)	Note
Marco Boglione	37.996%	49.884%	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	6.926%	9.128%	Part-owned directly and indirectly through Francesco Boglione S.r.l.
BasicNet S.p.A.	13,024%	8.897%	Treasury shares in portfolio
Helikon Investments Limited	11.730%	8.014%	Held by way of discretionary asset management. The company in addition holds "cash settled equity swaps" financial instruments on BasicNet shares equal to 1.082% of voting rights

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

4) Calculated on 79,044,667 total voting rights.

d) Shares which confer special rights (pursuant to Article 123-*bis*, paragraph 1, letter d), CFA)

There are no shares which confer special control rights.

The Extraordinary Shareholders' Meeting of July 29, 2021 approved the amendments to the By-Laws to introduce the increased voting rights mechanism, as per Article 127-quinquies of Legislative Decree No. 58/98. This mechanism permits the assignment of two votes for each ordinary BasicNet share held by the same Shareholder of the Company for a continuous period of at least 24 months from their enrolment in a special Register set up and maintained by the Company.

On the same date, the Board of Directors, based on the mandate conferred by the Extraordinary Shareholders' Meeting, adopted the regulation for the governance of the registration, maintenance and updating of the Special Register in compliance with the applicable regulation, the Company By-Laws and market best practice. At present, and in consideration of the date on which the mechanism was introduced, 25,044,667 shares enjoy increased voting rights.

The list of shareholders with an interest of more than 5% of the share capital expressed in voting rights of Basicnet S.p.A. that are registered in the special list for the legitimacy of increased voting rights (Article 127-quinquies, paragraph 2, of the CFA) and who have achieved double voting after 24 months from the date of enrolment is available on the Company's website at <http://www.basicnet.com/contenuti/corporate/votoMaggiorato.asp?menuSelectedID=2h>.

e) Employee participation rights: method of exercise of voting rights (pursuant to Article 123-*bis*, paragraph 1, letter e), CFA)

At the date of this Report, no employee share ownership mechanisms were in place.

The Board of Directors meeting of March 8, 2024 resolved to submit for approval to the BasicNet Shareholders' Meeting of April 16, 2024, the introduction of an incentive plan providing for the free allocation, to employees and Directors of the Group headed by the Company, of a maximum of 2,000,000 (two million) ordinary shares of the Company, to be taken from the treasury shares held in portfolio - the "2024 - 2027 Stock Grant" (the "**Plan**").

The Plan is for the Directors and employees of the BasicNet Group who will be identified, from among the members of the Board of Directors and employees of BasicNet S.p.A. and the companies it - directly or indirectly - controls with the aim of incentivising them, retaining their loyalty and setting the conditions for attracting additional talented people.

The aspects related to implementation of the Plan have been defined by the regulations approved by the Board of Directors at their meeting of February 12, 2025, as explained in greater detail at point 8 below, concerning director remuneration and the remuneration committee.

Information regarding the share-based incentive plan is also provided in accordance with the guidance for the prospectus under Schedule No. 7 of Annex 3A to the Issuers' Regulation issued by CONSOB, which is available to the public at the Company's offices, on the Company website at [www.BasicNet.com](http://www.BasicNet.com) (in the section "Financial data/Information Documents and other documents/2024-2027 Stock Grant Plan") and on the authorised storage mechanism "1info" ([www.1info.it](http://www.1info.it)).

f) Voting restrictions (pursuant to Article 123-bis, paragraph 1, letter f), CFA)

There are no restrictions on voting rights. The issuer has exclusively issued ordinary shares; each share provides one vote (Article 6 of the By-Laws), without prejudice to the multi-voting rights mechanism described in paragraphs c) and d) above, up to a maximum of two votes per share. Article 21 of the By-Laws excludes the right to withdrawal with regards to motions concerning the extension of the company's duration or the introduction or the removal of restrictions on the circulation of equities.

g) Shareholder agreements (pursuant to Article 123-bis, paragraph 1, letter g), CFA)

On February 28, 2025, BasicWorld S.r.l., registered office in Turin, Italy, at Largo Maurizio Vitale, 1, Marco Daniele Boglione and Permira Strategic Growth Topco S.à r.l. RAIF, headquartered in Luxembourg, 488 Route de Longwy, LEI code no.: 254900POENVCOJ2ALR30, signed a shareholder agreement pursuant to Article 122, paragraph 1, of the CFA concerning the shares directly and indirectly held by BasicWorld S.r.l. and Marco Daniele Boglione.

The aforementioned shareholders have committed to Permira Strategic Growth Topco S.à r.l. RAIF to exercise their respective voting rights at the Shareholders' Meetings of BasicNet S.p.A. for the approval of a spin-off or any other transaction (or series of transactions) aimed at transferring interests in K-Way (or in any company that, directly or indirectly, controls K-Way, the "K-Way Vehicle") to BasicNet and from the latter to its shareholders. The foregoing is considered the event that the shares of K-Way (or the K-Way Vehicle) are admitted to trading on a regulated market or multilateral trading facility.

h) Change of control clause (pursuant to Article 123-bis, paragraph 1, letter h), CFA) and statutory provisions on public purchase offers (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1, CFA)

The contractual conditions of the loans in place at the date of the present Report include typical clauses for such loans, such as the maintenance of some conditions concerning the holding of the majority shareholder of the Company.

Within the scope of the acquisition by Permira Strategic Growth Topco S.à r.l. RAIF of a minority shareholding in K-Way S.p.A., agreements have been made such that if the amount of total voting rights held directly or indirectly by Marco Boglione and his descendants in BasicNet falls below 40%, Permira will have the right to sell its entire shareholding to BasicNet, which will be obliged to purchase it, at fair market value, on a pro rata basis.

Statutory provisions in relation to Takeovers

The Extraordinary Shareholders' Meeting of April 29, 2011 approved, among other matters, the change to Article 16 of the Company By-Laws – Powers of the Board of Directors and legal representation – in order to recognise to the Board of Directors the right to undertake, at any moment and without prior authorisation of the Shareholders' Meeting, defensive measures in the case of public offers or exchanges, pursuant to Article 104 of the CFA, as amended by Article 1 of Legislative Decree No. 146 of September 25, 2009. In particular Article 16 includes two paragraphs as follows:

- *“the Board of Directors, and any executive boards, also have the right to undertake, without a Shareholders' Meeting authorisation, all acts and operations against the objectives of a public tender or exchange offer, from the moment in which the communication in which the decision or the obligation arises to promote the offer was made public until the termination or expiry of the offer”.*
- *“The Board of Directors, and any executive boards, also has the right to implement decisions, not yet implemented in full or in part and which are not within the scope of the normal activities of the Company, undertaken before the communication as described above and whose implementation could negate the achievement of the objectives of the offer”.*

i) Power to increase the Share Capital and authorisation to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m), CFA)

- Powers to increase the Share Capital

The Board of Directors do not have powers to increase the Share Capital pursuant to Article 2443 of the Civil Code.

- Authorisation of share buy-back plan

The Shareholders' Meeting of April 16, 2024 authorised the Board of Directors to purchase, on one or more occasions, a maximum number of ordinary shares, taking account of those already held by the Company, not exceeding the legal limits, for a period beginning from the date of the Shareholders' Meeting until the date of the Shareholders' Meeting called to approve the 2024 Annual Accounts. On the basis of this authorisation, the Board of Directors, meeting on the same date, initiated a plan concerning a maximum number of treasury shares equal to 20% of the share capital, for a maximum amount of Euro 30 million, in compliance with all legal limits and taking account of the treasury shares already in portfolio.

Under the treasury share buy-back programme of the Shareholders' AGM of April 16, 2024, at the date of this report, 2,523,700 treasury shares had been acquired (4.7% of the Share Capital) at an average price of Euro 6.2, for a total of Euro 15,534,793.

BasicNet today holds a total of 7,033,000 treasury shares (equal to 13.02% of the Share Capital and 8.9% of the voting rights), for an investment of Euro 32.5 million.

l) Direction and co-ordination activities (pursuant to Article 2497 and subs. of the Civil Code)

BasicNet S.p.A. is not subject to management and coordination pursuant to Article 2497 and thereafter of the Civil Code and has full authority to implement its general and operating strategies.

In particular, neither BasicWorld S.r.l., which holds 37.419% of the company's shares, nor Marco Boglione and Figli S.r.l., which holds the entire share capital of BasicWorld S.r.l., exercise management and coordination over the Company, as: (i) they do not issue directives to their subsidiary, and (ii) there is neither in contractually defined form nor through organisational procedures any rule that limits BasicNet S.p.A.'s or its subsidiaries decision-making autonomy;

BasicNet S.p.A. carries out direction and coordination activities, pursuant to Article 2497-bis of the Civil Code, for the directly and indirectly held Group subsidiaries. This activity involves oversight of the general strategic directives and in the definition and amendment of guidelines for the Internal Governance and Control model.

The parent company BasicNet S.p.A. undertakes the “Powered by” activities serving the subsidiaries.

These “Powered by” activities mainly include:

- Information Technology, i.e. the creation of new software for the online management of all supply chain processes;
- co-ordination of production and commercial activity information flows on the licensees’ Network;
- strategic finance.

All Group companies adopt and respect the Ethics Code.

m) Other information

It is noted that:

- the disclosures required by Article 123-bis, paragraph 1, letter i) (“the agreements between the Company and Directors – which provide for indemnity in the case of dismissal without just cause or in the case in which the employment services cease after a public offer”) are contained in the Remuneration Policy and Report pursuant to Article 123-ter of the CFA, available on the Company’s website [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp);
- the disclosures required by Article 123-bis, paragraph 1, letter l) (“applicable regulations concerning the appointment and replacement of Directors, in addition to the amendment of the By-Laws if differing from applicable law and regulations”) are illustrated in the Board of Directors section (Section 4.2) of this Report;
- the disclosures required by Article 123-bis, paragraph 1, letter l), second part (applicable regulations concerning the amendment of the By-Laws if differing from applicable law and regulations) are illustrated in the section of the report concerning Shareholders’ Meetings (Section 13).

### 3. COMPLIANCE (pursuant to Article 123-bis, paragraph 2, letter a), CFA)

The Corporate Governance system adopted by BasicNet S.p.A. incorporates the rules and procedures within the Company’s By-Laws and provisions of law, which outlines the system of management and control of the Company and of the Group.

As reported in the Introduction, BasicNet decided not to continue compliance with the Corporate Governance Code, except to the extent that its recommendations correspond to those introduced by the legislation in force for listed companies, i.e. the Civil Code, the Consolidated Finance Act and the related regulations issued by Consob, Borsa Italiana and the applicable European Regulations.

The Company, having assessed how its corporate governance model - gradually implemented following the entry into force of the new regulations - has always ensured full transparency and fairness in the conduct of its business, as well as a balanced and effective system of controls and risk supervision, has decided not to continue to comply with the Corporate Governance Code, except to the extent that its recommendations correspond to those introduced by the legislation in force for listed companies, i.e. the Civil Code, the Consolidated Finance Act and the related regulations issued by Consob, Borsa Italiana and the applicable European Regulations. In fact, it has been assessed that some provisions of the Corporate Governance Code having regard to the size and composition of the Company’s shareholder base, create *de facto* overlaps in terms of compliance, making it necessary to repeat the reasons for non-compliance to one or more of its provisions. The existing Board of Directors and the Internal Board Committees maintain continuity with the skills, organisation and functions performed in previous financial years, consistent with the governance approach already adopted. The recommendations of the Corporate Governance Code were followed where deemed useful and appropriate for the Company.

Information on the corporate governance of BasicNet S.p.A is available on the Company’s website at [www.basicnet.com](http://www.basicnet.com). The site is updated regularly to include all regulatory and corporate information on the Group, including sections dedicated to sustainability, investors, and shareholders.

Specifically, the documents relating to the corporate governance system are published in the section called “Corporate Governance BasicNet”. The Annual Report, which is published on the website [www.basicnet.com/contenuti/corporate/corporategovernance.asp](http://www.basicnet.com/contenuti/corporate/corporategovernance.asp), illustrates the governance structure of the Group.

For ease of reading, the format suggested by Borsa Italiana to issuing companies in its latest edition of January 2024 was followed in drafting this Report, with appropriate adaptations to BasicNet S.p.A.'s corporate governance model.

The "Group" subsection, on the other hand, publishes the following information: significant shareholders, Group structure, composition of the corporate boards, Group activities, and the video presentation.

The subsection "Corporate Boards" includes the qualifications of the Directors and other members of the Boards of Statutory Auditors of the companies of the Group.

Neither BasicNet S.p.A. nor its strategic subsidiaries are subject to laws in force outside Italy which affect the corporate governance structure.

#### 4. BOARD OF DIRECTORS

##### 4.1. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors of BasicNet:

1. determines and pursues the Company's strategic, commercial and financial objectives;
2. pursues the objective of creating medium-/long-term value for its shareholders and, more generally, for all those who have a stake in the Group's activities by promoting growth that is economically, environmentally and socially sustainable;
3. assesses its organisational, administrative and accounting adequacy so that full transparency and fairness in conducting business, in addition to a balanced and effective system of controls and risk monitoring, is always ensured, in accordance with applicable laws and regulations;
4. promotes dialogue with shareholders and all other relevant stakeholders for BasicNet and for the Group.

Within this context, the Board of Directors:

- a) examines and approves the Company and the Group's economic and financial forecasts; the enactment of the plans and the monitoring of performance are, as a rule, reviewed at the meetings called for the approval of the interim financial statements;
- b) defines the organisational structure of the companies of the Group and the corporate governance system of BasicNet;
- c) monitors business risks. The Board examines and approves operations of the Company and its subsidiaries, when such operations have a significant impact on strategy, on financial performance and standing for the Group as a whole.
- d) assesses the adequacy of the Company's organisational, administrative and accounting structure, following consultation with the Internal Audit function and the Control and Risks Committee on the suitability and adequacy of the Internal Control and Risk Management System;
- e) assigns and revokes the delegation of powers to the executive boards, establishing the limits and manner of exercising such power and the frequency, normally not less than quarterly, with which the executive boards must report to the Board on the exercise of the powers conferred, in accordance with Article 13 of the Company By-Laws;
- f) assesses the general operational performance, taking into account, in particular, the information received from Executives, as well as periodically comparing the results with the budgets;
- g) by adopting procedures for the handling of inside information, defined the management of the internal and external publication of inside information and documentation concerning BasicNet and its strategic subsidiaries.

In view of that outlined above, the following companies are considered as "strategically significant" subsidiaries: Kappa S.r.l., owner of the Kappa®, Robe di Kappa® and Briko® brands, K-way S.p.A., Superga S.r.l., Sebago S.r.l., owner of the brands of the same name, BasicVillage S.p.A., a company engaged in the management of the Group's properties, and BasicItalia S.r.l., formerly the licensee for the group brands, which following the reorganisation took on the new role of logistic hub for the Group distribution companies, and operations, legal and administrative service provider.



The Board on March 7, 2025 confirmed the adequacy of the organisational, administrative and accounting structure of the company and its "strategically significant" subsidiaries, prepared by the Chief Executive Officers, with particular regard to the control and risks system and the general operating performance.

In expressing its opinion, the Board relies not only on the quarterly information received from the executive officers at the Board meetings, but also on the reports issued at the meetings to approve the draft annual and half-year financial report and by the Control and Risks and Related Parties Committee which reports on the activities carried out, in addition to an assessment regarding the adequacy of the Internal Control and Risk Management System.

Risk assessment is carried out on the basis of a document containing the model for identifying the nature and risk compatible with the Company's strategic objectives, prepared by the Internal Audit Manager.

#### 4.2. APPOINTMENT AND REPLACEMENT (pursuant to Article 123-bis, paragraph 1, letter l), CFA)

The norms applied in the appointment and replacement of the Directors are set out in Article 13 of the Company By-Laws, in relation to which reference should be made to the Company's website [www.basicnet.com/contenuti/gruppo/statuto.asp](http://www.basicnet.com/contenuti/gruppo/statuto.asp)

The Company is administered by a Board of Directors, made up of between five and fifteen members. The Shareholders' Meeting, before their appointment, establishes the number of members of the Board of Directors and the duration of office in accordance with that permitted by law. The By-Laws provide that at least one member of the Board of Directors, or two if the Board of Directors is comprised of more than seven members, should be considered independent in accordance with law. Each slate should include at least one candidate considered independent.

The procedure for appointment as per Article 13 provides:

- the filing, at the registered office of the Company, within the terms required by legislative and regulatory provisions, of the slates of candidates with indication of the shareholders presenting the candidates and the overall shareholding held, together with disclosure on the personal and professional details of the candidates;
- that the minority shareholders that either alone, or together with other shareholders, holding voting rights not lower than that required by current regulations, will be reserved the appointment of one Director. For 2024, as in previous years, this percentage was set at 4.5% (Consob Executive Resolution No. 123 of January 28, 2025);
- that the procedure for electing the Directors shall be as follows: i) from the slate which obtained the highest number of votes, based on the progressive order with which they are listed in the slate, all the members necessary are elected to fill the number of Directors established for the Shareholders' Meeting, while ensuring the gender balance provisions are complied with, except one; ii) from the slate which obtained in the Shareholders' Meeting the second highest number of votes one member is elected of the Board of Directors as the first candidate on this slate;
- consideration is not taken of the slates which have not obtained at least the number required by the Company By-Laws for the presentation of the slates;
- should two slates receive the same number of votes, a second vote of the entire Shareholders' Meeting is taken to decide between them with the candidate being elected through a simple majority of the votes. In the case of presentation of only one slate, or in the case of no slate presented, the Shareholders' Meeting deliberates in accordance with the statutory majority.

Should one or more vacancies occur on the Board, Article 2386 of the Civil Code shall be applied, as follows:

- a. the Board of Directors appoints the replacements from the same slate to which the previous Directors belonged, choosing where necessary a replacement considered independent as per applicable law, with the Shareholders' Meeting voting upon such by statutory majority, respecting this principle;
- b. when the above-mentioned slate does not contain candidates not previously elected or, where required, candidates considered independent as per applicable law, the Board of Directors makes the replacement without satisfying the previous point a). by statutory majority;
- c. when the above-mentioned slate does not contain candidates not previously elected or, where required, candidates such as to ensure compliance with the applicable gender equality legislation, the

Board of Directors makes the replacement without satisfying the previous point a), as does the Shareholders' Meeting, also by statutory majority.

#### 4.3. COMPOSITION OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2, letter d), and d-bis), CFA)

The Board of Directors in office was appointed by the Shareholders' Meeting of April 13, 2022 and its mandate concludes with the approval of the 2024 Annual Accounts. It comprises fourteen members, as shown in the table below:

Structure of the Board of Directors whose members were appointed on the basis of slates presented by Shareholders												
Office	Member	Year of birth	Date first appointment (*)	In office from	In office until	Slate (M/m) (**)	Exec.	Non-Exec.	Ind. Code	Ind. CFA	No. of other offices (***)	Attendance (****)
Chairperson	Marco Boglione	1956	1999	13/04/2022	Approval 2024 Accs.	M	X				-	7/7
Executive Vice-Chairperson	Alessandro Boglione	1988	2019	13/04/2022	Approval 2024 Accs.	M	X				-	6/7
Executive Vice-Chairperson	Lorenzo Boglione	1986	2019	13/04/2022	Approval 2024 Accs.	M	X				-	7/7
Chief Executive Officer	Federico Trono	1973	2019	13/04/2022	Approval 2024 Accs.	M	X				-	7/7
Director	Maria Boglione	2003	2022	13/04/2022	Approval 2024 Accs.	M		X				6/7
Director	Veerle Bouckaert	1966	2019	13/04/2022	Approval 2024 Accs.	M	X				-	7/7
Non-Executive Independent Director, member of the Remuneration Committee and Chairperson of the Control and Risks and Related Parties Committee	Piera Braja	1964	2022	13/04/2022	Approval 2024 Accs.	M		X	X	X	5	7/7
Director	Paola Bruschi	1967	2007	13/04/2022	Approval 2024 Accs.	M	X				-	7/7
Non-Executive Independent Director, member of the Remuneration Committee and of the Control and Risks and Related Parties Committee	Francesco Calvo	1977	2022	13/04/2022	Approval 2024 Accs.	m		X	X	X	-	7/7
Non-Executive Independent Director, member of the Control and Risks and Related Parties Committee	Cristiano Fiorio	1972	2019	13/04/2022	Approval 2024 Accs.	M		X	X	X	-	6/7
Director	Monica Gamberoni	1968	2022	13/04/2022	Approval 2024 Accs.	M	X				-	7/7
Director	Francesco Genovese	1988	2019	13/04/2022	Approval 2024 Accs.	M	X				-	7/7
Director and member of the Remuneration Committee	Daniela Ovazza	1956	1999	13/04/2022	Approval 2024 Accs.	M		X			-	7/7
Non-Executive Director Chairperson of the Remuneration Committee	Carlo Pavesio	1956	1999	13/04/2022	Approval 2024 Accs.	M		X			3	7/7



- (\*) The first appointment of each Director refers to the date on which the Director was appointed for the first time to the Board of BasicNet S.p.A.
- (\*\*) This column indicates whether the slate for each Director is selected from a "majority" slate - "M", or a "minority" slate - "m".
- (\*\*\*) This column indicates the number of offices a Director or Statutory Auditor holds in other listed companies or large enterprises.
- (\*\*\*\*) This column indicates the number of Board meetings attended by each Director, compared with the total number of meetings held during the year.

The curricula vitae of the Directors in office, which describe their personal backgrounds and professional qualifications, are available on the Company's website at [www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp](http://www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp).

The Board of Directors, in its current composition, complies with the "gender quota" rules applicable on the appointment date.

### **Diversity policies in board composition and company organization**

The Company has not adopted specific diversity policies in relation to the composition of the management and control bodies with respect to such aspects as age, gender, disability, educational and professional background, as the statutory and regulatory provisions and the provisions of the by-laws guarantee a sufficiently high level of diversity profiles, and as the slates submitted by Minority and Majority Slates have always featured a broad range of profiles.

Regarding the seniority of the Board of Directors members: one member is under 30 years, 10 members are between 30 and 59 years, and 3 members are over 60 years.

The management of the corporate organisation, as also stipulated in the Group's Ethics Code, focuses on ensuring equal opportunities and guaranteeing the professional growth of each individual. There is no difference in treatment relating to gender (considering equivalent roles and seniority) or in the composition of the Group's workforce (1,121 personnel, 681 women, 440 men).

The Company believes that the provisions of current legislation, the Ethics Code, and the whistleblowing procedure for reporting alleged wrongdoing and irregularities are valid instruments for the countering of discrimination, including harassment, so as to promote equal opportunity and other solutions in support of diversity and inclusion.

### **Maximum number of offices held in other companies**

The Board of Directors does not consider it necessary to limit the maximum number of offices which each Director may hold, also in view of the consistently high and fruitful participation of all members at meetings of the Board of Directors.

### **Induction Programme**

The Directors, in practice, have the facility to participate in meetings subsequent to their appointment and during their mandate with the Chairperson and Management, in order to improve their understanding of the organisational structure and corporate processes and to ensure that they remain informed regarding corporate affairs and developments. They also continually have access to financial and operational information from the BasicManagement portal.

#### **4.4. ROLE OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2, letter d), CFA)**

In managing its own operations, the Board adopts the provisions of the law and the Company's By-Laws. As such, and in view of the smooth functioning of Board business, it did not consider it necessary to define any further specific rules. For completeness, the role played by the Board of Directors, even if not formally governed by a specific Regulation, is described below.

The Board of Directors meets whenever the Chairperson deems it to be necessary or appropriate, or when requested by at least two members of the board or by the Board of Statutory Auditors. Meetings may also be held off-site, either in Italy or abroad (Article 14 of the Company By-Laws).

Meetings are to be called by the Chairperson, or by another party vested with such powers, by way of registered mail or electronic mail at least five days prior to the date set for the meeting, unless urgent circumstances make this advance notice impossible.

It is standard practice for the Board of Directors to meet at least five times each year to examine financial performance for the period and to provide updates on the activities conducted by the executive boards. The Board of Directors met seven times in 2024.

Meetings of the Board of Directors may also be validly held by way of teleconferencing, so long as it is possible to determine the exact identification of the persons entitled to attend may be verified, and for all participants to contribute verbally, in real time, on all matters and to receive and send documents.

Executives of the Company may participate at the Board meetings, on the invitation of the Chairperson, where there is a need to provide guidance on the matters on the Agenda.

The documentation concerning the matters under discussion was made available in advance to the Directors and Statutory Auditors. Since 2019, a dedicated section called "My Documents" has been set up on the corporate website where documents are uploaded for discussion on Agenda items. In accordance with the Code, the Board of Directors, considering the operating dynamics of the Company and the Group, identified the period of two days as appropriate for the sending of preliminary meeting material, except in the cases of urgency, in which case the documentation shall be made available and adequately presented during the meeting. The above-stated deadline for Board meetings was generally met ahead of schedule in 2024.

As mentioned above, the Board held seven meetings in 2024, lasting an average of two hours each.

In January 2025, the Company published its financial calendar, which established the days for the five Board meetings for 2025, for the review of the preliminary results, the approval of the 2024 separate and consolidated financial statements, the approval of the half-year report and the review of the quarterly disclosure to the market. As established by Article 82-ter of the Issuers' Regulation, BasicNet will continue to publish the quarterly results on a voluntary basis, until any differing assessment. During its meeting on October 29, 2020 and in order to provide more complete and timely disclosure, the Board of Directors decided to combine its quarterly reporting on commercial performance with market disclosure regarding movements in its main operating and financial performance indicators, which are constantly monitored by the Group. The quarterly disclosure shall be published in a press release to be issued on conclusion of the Board of Directors' meetings called to approve the above results. Typically on the same day, a conference call is scheduled during which the Chief Executive Officer explains the data approved by the BoD.

The financial calendar is available on the website [www.basicnet.com](http://www.basicnet.com)

On February 12, 2025, the first meeting was held to examine the preliminary 2024 data and review corporate affairs as per Article 150 of the CFA and Article 13 of the By-Laws.

#### 4.5. ROLE OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson promotes and coordinates the proper functioning of the system of corporate governance in pursuit of the Company's interests.

The Chairperson ensures that the handling of each matter on the Agenda is allocated the necessary time to ensure constructive debate, considering debate among the Board as useful for the motions to be considered, including by providing information prior to the meeting. The Chairperson also ensures the efficacy of the Agenda of Board meetings, adapting the length of discussion to the importance of the items to be discussed.

### Secretary to the Board of Directors

A Secretary to the Board of Directors is appointed by the Board of Directors in order to help organise the Board's activities. This Secretary may be selected from among the members of the Board of Directors, employees of the Company, or other individuals from outside the Company.

The Secretary (generally the Corporate Affairs manager) supports the activities of the Chairperson, in particular in the preparation of board and Shareholders' Meetings, in the drafting of the relevant motions, in ensuring the adequacy, completeness and clarity of the information flows to the Board, in the communication with the Directors.

The Secretary assists the Chairperson in relations with the Board and provides impartial assistance and advice to the Board of Directors on any aspect relevant to the proper functioning of the corporate governance system.

The Secretary also coordinates the activities of the Internal Board Committees and provides related support.

The Secretary drafts the minutes of each Board meeting, signs them along with the Chairperson, and ensures that they are archived in the Company's records.

## 4.6. EXECUTIVE DIRECTORS

### The Chairperson and Executive Directors

The Shareholders' Meeting of April 13, 2022 confirmed Marco Boglione as the Executive Chairperson of the Board of Directors. On the same date, the Board of Directors appointed Lorenzo Boglione - Executive Vice-Chairperson, Alessandro Boglione - Executive Vice-Chairperson, and Federico Trono - Chief Executive Officer

In accordance with Article 13 of the By-Laws, the Vice-Chairperson executes the role of Chairperson in the case of the latter's temporary absence or unavailability.

The Board of Directors meeting of April 13, 2022 delegated to the Chairperson all powers for ordinary and extraordinary administration with sole signature, within a limit of Euro 4 million for the acquisition and/or sale of quotas or shares in companies, enterprises, business units or brands, Euro 5 million with reference to the annual cost of sponsorship contracts and financial debt transactions with a value within a limit of 60% of the consolidated equity of the Company, and Euro 4 million for the granting of all secured and unsecured guarantees and patronage letters (with the exception of the subsidiary companies).

The decision to grant executive powers to the Chairperson, the founding member of the Group, is an acknowledgement of the central importance of the role to the sustainability of the Company. While a generational changeover is underway in the interest of business continuity, strongly desired by the Chairperson himself, there is no doubt that he still plays a role in the design of Company's strategic interest and in inspiring, guiding and coordinating the actions and behaviours for achievement of the objectives.

At the same meeting, the Board of Directors delegated:

- to the Vice Chairpersons Lorenzo Boglione and Alessandro Boglione and to the Chief Executive Officer, Federico Trono, severally, all powers for ordinary and extraordinary administration with sole signature, within a limit of Euro 3 million for the acquisition and/or sale of quotas or shares in companies, enterprises, business units or brands, Euro 3.5 million with reference to the annual cost of sponsorship contracts and financial debt transactions with a value within a limit of 50% of the consolidated net equity of the Company, and Euro 3 million for the granting of all secured and unsecured guarantees and patronage letters (with the exception of the subsidiary companies);
- to the Director Paola Bruschi, as Group Finance Director, the role of Executive Officer for Financial Reporting, and powers for the administrative and financial management of the Company. See paragraph 6 below for information concerning the appointment of the internal Board committees.

*Executive Committee (pursuant to Article 123-bis, paragraph 2, letter d), CFA)*

The Board of Directors did not set up an Executive Committee.

*Reporting to the Board*

The executive boards reported to the Board and the Board of Statutory Auditors at their meetings, on a quarterly basis, with regards to the activities carried out in the exercise of their powers, on the general operating performance and the outlook and also on the most significant operations undertaken by the Company and its subsidiaries.

**Other Executive Directors**

At today's date, in addition to the Chairperson Marco Boglione (also Chairperson of the Board of Directors of Jesus Jeans S.r.l.), the following are Executive Directors: Vice-Chairperson Alessandro Boglione (also Chief Executive Officer of BasicItalia S.r.l. and Superga S.r.l., Chairperson of the Board of Directors of Kappa S.r.l., KappaRetail S.r.l., Kappa France S.a.s, Sebago S.r.l., SebagoRetail S.r.l, K-Way Retail Suisse S.A., SupergaRetail S.r.l, BasicNet Asia Ltd. and member of the Strategic Committee of K-Way France S.a.s., Executive Director of K-Way S.p.A.), Vice-Chairperson Lorenzo Boglione (also Executive Chair of the BoD of K-Way S.p.A. and of Superga S.r.l., Chief Executive Officer of Sebago S.r.l., Executive Director of Kappa S.r.l., Director of Fashion S.r.l., Chairperson of the Board of Directors of BasicAir S.r.l., Vice-Chairperson for Business Development of Basic Properties America Inc. and member of the Strategic Committee of K-Way France S.a.s.), Chief Executive Officer, Federico Trono (also Director of BasicNet Asia Ltd, Executive Director of Kappa S.r.l, Sebago S.r.l. and Superga S.r.l., Chief Executive Officer of Fashion S.r.l. and Jesus Jeans S.r.l., member of the Strategic Committee of K-Way France S.a.s, Chairperson of the BoD of K-Way Topco S.r.l, K-Way Midco S.p.A., K-Way Bidco S.p.A.), the Director Paola Bruschi, CFO of the Group (also Director of Superga S.r.l. and director of K-Way Topco S.r.l, K-Way Midco S.p.A., K-Way Bidco S.p.A. and K-Way S.p.A.).

Veerle Bouckaert, Head of Legal Affairs (also Executive Director of Kappa S.r.l., Sebago S.r.l. and Superga S.r.l.) and Francesco Genovese, Head of Organisation, are also Executive Directors.

**4.7. INDEPENDENT DIRECTORS**

The Board of Directors includes three Independent Directors: Piera Braja, Francesco Calvo and Cristiano Fiorio.

Once each year, and upon the appointment of new members, the Board assesses the independence of its members based on the circumstances defined in the CFA and in the Corporate Governance Code.

The Board of Directors meeting of March 7, 2025 assessed, on the basis of their declarations, the independence of these Directors.

As stated in the report to the Shareholders' Meeting called for the approval of 2024 Annual Accounts, the Board of Statutory Auditors has verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members.

**5. MANAGEMENT OF CORPORATE INFORMATION**

The Board approved the procedure for the handling of confidential information, subsequently updated with the regulations on Market Abuse. The policy was updated on February 19, 2018, incorporating the Guidelines upon the management of inside information published by Consob in October 2017.

This procedure contains the regulations for the internal management and external communication of confidential documents and inside information, for the management of delayed disclosure, in addition to the setting up and management, based on a specific IT procedure, of the Register for persons with access to inside information and a Register of persons possessing "relevant information".

Since April 1, 2006, the Internal Dealing Code has been applicable, updated in 2016 to incorporate new provisions of the Regulation of the European Parliament and Council of April 16, 2014 No. 596/2014, and subsequently in 2024 to implement the provisions of the "Capital Decree". The Code governs the procedures for disclosure to the market on operations on BasicNet S.p.A. shares by "Significant Persons" of the Group, as identified by Article 114 and thereafter of the CFA.

The procedure is available on the website: [www.basicnet.com/contenuti/gruppo/internaldealing.asp](http://www.basicnet.com/contenuti/gruppo/internaldealing.asp).

No Internal Dealing communications were received during 2024.

#### 6. INTERNAL COMMITTEES TO THE BOARD (pursuant to Article 123-bis, paragraph 2, letter d), CFA)

The Board meeting of April 13, 2022 appointed the Remuneration Committee and the Internal Control and Risks Committee, which continued to act also as the Related Party Transactions Committee.

It is standard practice for the committees to meet when called by the committee Chairperson, in coordination with the Company's Corporate Affairs function. All committee members have access to the company information needed for their activities. Materials regarding the items on the Agenda for the committee meeting are to be provided by the Corporate Affairs unit at least two days prior to the meeting, unless otherwise established (e.g. procedures for the examination of related party transactions require that documentation be provided at least 15 days prior to the meeting at which the Committee is called to express its opinion on the transaction). The minutes of committee meetings are drafted by their respective Chairpersons. Minutes of committee meetings are to be archived by the Corporate Affairs unit.

The average length of committee meetings is one hour thirty minutes for the Control and Risks and Related Parties Committee and one hour for the Remuneration Committee.

#### STRUCTURE OF THE INTERNAL BOARD COMMITTEES AT YEAR-END

B.o.D.		Committee Control and Risks and related party transactions		Remuneration Committee	
Office/Category	Member	(*)	(**)	(*)	(**)
Independent Non-Executive Director as per CFA and Corporate Governance Code (in office from April 13, 2022)	<b>Piera Braja</b>	5/5	P	2/2	M
Independent Non-Executive Director as per CFA and Corporate Governance Code (in office from April 13, 2022)	<b>Francesco Calvo</b>	5/5	M	2/2	M
Independent Non-Executive Director as per CFA and Corporate Governance Code (reconfirmed by BoD on April 13, 2022)	<b>Cristiano Fiorio</b>	5/5	M		
Director Non-Executive Director (reconfirmed by BoD on April 13, 2022)	<b>Daniela Ovazza</b>			2/2	M
Non-Executive Director (reconfirmed by BoD on April 13, 2022)	<b>Carlo Pavesio</b>			2/2	P
<b>Number of meetings held in the year:</b>		5		2	

#### KEY

**Office:** Office within the Board of Directors.

(\*) This column indicates the attendance of the Director in relation to the Committee meetings (indicates the number of meetings attended compared to the total number of meetings for the duration of the appointment.).

(\*\*) This column indicates the position of the Director on the Committee: "C": Chairperson; "M": member.

## 7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE

The Board of Directors considers that the choice of appropriate professionals to sit on the Board of Directors is the duty of the shareholders - both minority and majority - on the basis of the slates presented.

## 8. DIRECTORS' REMUNERATION - REMUNERATION COMMITTEE

### 8.1. REMUNERATION OF DIRECTORS

#### Remuneration Policy

For further information on the present section reference should be made to the Remuneration Policy and Report published pursuant to Article 123-ter of the CFA.

On March 7, 2025, the Board approved the Report, which is available on the company website, together with the Shareholders' Meeting documentation, at [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp)

The Group recognises the central importance of human resources, in the firm belief that the principal factor determining the success of the business is the individual acting in an environment which supports professional and human growth. In this context, BasicNet's Remuneration Policy is determined by taking into consideration aspects of the compensation and working conditions of the Company's employees. Both respond to the aim of attracting, retaining and motivating human resources with the necessary skills to oversee and develop the Company's activities and to lay the foundations to pursue the long-term interest and sustainability of the Company.

Employees and collaborators are offered opportunities for growth based on merit, professional skills and participation in the company's development processes, including through an automatic, scheduled system that allows periodic performance evaluation and position review.

In line with BasicNet's philosophy, employees' working conditions play a decisive role, alongside compensation, in fostering a sense of belonging to the Group and building corporate identity, which in turn is recognised as a critical success factor. Working activities are carried out at the BasicVillage, designed to put the person at the centre, who can enjoy a series of services and recreational spaces.

Additional information about BasicNet's policies regarding the management of social and Human Resources-related issues can be found in the Consolidated Sustainability Statement, included in the Directors' Report, published at [www.basicnet.com](http://www.basicnet.com), Financial data/Financial Statements section.

The Remuneration Policy adopted for the corporate boards requires the Shareholders' Meeting to approve the annual remuneration of all Board of Directors and Statutory Auditors members; the remuneration of the Senior Directors and the members of the Internal Board Committees is determined by the Board of Directors, pursuant to Article 2389 of the Civil Code, having heard the opinion of the Remuneration Committee and considering the advice (where necessary) of the Related Parties Committee and the Board of Statutory Auditors. The compensation of Senior Executives is proposed by the Chairperson and submitted to the Board of Directors for approval, after consultation with the Remuneration Committee. Finally, the Remuneration Committee and the Related Parties Committee shall intervene in cases where the allocation of remuneration does not comply with, but deviates from, the Remuneration Policy most recently approved by the Shareholders' Meeting. The remuneration comprises:

- a fixed remuneration, commensurate with responsibilities and deemed appropriate to remunerate the skills, experience and commitment associated with the position held by each Director/Senior Executive. The fixed component is adequate to remunerate the performance of the Director with delegated powers/Senior Executive in line with the responsibilities of his/her office. These fixed fees have been updated to reflect the increased powers and responsibilities of certain Directors within the Group;
- for the Executive Directors of BasicNet S.p.A. there is no variable remuneration component in the remuneration contractual structure; the Board of Directors, on the proposal of the Chairperson, after consultation with the Remuneration Committee and the opinion of the Related Parties Committee and the Board of Statutory Auditors, reserves the right to establish an additional one-off bonus, based on particular results achieved on the completion of corporate transactions to the sustainable success of the business, or for retention purposes.



Executive directors are eligible for the 2024-2027 Stock Grant Plan approved by the shareholders on April 16, 2024. The maximum number of shares that can be allotted to them and their related targets will be determined by the Board of Directors, in accordance with the provisions of the relevant Regulations approved by the Board at their meeting of February 12, 2025. In that same meeting, the Board of Directors conferred on the Vice Chairmen of the Board of Directors, severally, with the power for this purpose to appoint proxies, all powers necessary to specifically identify the beneficiaries of the plan and the related conditions for the vesting of rights, in accordance with the criteria set out in the Regulations. This is without prejudice to the Board's purview where the beneficiary is a member of the Board of Directors.

For the purposes of the Remuneration Policy, the Board of Directors identified as Senior Executives the Vice Chairpersons Lorenzo Boglione and Alessandro Boglione, the Chief Executive Officer Federico Trono and the Chief Executive Officer of K-Way S.p.A. Luca Lo Curzio.

Within the context of the investment aimed at the acquisition by Permira Strategic Growth Topco S.à r.l. RAIF of a minority interest in K-Way S.p.A., agreements have been made regarding the selection of management of the K-Way Group companies and their relative remuneration. In this context, a senior executive has been identified in the person of the CEO of K-Way S.p.A. (as well as Chairperson of the Board of Directors and Chief Executive Officer of K-WayRetail S.r.l.). The agreements include, in addition to an entry fee, a fixed fee and variable remuneration. Annual financial MBOs targets have been set and consist of the achievement of certain levels of sales, EBIT and financial position (representing 90% of the MBO) and personal targets (representing 10% of the MBO) determined by the Board of Directors of K-Way S.p.A. The total amount of the bonus shall not exceed 40% of the fixed gross annual salary for the relevant year. These fees are inclusive of the non-compete commitment made by the senior executive.

It is also specified that other K-Way Group executives are provided with annual MBOs in the proportions indicated above.

The remuneration policy adopted by BasicNet does not include specific incentive schemes and remuneration policies linked to sustainability matters for members of its administrative, management and supervisory bodies.

The Board also establishes the remuneration of the Supervisory Board and of the Executive Officer for Financial Reporting.

A third-party D&O - Directors' & Officers' Liability civil liability policy in addition covers the Directors, Statutory Auditors and Executives for circumstances relating to the exercise of their functions, excluding incidences of fraud. This concerns insurance cover (structurally not consisting of consideration) signed independently of the Company for the benefit of all Group Directors and Statutory Auditors in office.

### **Indemnity of the Directors in case of dismissal and termination of employment following a public tender offer (pursuant to Article 123-bis, paragraph 1, letter i), CFA)**

The disclosures required by Article 123-bis, paragraph 1, letter 1) ("the agreements between the Company and Directors – which provide for indemnity in the case of dismissal without just cause or in the case in which the employment services cease after a public offer") are contained in the Remuneration Policy and Report published pursuant to Article 123-ter of the CFA, available on the Company's website <http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp?menuSelectedID=4?>

## **8.2. REMUNERATION COMMITTEE**

*Composition and Operation of the Remuneration Committee (pursuant to Article 123-bis, paragraph 2, letter d) CFA)*

At the Board meeting of April 13, 2022, the Board appointed the Remuneration Committee comprising the Directors Carlo Pavesio (Chairperson) and Daniela Ovazza, Non-Executive Director and the Non-Executive Independent Directors Piera Braja e Francesco Calvo. Members of the Board of Statutory Auditors can attend, and generally do attend, the meetings of the Committee. The workings of the Committee are

usually recorded by the Chairperson Carlo Pavesio, who reports to the Board of Directors at the first available meeting.

The Committee makes proposals to the Board concerning the remuneration policy, also taking into account the vote expressed by the Shareholders' Meeting; periodically assesses - when preparing the annual remuneration report - the adequacy of the general policy adopted for the remuneration of Executive Directors and Senior Directors; submits proposals to the Board concerning the remuneration of Senior Directors and expresses its opinion on the remuneration issues of Executive Directors and Senior Executives; examines the remuneration proposals and expresses its opinion in case of exceptions to the remuneration policy approved by the Shareholders' Meeting.

The Committee has access to the information and departments necessary for the carrying out of its remit.

In 2025, the Committee met to review the draft Remuneration Report to be submitted to the shareholders and the proposal to award an extraordinary bonus in connection with the acquisition by Permira Strategic Growth Topco S.à r.l. RAIF of a minority stake in K-Way S.p.A. to the Chairperson, Vice Chairpersons, Chief Executive Officer, certain executive directors and a number of Group employees who have contributed to the development of the K-Way brand.

The meetings were attended by members of the Board of Statutory Auditors with the frequency shown in the table above.

## 9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISKS COMMITTEE

The Internal Control and Risk Management System consists of a set of rules, procedures and organisational structures aimed at the effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company.

The Board of Directors establishes its guidelines in line with the Company's strategy, periodically verifying their adequacy and effective functioning, ensuring that the principal corporate risks are identified and adequately managed.

This activity is carried out with the support of a number of boards, corporate structures and functions which, each according to their own areas of competence, oversee the identification, monitoring and management of risks and which together make up the Internal Control and Risk Management System. The persons involved are the Chief Executive Officer, the Sustainability Officer, the Control and Risks and Related Parties Committee, the head of the Internal Audit Function and the Supervisory Board.

An Internal Control System on sustainability reporting, necessary in view of the entry into force of the CSRD, has been established to ensure compliance with the reporting requirements of the new ESRS.

The Ethics Code, the Sourcing Centers Ethics Code which includes social compliance principles and the Organisation, Management and Control Model as per Legislative Decree No. 231/2001 (including the procedure for reporting unlawful acts and irregularities - whistleblowing) and subsequent amendments, are an integral part of the Internal Control and Risk Management System.

With regard to the assessment of the Internal Control and Risk Management System, the Board of Directors, at its meeting on March 7, 2025, confirmed the adequacy of the organisational, administrative and accounting structure of the Company and its "strategically significant" subsidiaries, prepared by the Chief Executive Officers, with particular reference to the control and risk system and general operating performance.

### 9.1. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is responsible for identifying the Company's primary risks - taking account of the characteristics of the activities conducted by the Company and by its subsidiaries - for the planning, realisation and management of the Internal Control and Risk Management System, constantly verifying its adequacy and efficiency, and adapting it to changes in operating conditions and legal and regulatory frameworks. The Chief Executive Officer has entrusted the head of the Internal Audit function with the task of carrying out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions; these checks have been included in the Audit Plan examined by the Control and Risks Committee and approved by the Board of Directors.



## 9.2. CONTROL AND RISKS COMMITTEE

*Composition and operation of the Control and Risks Committee (pursuant to Article 123-bis, paragraph 2, letter d) CFA)*

The Control and Risks Committee was appointed at the Board meeting of April 13, 2022. The Committee is composed of three Independent Directors: Piera Braja (Chairperson), Francesco Calvo and Cristiano Fiorio. The Board deems that the members have adequate expertise in the Company's business sector in order to assess related risks, and in accounting and finance and risk management.

### *Control and Risks Committee Functions*

The Committee supports through an adequate preliminary activity the assessments and decisions made by the administrative body concerning the Internal Control and Risk Management System, in addition to the activities relating to the approval of periodic financial and non-financial reports.

In 2024, the Committee met five times with an average meeting duration of two hours and thirty minutes. During the year, the meetings of the Control and Risks and Related Parties Committee were also attended by the CEO, the members of the Board of Statutory Auditors, the Chief Financial Officer and the Executive Officer for Financial Reporting, the Internal Audit Manager, the Chairperson and members of the Supervisory Board and the company appointed to audit the Group's accounts. During the meetings, the Committee:

- met periodically with the Internal Audit Manager, reviewed the Internal Audit Plan and periodic reports;
- examined the reports of the Supervisory Board and acknowledged the evaluations expressed with regard to updating the 231 Model, the absence of censurable events or violations of the Organisational Model or of the provisions contained in Legislative Decree No. 231/2001;
- carried out the activities within its remit relating to financial disclosure as regards the Financial Statements at December 31, 2024, meeting with the Executive Officer for Financial Reporting and the independent audit firm in the presence of the Board of Statutory Auditors. This sought to assess the correct use and uniformity of the accounting standards adopted in preparing the financial statements and the consolidated financial statements for 2024, expressing a favourable opinion on approval of the accounting documents to the Board of Directors;
- reviewed during the year the preliminary activities for the assessment, design and implementation of the actions necessary for the evolution and adaptation of internal processes and reporting according to the obligations of Directive No. 2022/2464 - Corporate Sustainability Reporting Directive - CSRD and the Italian implementing legislation, Legislative Decree No. 125 of September 6, 2024;
- received information on the Double Materiality analysis and the methodological and procedural profiles adopted, aimed at defining the relevant material aspects, as well as the planning of activities necessary for the preparation of the Sustainability Statement;
- examined, at the meeting held on March 5, 2025, with the support of the consultant appointed by the Company, the Sustainability Statement 2024; took note, at the meeting held on the same date, of the verifications conducted by the independent audit firm EY S.p.A. as the external auditor in charge of certifying the compliance of the Sustainability Statement in accordance with Legislative Decree No. 125/2024, for the purpose of issuing its Limited assurance; at the conclusion of these analyses, the Committee finally issued a favourable opinion on the approval of the Sustainability Statement by the Board of Directors;
- monitored compliance with the Related Parties Policy, which was found to be in accordance with Consob regulations and guidelines, as well as effective in application, with no need for updates; and expressed opinions where requested, regarding less significant transactions.

### 9.3. INTERNAL AUDIT MANAGER

The task of verifying the operation and suitability of the Internal Control and Risk Management System is entrusted to the Internal Audit Manager. In particular, considering that some departments are centralised at the Parent Company, this department contributes to the verification of the correctness and functioning of the reporting process from the strategic subsidiary companies, as well as to the verification of the adequacy of the reporting system to ensure the quality of the reports of the various company departments.

The Internal Audit Manager, who does not report to any operating department, has access to all information considered necessary to carry out the role. S/he reports on his/her activities to the Board of Directors, the Control and Risks Committee and the Board of Statutory Auditors, to which the periodic reports are addressed, and at Committee meetings.

Control activities are carried out on the basis of the annual audit plan approved by the Board of Directors, which is risk-based in nature, and verification activities are also carried out through an online reporting tool available on the corporate portal. This report constitutes an important monitoring instrument in real-time of the accounting activities and business performance: the data is available for each Group company and analysed by individual account item.

Internal Audit assesses the adequacy of the IT systems and the reliability of information available in view of the complexity of the operating environment, the size and the territorial reach of the company and verifies the adequacy of the organisational processes adopted by the Company for the security of the IT system. S/he collaborates with the other actors involved in issues of compliance and risk management, in order to monitor the exposure level and vulnerability of the Company to risks. The Internal Audit function was entrusted to an external company (Progesa S.a.s.), assisted by support activities that focused on process design. The activities were outsourced as it was considered that the head of the company, who has already undertaken work within the Group, possesses the necessary attributes to undertake such work efficiently on an independent and professional basis.

The Internal Audit Manager prepared periodic reports on the activities carried out in accordance with the Plan and the outcome of them, providing a positive assessment to the control body, the Control and Risks Committee, the administrative body and the Chief Executive Officer on the suitability of the Internal Control and Risk Management System.

### 9.4. ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

The Board of Directors at the meeting of April 13, 2022 appointed the members of the Supervisory Board. The Supervisory Board is tasked with overseeing the correct functioning of the Model and updates. The Supervisory Board reports on at least a half-yearly basis to the Control and Risks Committee and to the Board of Statutory Auditors.

As part of the Internal Control and Risk Management System, the Parent Company BasicNet S.p.A. and the proprietary companies of the Brands Kappa S.r.l., K-Way S.p.A., Superga S.r.l. and Sebago S.r.l., BasicItalia S.r.l. and Basic Village S.p.A. have adopted an "Organisation and management model as per Legislative Decree No. 231/2001" (hereinafter also the "231 Model"), which is continually updated in line with the introduction of new offences under the framework regulation.

The provisions of the Model complete the Group Ethics Code and the Sourcing Centers Ethics Code, which set out the rules and ethical responsibilities for the conducting of business and relations between the Company and the various interest holders.

To promote awareness of and respect for the Ethics Code and the organisation and control model these have been published on the Company's website [www.basicnet.com/contenuti/corporate/codiceetico.asp](http://www.basicnet.com/contenuti/corporate/codiceetico.asp) and on the BasicGuys platform area dedicated to Group Human Resources.

In preparing the Model, account was taken of the existing and operating control systems and policies at the Company and considered an integral part of the Model: the Internal Dealing Code and the Related Party Transactions Policy. The model, continually evolving, integrates and strengthens the corporate control system through the preparation and continual updating of the related procedures. It also provides for a disciplinary system which appropriately sanctions non-compliance with the measures and principles contained in the above-stated documents.

In 2024, the Organisation Model was updated in implementation of the new offence provisions and the new whistleblowing regulations on the protection of whistleblowers. The new procedure, which is available on the corporate website, identifies in detail the whistleblowing channels, the steps involved in submitting a whistleblowing report, the confidentiality of the information, the guarantees of non-retaliation and the whistleblowing management process.

The update of the Model also involved a review of the risk areas for commission of offences, and the related processes and controls, also considering the conclusion of the Group's reorganisation.

In 2024, the Supervisory Board met three times.

### **Ethics Code**

The Ethics Code is presented on a video to all new employees of the Group and to all consultants.

The BasicNet Group Ethics Code was updated and approved, in its latest version, by the Board of Directors at the meeting of October 2017.

The Code is designed to control the conduct of the addressees, identified as the members of the Boards of Directors and Boards of Statutory Auditors, in addition to all BasicNet Group personnel, collaborators and consultants, suppliers and all others acting in the performance of name of and/or on behalf of the BasicNet Group.

As reported in this document, the BasicNet Group, in pursuing its objectives, considers a number of conduct principles as critical, including:

- a commitment to internally and externally comply with the laws applicable in the states in which operations are carried out, in addition to the ethical principles of transparency, correctness and fairness in the conducting of business;
- to refrain from illegal or improper conduct (against the community, the public authorities, clients, personnel, investors and competitors) in the pursuit of business objectives;
- to establish organisational tools to prevent the violation of the principles of legality, transparency, correctness and fairness by personnel and collaborators and oversee compliance with these principles;
- to assure the market, investors and the community in general, while protecting the competitiveness of the respective businesses, of full transparency in operations;
- to commit to the promotion of fair competition in support of its interest and that of all market operators and the stakeholders in general;
- to pursue excellence and market competitiveness, offering clients high quality services which efficiently meet their demands;
- to protect and support personnel;
- to responsibly employ resources with a view to sustainable development, respect for the environment and the rights of future generations;
- to protect workplace health and safety conditions and consider human rights as a fundamental aspect of business activity.

The Group does not justify in any way the adoption of conduct conflicting with law and these principles.

In this regard, the Supervisory Board oversees compliance with the Ethics Code, promptly reporting to the Control and Risks Committee and the Board of Directors any violations thereof. The procedure for reporting alleged offences and irregularities, known as whistleblowing, allows all stakeholders to report any violation or suspected violation of the Ethics Code to the Supervisory Board. Substantiated violations of the principles of the Ethics Code will result in sanctions.

To promote awareness of and respect for the Ethics Code and the Organisation and Management model pursuant to Legislative Decree No. 231/2001, these have been published on the Company's website [www.basicnet.com/contenuti/corporate/codiceetico.asp](http://www.basicnet.com/contenuti/corporate/codiceetico.asp) and in the area dedicated to Group employee time-keeping.

### Sourcing Centers Ethics Code

The Sourcing Centers Ethics Code is a document that establishes the minimum requirements for the working conditions that must be met by all Sourcing Centers selected by the BasicNet Group or by affiliated companies. The Group undertakes to ensure that each stage of the production chain fully complies with the principles and conditions of the Ethics Code. Sourcing Centers are therefore at all times held accountable for suppliers' full compliance with the principles of the Ethics Code.

Through the Code, BasicNet encourages its business partners to adopt the highest international standards of ethics and best practices in business. Respect for human rights and international labour standards – including the fundamental conventions of the International Labour Organization and the Universal Declaration of Human Rights – were taken as an inspiration and foundation, and many of the guidelines included in the Ethics Code were based on them. BasicNet reserves the right to stop doing business with Sourcing Centers that are incapable of complying – or reluctant to do so – with the principles and conditions enshrined in the Ethics Code.

The principles cited in the Sourcing Centers Ethics Code include:

- a ban on the use by Sourcing Centers of child labour under the age of 15 and an incentive for them to verify the age of their workers, keep proof of such verification and comply with all laws and regulations governing working hours and general labour conditions;
- a ban on the use by Sourcing Centers of involuntary labour, defined as work or service done by any person under threat, subject to penalty in the event of non-compliance, where a worker does not offer service voluntarily, a category that includes mandatory, forced prison labour under a binding contract;
- a ban on the use by Sourcing Centers of corporal punishment or any other form of intimidation or physical or mental coercion of its workers;
- a requirement that Sourcing Centers comply with all laws and regulations applicable to the conduct of their business, including the principles set out above. All references to “applicable laws and regulations” in the Code of Conduct extend to national and local codes, rules and regulations, as well as to voluntary treaties relevant to the sector.

Other principles enunciated in the Sourcing Centers Ethics Code must comply include non-discrimination, the protection of health and safety, environmental protection and freedom of association. BasicNet is committed to full and complete compliance with laws and regulations applicable to its business activity and expects that Sourcing Centers will cooperate fully and with due diligence in fulfilling this pledge.

To guarantee awareness of the Ethics Code, Sourcing Centers are required to take appropriate measures to ensure that workers familiarise themselves with the contents of the Ethics Code and to post the Ethics Code, translated into the workers' local language, at each production facility in a highly visible location readily accessible to all workers. Sourcing Centers are also required to select their suppliers carefully and only to do business with suppliers that ensure respect for human rights and full compliance with the principles enshrined in the Ethics Code. To ensure compliance, BasicNet is authorised to audit Sourcing Centers by conducting scheduled or unscheduled inspections of Sourcing Centers' facilities aimed at monitoring compliance with the Ethics Code. During such inspections, BasicNet and its representatives may examine books and registers relating to employees and conduct private interviews of the Sourcing Center's employees. If a violation is found to have been committed, BasicNet and the Sourcing Center are required to agree on a Corrective Action Plan aimed at remedying the violation promptly. If a Sourcing Center commits repeated and/or deliberate violations of the Ethics Code, BasicNet may take the necessary corrective measures, up to and including the cancellation of orders and/or termination of business arrangements with the Sourcing Center concerned.

**Conflicts of interest and prevention of bribery and corruption**

The Company adopted as per Legislative Decree No. 231/2001 an Organisation Model and specific internal procedures to establish ethical rules and responsibilities in the conduct of its business and in dealings with its various stakeholders (there are, for example, specific procedures for proper management of dealings with the public administration). In particular, operations are governed by procedures organised in a way that ensures that there is effective oversight by the individual company units (“com”) concerned. In particular, the Group always ensures clear, transparent and ethical relations with the public administration, in Italy and internationally. As stated in the Ethics Code, addressees of the Code should refrain from improperly influencing the decisions of the Public Administration by offering money or other benefits, such as employment or commercial opportunities in favour of public officials or those providing a public service, in addition to their family members. The Group companies may not provide direct or indirect contributions of any type, nor set up funds in support of public officials, except where permitted and in accordance with applicable law and regulations and on the condition that (i) they are properly approved by the competent company functions, (ii) they are properly documented from an accounting and operating viewpoint, (iii) they do not put anyone in a position of conflict of interest. Untruthful statements may not be made to national or EU public bodies for the awarding of public funds, public grants or subsidised financing, or to obtain concessions, permits, licenses or other administrative acts for the benefit of the Group. Neither is it permitted to mislead, by artifice or deception, the Public Administration or the European Union to obtain an unfair profit for the Group to the detriment of the Public Administration; The direction of funds received from national or EU authorities as disbursements, contributions or financing for objectives other than those intended is forbidden, or to utilise them in violation of the applicable regulations and rules. The altering of computer or IT systems or the manipulation of data contained therein in order to obtain unjust profit and causing damage to the Public Administration is prohibited. In commercial relations with the Public Administration, including participation in public tenders, conduct should always be in compliance with law and proper commercial practice, while conduct which is undertaken to induce the committal of an offence in seeking advantage for the Group is expressly prohibited.

The financial reports, financial statements and corporate communications required by law and regulations should be prepared with clarity and present a true and fair view of the Group company financial statements, without omitting any important or significant information. No payments (in any form) may be made in the interest of the Group in the absence of corresponding adequate documentation. Related party transactions, including inter-Company transactions, should comply with the criteria of substantial and procedural correctness. Those undertaking transactions in conflict of interest are required to report such to their superior or in accordance with that set out in the adopted procedures. The internal control system concerns the control activities undertaken to protect company assets, effectively manage operations and clearly provide information on the Group financial statements, in addition to those activities undertaken to identify and contain company risks.

In addition, the Group operates in compliance with applicable anti-money laundering regulations and the provisions issued by the Competent Authorities and for such purposes commits to refraining from undertaking suspect transactions from a correctness and transparency viewpoint. Similarly, the Supervisory Board deemed it appropriate to supplement the Special Section of the relative Organisational Models with the offence of “fraudulent transfer of valuables”, as specified under Article 512-*bis* of the Penal Code, recently introduced as a predicate offence under the administrative liability of legal entities pursuant to Legislative Decree No. 231/2001.

As part of its efforts to prevent acts of bribery or corruption committed by or targeting Group personnel, the Group complies scrupulously with Italian and international legislation and has adopted a Legislative Decree No. 231/2001 Organisation Model that establishes the general principles of the fight against bribery and corruption. All company activities and units are subject to the controls and verification relating to bribery and corruption mandated by the 231 Model.

Following the enactment of the new offence of “corruption between individuals” punished under paragraph three of Article 2635 of the Civil Code, the Supervisory Board decided to modify the Legislative Decree No. 231/2001 Organisation Model so that management of the sales process was considered to be one of the Group's “sensitive” activities, especially as regards:

- authorisation powers within the process;
- setting the price of sale;
- setting payment conditions and terms;
- setting client discounts;
- managing the tills of directly operated stores;
- managing returns.

It is therefore forbidden to offer, promise or give undue money or other benefits to Directors, General Managers, Executive Officers for Financial Reporting, Statutory Auditors, liquidators - or those subject to the management or supervision of those individuals - to incite them to perform or not perform an act which violates the obligations of their office or obligations of loyalty;

Training on active and passive bribery is extended to the entire organisation, regardless of an individual's role or function. The functions identified as potentially at risk are covered by training programmes, thereby reinforcing a systemic approach to corruption prevention and integrity within the organisation.

A clause regarding anti-corruption practices is present in the licensing contracts of all Sourcing Centers and Licensees (respectively Sourcing Agreements and Distribution Agreements).

#### 9.5. AUDITOR

Audits of the accounts and activities aimed at issuing certifications of the conformity of sustainability reporting are carried out by an independent audit firm registered in the relevant registrar. The Shareholders' Meeting of April 27, 2017 appointed EY S.p.A. to audit the accounts for the 2017-2025 period.

The proposal to the Shareholders' Meeting regarding the new appointments, in accordance with Legislative Decree No. 135 of July 17, 2016 and Regulation (EC) No. 537/2014, included, on the outcome of a selection process created and carried out by the Company, the recommendation and the preference expressed by the Board of Statutory Auditors.

#### 9.6. EXECUTIVE OFFICER FOR FINANCIAL REPORTING AND OTHER CORPORATE ROLES AND FUNCTIONS

The Board meeting of April 13, 2022 appointed Director Paola Bruschi, Group Finance Director, as the Executive Officer for Financial Reporting for three years, with the favourable opinion of the Board of Statutory Auditors. Paola Bruschi possesses many years of experience in the administrative, financial, control and sustainability areas, as well as the qualifications required by law for the holding of the office of Director.

In undertaking her duties, Paola Bruschi has the power to approve the corporate procedures impacting upon the financial statements, on the consolidated financial statements and on other documents which may be audited, and may participate in the design of the IT systems which impact upon the financial position of the company; she may develop an adequate organisational structure to undertake her activities, utilising internal resources available and, where necessary, outsourcing; she may also, where necessary, utilise the financial resources of the company, providing adequate information to the Board of Directors, and she may utilise the Internal Audit department for the mapping and analysis of processes and to carry out specific checks.



The Executive Officer for Financial Reporting periodically reports to the Control and Risks Committee and the Board of Statutory Auditors on the activities carried out and communicates on an ongoing basis with the Independent Audit firm.

The Board believes that this Executive Officer for Financial Reporting is impartial in relations with the other functions involved in the control process.

#### 9.7. COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The information generated within the internal control system called BasicManagement and risk management shared on the web in a dedicated operating control section. The meetings of the Control and Risks Committee, usually attended by the CFO, the Internal Audit Manager, a member of the Supervisory Board, the Board of Statutory Auditors, and by the independent audit firm, as per the attendance described in the minutes, also provide an opportunity for the parties involved in the system to meet and coordinate.

*Control and Risk Management System in relation to the financial reporting process (pursuant to Article 123-bis, paragraph 2, letter b), CFA)*

##### 1) Introduction

The Internal Control and Risk Management System in relation to the financial reporting process (hereafter the System) is the set of overall rules and corporate procedures adopted by the various company departments to permit, through an adequate identification process of the principal risks related to the preparation and dissemination of financial information, the reaching of the corporate objectives of true and fair disclosure.

The System seeks to provide reasonable certainty that the financial reporting – including consolidated reporting - communicated to the public is reliable, fair, true and timely, providing the users with a true and fair representation of the operational facts, permitting the issue of the declarations required by law that they correspond to the documented results, accounting records and underlying accounting entries of the facts and of the communications of the company to the market and also relative interim financial reporting, as well as the adequacy and effective application of the administrative and accounting procedures during the period to which the accounting documents refer (Annual Accounts and Half-Year Report) and in accordance with applicable international accounting standards.

In defining the System, a risk assessment was undertaken in order to identify and evaluate the risk areas which could arise such as to compromise the achievement of the control objectives and the efficacy of disclosure provided by the corporate boards and to the market. The risk assessment also took into account the risk of fraud. The identification and evaluation process was undertaken with reference to the entire Company and at process level. Once the risks were identified an evaluation was undertaken, considering both qualitative and quantitative aspects and the identification of specific controls in order to reduce the risk related to the non-achievement of the objectives of the System to an acceptable level, both at Company and process level.

##### 2) Description of the principal characteristics of the risk management and internal control system in place in relation to financial disclosure.

The System provides for:

- a set of rules and procedures for the preparation of financial statements and monthly reporting and a financial calendar for an efficient exchange of information between the Parent Company and its subsidiaries;
- an identification and assessment process of the major Group companies and of the principal company processes for the preparation of the income statement and balance sheet, through qualitative and quantitative analysis;
- a process of identification and evaluation of the principal risks of errors of the accounting and financial information, based on a control process, implemented on a company web platform with levels of protected access, which flags any errors;

- a process of periodic evaluation of the adequacy and effective application of controls. The Internal Control and Risk Management System relating to financial reporting is coordinated and managed by the Executive Officer for Financial Reporting, in concert with the Internal Audit department, for the verification of control system operations.

The Executive Officer for Financial Reporting periodically reports to the Board of Statutory Auditors and the Control and Risks Committee on the adequacy, also in organisational terms, and on the reliability of the administrative-accounting system, on the activities carried out and on the efficacy of the internal control system with regards to financial reporting risks.

## 10. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The Board of Directors, in accordance with Consob Regulation No. 17221 of March 12, 2010 adopted, with the favourable opinion of the Independent Directors, the Related Party Transactions Policy. The procedure was subsequently updated in October 2016 in order to be more flexible, over time, to differing organisational features and the size of the Company and most recently in June 2021 to update the provisions introduced by the Consob Regulation. In 2024, the Control and Risks and Related Parties Committee found the procedure to be in compliance with Consob regulations and guidelines, as well as effective in its application, with no need for updating.

BasicNet is identified, for the purposes of the Consob Regulation incorporating related party transaction provisions, as a "smaller company" (companies presenting both assets written to the balance sheet and revenues as per the last approved consolidated financial statements not in excess of Euro 500 million) and, therefore, utilises a simplified system for the approval of significant transactions whereby the rules for the approval of less significant transactions are applied.

The approval of the transactions with related parties is the responsibility of, both in relation to significant transactions, as BasicNet falls within the application of Article 3, paragraph 1, letter f) of the Related Party Regulations, and in relation to minor transactions, to the Board of Directors, or the executive boards, provided they are not a related party in the transaction, within the limits of their delegated powers, with prior non-binding opinion of the Related Parties Committee.

In general, exempted from the procedure, in addition to all the matters expressly indicated by the Related Party Regulation issued by Consob, are minor transactions (amounts not above Euro 150 thousand for natural persons and Euro 200 thousand for legal persons), provided they are undertaken at market or standard conditions within the ordinary transactions of the business and of the related financial activities; the operations concluded with or between subsidiaries, including joint ventures, by BasicNet, provided in the subsidiary companies there are no counterparties in the operation that have interests, qualified as significant, of other related parties of the Company; the transactions with associates provided that the associated company counterparties in the transaction do not have interests, qualified as significant, of other related parties of the Company.

Significant interest is not considered to exist by the mere sharing of one or more Directors or one or more Senior Executives between BasicNet and its subsidiaries.

A procedure was implemented which transmits an alert mail through the "procurement" order system when an order is uploaded to the web for a related party, identified on the basis of declarations received from related parties or parties closely linked to them (members of the Board of Directors and Board of Statutory Auditors) and by the database management system.

The procedure is available on the Company's website: [www.basicnet.com/contenuti/corporate/particorrelate.asp](http://www.basicnet.com/contenuti/corporate/particorrelate.asp)

## 11. BOARD OF STATUTORY AUDITORS

### 11.1 APPOINTMENT AND REPLACEMENT

The regulation applicable for the appointment of the members of the Board of Statutory Auditors is in accordance with legislative and regulatory provisions and Article 17 of the Company By-Laws, in relation to which reference should be made to the company's website [www.basicnet.com](http://www.basicnet.com) at [www.basicnet.com/contenuti/gruppo/statuto.asp](http://www.basicnet.com/contenuti/gruppo/statuto.asp).

The Board of Statutory Auditors consists of three Statutory Auditors and two Alternate Auditors.



As the minority shareholders, as identified by the legal and regulatory provisions, are reserved the election of a Statutory Auditor - who assumes the role of Chairperson - and an Alternate Auditor, the procedure at Article 17 of the By-Laws provides that the appointment of the Board of Statutory Auditors takes place on the basis of slates presented by shareholders, in which the candidates are listed by progressive numbering.

The slate is composed of two sections: one for the candidates for the office of Statutory Auditor and the other for candidates for the office of Alternate Auditor. The slates must be drawn up so as to ensure that the resultant Board of Statutory Auditors complies with the applicable gender balance regulations in force.

Only shareholders which individually or together with other Shareholders hold shares with voting rights representing the share capital percentage required by the Company, which will be indicated in the call notice of the Shareholders' Meeting for the approval of the Board of Statutory Auditors, may present slate.

Together with the filing of slates, the Shareholders must present or deliver to the registered office of the company documentation declaring the ownership of the number of shares with voting rights necessary for the presentation of the slate.

Each shareholder, in addition to shareholders belonging to the same group, in accordance with Article 2359 of the Civil Code and the parties belonging to, also through subsidiaries, a shareholder agreement in accordance with Article 122 of Legislative Decree No. 58 of February 24, 1998, may not present, nor vote upon, nor through nominees of trust companies, more than one slate. Should this rule be violated, the shareholder's vote for any of the slates submitted shall be disregarded.

Each candidate may be presented on only one slate at the risk of being declared ineligible.

Candidates may not be included on the slates if they already hold a greater number of Statutory Auditor positions than permitted by the regulatory or legal provisions. The outgoing Statutory Auditors may be re-elected.

In accordance with Article 1, paragraph 3, of the Ministry for Justice Decree No. 162 of March 30, 2000, the sectors closely related to those in which the Company operates are:

- the research, developments, styling, production and sale of products and services, in particular textile products, clothing, footwear, eyewear, leatherwear, sporting equipment and goods, in addition to accessories for these sectors;
- the management and development of brands.

The areas closely related to the Company's sector are:

- industrial, commercial and tax law, in addition to economics and business, accountancy and corporate finance.

The slates, accompanied by exhaustive disclosure on the personal and professional characteristics of the candidates, with indication of the presenting shareholders and the overall share capital percentage held, in addition to the declaration of shareholders other than those who hold, also jointly, a controlling or relative majority holding, declaring the absence of connecting relationships as per the applicable regulations, with these latter, must be filed at the registered office of the Company by the deadline established by applicable legislative and regulatory provisions.

Together with each slate, within the regulatory and legally established timeframe, a declaration in which the individual candidates accept their candidature, must be filed at the Company's registered office, stating under their own responsibility, the inexistence of reasons for ineligibility and incompatibility, as well as the existence of the requisites for the respective assignments, in addition to those required for directorships held in other companies.

Slates presented that do not comply with all of the above formalities are considered as not presented.

The procedure for electing Statutory Auditors are as follows:

- a. from the slate which obtained the highest number of votes at the Shareholders' Meeting, based on the progressive order on the slate, two Statutory Auditors and one Alternate Auditor are elected;

- b. from the slate which obtained the second highest number of votes at the Shareholders' Meeting, the remaining standing members and the other alternate member are elected, based on the progressive order on the slate.

The Chairperson of the Board of Statutory Auditors is the first candidate indicated on the slate that obtained the second highest number of votes.

In the case of parity of votes between slates, the candidates from the slate having a higher equity investment are elected or, subordinately, with the greater number of shareholders.

In the case of presentation of only one slate, all candidates will be taken from that slate, with the Chairperson the first listed on the slate.

Where it is not possible to proceed with the appointment according to the above system, the Shareholders' Meeting deliberates by statutory majority.

Where his/her legal requisites no longer exist, the Statutory Auditor must leave office.

In the case of the replacement of a Statutory Auditor, including the Chairperson, where possible the Alternate Auditor belonging to the same slate as the discontinuing Auditor joins the board and in the case of the replacement a Statutory Auditor elected from the Minority Slate, the first candidate on the Minority Slate receiving the second highest number of votes joins the Board in their place. In the cases in which a replacement results in non-compliance with the legally established gender balance criteria, the Board of Statutory Auditors shall be supplemented.

For the supplementation of the Board of Statutory Auditors:

- for the supplementation of the Statutory Auditors from the Majority Slate the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the Majority Slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions;
- for the supplementation of the Statutory Auditors from the Minority Slate, including the Chairperson of the Board of Statutory Auditors, the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the Minority Slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions;
- for the simultaneous supplementation of the Statutory Auditors, elected both from the Majority Slate and Minority Slate, including the Chairperson of the Board of Statutory Auditors, the appointment is made through a relative majority of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated both on the Majority Slate and on the Minority Slate, of a number of Statutory Auditors equal to the number of Auditors whose mandate concludes from the same slate, ensuring that the composition of the Board of Statutory Auditors complies with the legally-required gender balance provisions.

Where it is not possible to proceed in accordance with the previous paragraph, the Shareholders' Meeting to supplement the Board of Statutory Auditors votes according to a relative majority of the share capital represented at the Shareholders' Meeting, while ensuring that the right to representation of the minority has been complied with, in addition to the regulatory required gender balance provisions.

#### 11.2. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to Article 123-bis, paragraph 2, letters d) and d-bis) CFA)

The Board of Statutory Auditors, whose mandate concludes with the approval of the 2024 Annual Accounts, comprises:

Office	Member	Year of birth	Date first appointment (*)	In office from	In office until	Slate (M/m) (**)	Ind. Code	Attendance at Board meetings (***)	No. other offices (****)
Chairperson	Ugo Palumbo	1983	13/04/2022	13/04/2022	Approval 2024 Accs.	m	X	14/14	
Statutory Auditor	Gianna Luzzati	1962	13/04/2022	13/04/2022	Approval 2024 Accs.	M	X	14/14	
Statutory Auditor	Alberto Pession	1965	27/04/2017	13/04/2022	Approval 2024 Accs.	M	X	13/14	
Alternate Auditor	Riccardo Garbagnati	1961	13/04/2022	13/04/2022	Approval 2024 Accs.	m	X	N/A	
Alternate Auditor	Simonetta Mattei	1967	13/04/2022	13/04/2022	Approval 2024 Accs.	M	X	N/A	

(\*) The first appointment of each Statutory Auditor refers to the date on which the Statutory Auditor was appointed for the first time to the Board of Statutory Auditors of BasicNet S.p.A.

(\*\*) This column indicates whether the slate from which each Statutory Auditor is selected is a “majority” slate (“M”), or a “minority” slate (“m”).

\*\*\* This column indicates the attendance by Statutory Auditors at meetings of the Board of Statutory Auditors with reference to the appointment date.

(\*\*\*\*) This column indicates the number of offices, in addition to BasicNet S.p.A., of Director or Statutory Auditor in accordance with Article 148-bis of the CFA and the relative enacting provisions in the Consob Issuers' Regulation. The complete list of offices held is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulation.

### Diversity criteria and policies

Reference should be made to paragraph 4.3 concerning the Board of Directors.

### Independence

The Board of Statutory Auditors met immediately after the Shareholders' Meeting appointment of April 13, 2022 and, according to the Consob Issuers' Regulation, verified for all of its members compliance with the independence requirements established by Law (Article 148, paragraph 3 of the CFA) and by the Corporate Governance Code for the Statutory Auditors of companies with listed shares, confirming the inexistence of reasons for the ineligibility, incompatibility and/or lapse as per the applicable regulation, the company By-Laws and the Corporate Governance Code.

For the purposes of the audit, the Board of Statutory Auditors decided to refer to: (i) the list of existing administration and control positions, previously communicated to the Company pursuant to Article 2400 of the Civil Code, together with exhaustive information on their personal and professional characteristics, and (ii) declarations of acceptance of the candidature and possession of the requirements provided by the By-Laws and the statutory law issued pursuant to Article 144-sexies, paragraph 4, of the Issuers' Regulation.

The Board of Statutory Auditors immediately informed the Company of the outcome of these checks, which was communicated to the market through a press release issued upon conclusion of the Shareholders' Meeting in which the Board was appointed.

The Board of Statutory Auditors also carried out an assessment to verify the suitability of its members and the adequate composition of the Control Board, with reference to the requirements of professional standing, competence, good-standing and independence as per the regulation, set out in the “Conduct Rules for Boards of Statutory Auditors of Listed Companies” issued by the National Council of Certified Public Accountants.

On conclusion of the self-assessment process, the Board of Statutory Auditors found its composition to be adequate, underlined the correctness and efficacy of its functioning, and informed the Board of Directors of the Company of the positive outcome of the self-assessment.

The documentation filed for the purposes of the appointment, including the updated curriculum vitae of the Statutory Auditors, is available on the website [www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp](http://www.basicnet.com/contenuti/gruppo/organisocialisocieta.asp).

The Statutory Auditors, within their duties, acquired information also through meetings with the independent audit firm, with the Supervisory Board and through attending the Control and Risks Committee meetings.

The Statutory Auditors may participate in meetings subsequent to their appointment and during their mandate with the Chairperson and Management, in order to remain updated on corporate affairs and developments. They also continually have access to financial and operational information from the BasicManagement portal.

### **Remuneration**

The Company considers that the remuneration of the Statutory Auditors is appropriate with regard to the competence, professionalism and commitment required by the role held in relation to the size of the Company.

### **Management of interests**

Any Statutory Auditor who, on his/her own behalf or that of third parties, has an interest in a certain transaction of the issuer shall inform the other Statutory Auditors and the Chairperson of the Board, in a timely and comprehensive manner, regarding the nature, terms, origin and extent of his/her interest. This event however has never occurred.

As already indicated in the preceding paragraphs, the Board of Statutory Auditors, in undertaking its activities, liaise with the Internal Auditing department and the Control and Risks Committee.

The Shareholders' Meeting on appointment established the remuneration of the Statutory Auditors, as a fixed amount, in line with that of the previous mandate and with the role covered and the commitment required, in addition to the size of the Company.

### **11.3 ROLE**

During the year, 14 meetings of the Board of Statutory Auditors were held with an average duration of 2 hours. As for 2025, one Board of Statutory Auditors meeting has already been held, and 9 more are planned.

The Board of Statutory Auditors, in carrying out its functions, has coordinated and regularly coordinates with the Control and Risk and Related Parties Committee, attending joint meetings at which the Internal Audits unit, the director in charge of the Control and Risks System, the Executive Officer for Financial Reporting, and the independent audit firm participate. The board also has a direct meetings with these corporate bodies when necessary.

In addition, members of the Board of Statutory Auditors attended meetings of the Remuneration Committee. In 2024, it issued approval for the award of an extraordinary bonus related to 2024 for the Executive Vice Presidents and the Chief Executive Officer.

In its capacity as the "Internal Audit Committee" pursuant to Articles 13 and 17 of Legislative Decree No. 39/2010, as amended, and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 ("Regulation 537/2014"), the Board of Statutory Auditors was therefore called upon to approve three additional assignments to the company EY S.p.A.

The company also provided the Board of Statutory Auditors with the outcome of the procedure for the appointment of the new independent auditor for the period 2026 – 2034 for the reasoned recommendation in accordance with the provisions of the pro tempore EU regulations in force and for the reasoned proposal for the appointment of the sustainability reporting audit for the period 2026-2028, to be submitted to the shareholders at their meeting on April 17, 2025. The selection process was brought forward from the conclusion date of the current engagement to allow the incoming auditor to comply with

the provisions of EU Regulation 537/2014 (hereinafter also the "Regulation"), which prohibit the provision of certain services other than the legally-required audit from the financial year immediately preceding the first year of the audit.

The Board of Statutory Auditors further developed, with the support of consultants, the project activities for the preparation of the 2024 Sustainability Statement, as well as the Double Materiality analysis, aimed at providing information regarding both the impact of its activities on people/environment (inside-out) and how sustainability issues affect them (outside-in).

## 12. RELATIONS WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

### Access to information

On the website of the Company [www.basicnet.com](http://www.basicnet.com) financial information of interest to Shareholders and other major stakeholders may be found (Annual Reports and periodic reports, Sustainability Statement, press releases and notices, presentations), in addition to updated data and documents concerning Corporate Governance and regulated information (composition of the Corporate Boards, the By-Laws, the Shareholders' Meeting regulation, the Ethics Code and the Corporate Governance and Ownership Structure Report). The press releases relating to the Brands and Companies of the Group are also available.

Shareholders may communicate with the Company through the address [affarisocietari@basic.net](mailto:affarisocietari@basic.net).

### Dialogue with Shareholders and major stakeholders

The Group is cognisant of the importance that correct operational information has for the market, investors and the community in general. For this reason, in view of the transparency required for conducting business, the Group considers transparency as an objective in relations with all stakeholders. In this regard, the Group communicates with the market and investors in compliance with the criteria of correctness, clarity and equal access to information in accordance with the procedures for the management of material and inside information as approved by the Board of Directors of BasicNet.

Dialogue between the Company, by way of the Chairperson and Chief Executive Officer, with the financial community mainly involves:

- the regular publication of information by way of the annual and interim financial and non-financial reports and periodic additional information;
- the dissemination, by way of the distribution and storage system used by the Company, and subsequent publication online of press releases concerning periodic financial or inside information;
- one-on-one meetings when requested by current or potential investors.

2024 Saw the continuation of communication with analysts and investors which began in 2018 with the establishment of a conference call in which the Chief Executive Officer presents the Company's periodic results to analysts and asset managers, supported by dedicated presentations. The Board of Directors also resolved to report the main income statement and balance sheet indicators on a quarterly basis in order to provide the market with timely information and greater transparency regarding the Company's performance. Meetings with individual investors also continued and were extended to include a number of Italian and overseas operators.

## 13. SHAREHOLDERS' MEETINGS (pursuant to Article 123-bis, paragraph 1, letter I) and paragraph 2, letter c), CFA

The Shareholders' Meetings provide opportunities to meet and communicate with the shareholders. During the Shareholders' Meetings, the Chairperson and the Chief Executive Officer provide the shareholders with all the necessary information for the undertaking of motions.

The Ordinary Shareholders' Meetings undertake their duties in accordance with Article 2364 of the Civil Code and the Extraordinary Shareholders' Meetings in accordance with Article 2365 of the Civil Code.

In accordance with Article 2365, paragraph 2 of the Civil Code, the Board of Directors was conferred the following duties:

- in accordance with Articles 2505 and 2505-*bis* of the Civil Code, the resolutions concerning the merger by incorporation of one or more companies in which all or at least 90% of shares are held;
- the establishment or closure of secondary offices;
- indication of which Directors may represent the Company;
- modify the company By-Laws in compliance with law;
- the reduction of share capital in the event of return of shares by shareholders;
- re-locating the registered office within the national territory.

In accordance with Article 2410, first paragraph of the Civil Code, any issue of bonds is decided by the Directors.

The Shareholders' Meeting of April 16, 2024 approved the proposal to amend Article 9 (Shareholders' Meetings) of the By-Laws, containing the provision that Shareholders' Meetings may also be held exclusively through the designated agent, and Article 16 (Board of Director's Powers and legal representation) of the By-Laws, attributing resolutions concerning spin-offs in the cases provided by law to the competence of the Board of Directors.

The Board of Directors, and any executive boards, also have the right to undertake, without a Shareholders' Meeting authorisation, all acts and operations against the objectives of a public tender or exchange offer, from the moment in which the communication in which the decision or the obligation arises to promote the offer was made public until the termination or expiry of the offer.

The Board of Directors, and any executive boards, also has the right to implement decisions, not yet implemented in full or in part and which are not within the scope of the normal activities of the Company, undertaken before the communication as described above and whose implementation could negate the achievement of the objectives of the offer.

The Shareholders' Meeting (June 30, 2000, and for supplementation and/or modifications subsequently on April 29, 2011) approved the Shareholders' Meetings Regulations in order to permit the orderly functioning of the meetings and to guarantee the right of each shareholder to take the floor on matters under discussion. The Shareholders' Meeting regulations are available on the Company website [www.basicnet.com/contenuti/gruppo/regolamento.asp](http://www.basicnet.com/contenuti/gruppo/regolamento.asp)

As per Article 2 of the Shareholder' Meeting Regulation, those holding shares in accordance with applicable legislation and the By-Laws, or their proxies or representatives, may attend and speak at the Shareholders' Meetings. Proof of personal identity is required for attendance at the Shareholders' Meeting. Unless otherwise indicated in the Call Notice, the personal identification and the verification of the right to attend takes place at the location of the Shareholders' Meeting at least one hour before the time fixed for the meeting.

Attendees are assured the possibility to follow and take part in the discussion and to exercise their right to vote using the technical methods established on each occasion by the Chairperson: usually time is allowed for contributions by shareholders after the presentation of each matter on the Agenda.

All Directors generally attend the Shareholders' Meetings. The Board of Directors is available to shareholders to provide any further necessary information for the undertaking of fully informed decisions.

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. As a result of voting rights increases in 2024 and waiver exercised by certain shareholders, voting rights currently total 79,044,667.

One Shareholders' Meeting was held in 2024, called without use of the designated agent.

14. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to Article 123-*bis*, paragraph 2, letter a) (CFA)

There are no corporate governance practices further to those indicated in the previous points applied by the Issuer, other than those required by legislation and regulation.

15. CHANGES SUBSEQUENT TO THE YEAR-END

There have been no changes since the close of the fiscal year.

for the Board of Directors

**The Chairperson**

Marco Daniele Boglione



# BASICNET

## Consolidated Sustainability Statement 2024

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<i>List of datapoints in cross-cutting and topical standards that derive from other EU legislation.....</i>	<i>136</i>

**GENERAL DISCLOSURES (ESRS 2)****METHODOLOGICAL NOTE****[BP-1] General basis for preparation of the sustainability statement**

The Consolidated Sustainability Statement of the BasicNet Group (hereinafter the “Statement”) pursuant to Legislative Decree No. 125/2024 was prepared on a consolidated basis, covering all legal entities consolidated in the financial statements.

The information contained in this document is based on the double materiality analysis, which enabled the identification of material impacts, risks and opportunities (IROs) for BasicNet. Further details on double materiality analysis activities can be found in “The Group's Double Materiality” section. The definition and assessment of IROs takes into account both the Group's own operations and the entire value chain in which BasicNet operates. This includes actors both upstream and downstream of the Company, with particular attention paid to upstream activities and Tier 1 suppliers. The extent to which policies, actions and objectives include the value chain depends on the double materiality analysis. The value chain-related metrics for ESRS E5 will be integrated over the next three years, as stipulated in ESRS 1 Section “10.2 Transitional provision related to chapter 5 Value Chain “. Similarly, entity-specific metrics regarding health and safety of workers in the value chain will be integrated in the future. Please see the topic sections for further information.

[5 d] No information related to intellectual property, know-how or innovation results has been omitted. [ESRS 2 MDR-M 77b] In addition, unless otherwise stated, none of the metrics in this document have been validated by an external body other than the independent audit firm.

**[BP-2] Disclosures in relation to specific circumstances*****Time horizons***

The time horizons adopted by BasicNet have been defined and applied in alignment with the Company's Enterprise Risk Management (ERM) framework.

- short term: up to one year;
- medium term: 1-3 years;
- long term: more than three years

***Estimates used and sources of uncertainty in results***

The use of estimates for metrics, particularly in relation to upstream and downstream value chain data, is addressed in the following sections. Metrics related to own operations are primarily based on primary data. Meanwhile, value chain metrics are derived from estimates based on historical data, internal forecasting models and information provided by suppliers and licensees. Although standardised calculation methodologies based on industry best practices were adopted, a high level of uncertainty remains due to potential variations in available data, differences in the reporting criteria adopted by partners and future regulatory changes. The Group is committed to continuously monitoring the reporting methodologies adopted by its partners and potential regulatory developments to reduce the uncertainty of reported information where possible. All assumptions and potential uncertainties are described in the sections of the Sustainability Statement where the metrics are presented. Specifically, estimates were used for the quantitative information reported in the following sections:

- E1-3 Actions and resources in relation to climate change policies (reduced consumption due to replacement of neon lamps with LED lamps)
- E1-5 Energy consumption and mix (energy consumption from nuclear sources, energy consumption within the US, energy consumption of BasicVillage Milano based on surface area allocation, and consumption of fuel used by the BasicAir aircraft).
- E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions (indirect Scope 3 emissions for all categories considered, emissions calculated based on estimated energy consumption)

- S1-14 Health and safety metrics (hours worked abroad)

Forward-looking information, such as projections on when new policies, actions and targets will be implemented, is inherently uncertain. Statements in the document with reference to forward-looking information are based on current plans, estimates, opinions, views, and projections. Although BasicNet believes that the expectations reflected in these forward-looking statements are reasonable, there is no guarantee that they will prove to be correct. By nature, forward-looking statements involve risks, uncertainties and assumptions, both general and specific, and actual results may materially differ for those contemplated, expressed or implied in any forward-looking statement.

Finally, in accordance with the CSRD guidelines, the Group has decided to defer reporting on the expected financial effects of environmental matters and the allocation of financial resources (CapEx and OpEx) linked to environmental initiatives in its first year of reporting.

### ***Changes in preparation or presentation of sustainability information***

As this is the first year of reporting under the new ESRS requirements, comparative data are only provided for metrics that were disclosed in one or more previous periods, where their definition and scope were aligned with ESRS requirements.

Comparative data are considered unavailable if the metrics are being disclosed for the first time in 2024 or were adjusted in line with ESRS-aligned accounting policies, such as modifications to the scope to fully align it with financial disclosures.

### ***Reporting errors in prior periods***

This document does not include any modifications due to material reporting errors in prior periods. Disclosures stemming from other legislation or generally accepted Sustainability Reporting standards and frameworks

BasicNet does not follow any additional reporting standards beyond the ESRS sustainability reporting requirements.

### ***Incorporation by reference***

Some elements of the Disclosure are incorporated by reference into other sections of this document and are listed in Table 26, in the "Appendix" section.

## **SUSTAINABILITY GOVERNANCE**

### **[GOV-1] The role of the administrative, management and supervisory bodies**

BasicNet has its own governance model, which is constantly updated in relation to changes in the regulations on listed companies. In addition, since the listing, BasicNet has always complied with the Self-Governance Code promoted by Borsa Italiana and, in line with EU Recommendation No. 08/2014 and as provided in Paragraph IV of the "Guiding Principles" of the Corporate Governance Code, has always provided evidence and explanation in the Annual Report made available to the Market, where any principles or application criteria have been disregarded.

Since 2022, BasicNet has decided not to continue to comply with the Corporate Governance Code, except to the extent that its recommendations correspond to those introduced by the legislation in force for listed companies, i.e. the Civil Code, the Consolidated Finance Act and the related regulations issued by Consob, Borsa Italiana and the applicable European Regulations.

The Board of Directors consists of 14 members, including six female Directors (43%), eight Executive Directors (57%), six Non-Executive Directors (43%), and three Independent Directors (21%).

Table 1 - Composition and Diversity of the BoD

Composition and Diversity of the Board of Directors				
	Unit	2024		
		Male	Female	Total
<b>Members of the Board of Directors</b>	no.	8	6	<b>14</b>
<i>of which:</i>				
Executive members	no.	5	3	<b>8</b>
Non-executive members	no.	3	3	<b>6</b>
<b>How many of the Non-Executive Directors listed above are Independent Board Members?</b>	no.	2	1	<b>3</b>

For further details on the composition and diversity of the administration, management and supervisory bodies, please refer to sections “4.3 COMPOSITION OF THE BOARD OF DIRECTORS”, “6. INTERNAL BOARD COMMITTEES”, AND “11.2 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS” of the Directors’ Report.

BasicNet does not provide for formal and direct employee representation within its administrative, management and supervisory bodies. This reflects a governance structure in which worker involvement is managed through alternative mechanisms, such as trade unions, Trade Union Representative Bodies (RSAs) and General Workers’ Representative Bodies (RSUs), rather than through direct participation in corporate boards or decision-making bodies.

BasicNet’s Board of Directors possesses adequate and diverse expertise to effectively fulfil its role in overseeing the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, including ESG-related matters. The Board of Directors assesses its organisational, administrative and accounting adequacy so that full transparency and fairness in conducting business is always ensured. This includes reviewing and approving the Double Materiality analysis and Sustainability performance reported in the Sustainability Statement, following the favourable opinion of the Control and Risks Committee. For further details on the roles of the Group’s Board of Directors, please refer to section “4.1 ROLE OF THE BOARD OF DIRECTORS” of the Directors’ Report.

Board members contribute their technical and specialised expertise, when necessary, to address business needs and the management of sustainability-related matters, drawing on their educational backgrounds and professional experience, including in sectors other than the one in which the Company operates. In addition, to ensure a comprehensive understanding of the Group’s values, an induction session on the Group’s Ethics Code and the principles of the 231 Model is conducted at the time of appointment, with additional input from external experts where necessary to support Directors’ decisions. The objective is to enable more precise oversight and understanding of BasicNet’s potential impacts, risks, and opportunities. Directors who are also employees or executives of the Group participate in the training courses provided for staff, which include ESG topics. The curricula vitae of the Directors in office, which describe their personal and professional qualifications, can be consulted on the Company’s website.

The Board of Directors is responsible for strategic direction and the ongoing monitoring of the effectiveness of the Group’s **Internal Control and Risk Management System**, ensuring that corporate risks, along with ESG-related impacts, risks and opportunities, are properly identified and managed in alignment with the corporate strategy. In addition to risk management, the Board oversees impacts and opportunities, evaluating how they could influence the Company’s growth and sustainability. Although no formal ESG objectives are currently in place, Directors are committed to incorporating ESG considerations into their decisions and activities to support the Company’s long-term sustainability and interests.

To ensure proper oversight of corporate management and operations, the Board of Directors also relies on several bodies and structures, including the Chief Executive Officer, the Control and Risks and Related Parties Committee, the Internal Audit Manager, the Control Body and the Supervisory Board, each of which has specific responsibilities in monitoring and overseeing corporate risks. The system is also based on key documents, such as the Ethics Code, the Code of Conduct for Sourcing Centres and the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001, which provide detailed guidance on managing social compliance issues and whistleblowing reports.

The Control and Risks Committee consists of three Independent Directors: Piera Braja (Chairperson), Francesco Calvo and Cristiano Fiorio.

One of the primary objectives of BasicNet's Board of Directors is to create medium- to long-term value for shareholders and all stakeholders involved in the Group's activities, fostering sustainable economic, environmental and social development. Against this backdrop, the Board is responsible for defining the Group's corporate structure and governance system, while also monitoring risks and impacts arising from its business operations.

The responsibilities related to impacts, risks and opportunities are allocated as follows:

- CEO: responsible for major executive decisions, overseeing business operations and representing the Company before the Board of Directors, stakeholders and external institutions.
- Control and Risks and Related Parties Committee (CRRPC): an internal governance body composed of members of the Board of Directors and/or Executives. It is responsible for overseeing and evaluating risk management processes. The Committee ensures that risks are identified, assessed and managed effectively, integrating sustainability initiatives into corporate strategies while promoting transparency and regulatory compliance.
- Sustainability Manager: responsible for coordinating the preparation of the Sustainability Statement, managing reporting activities and sustainability initiatives at the Group level.

The CEO of BasicNet has the primary responsibility for the Internal Control System, overseeing processes, controls and governance procedures concerning the management of impacts, risks and opportunities, including those related to ESG topics. The CEO reports to the Control and Risks Committee (CRC) on a quarterly basis, which is responsible for monitoring the system's effectiveness and ensuring that corporate risks are adequately managed in line with the Group's strategic objectives. Specifically, ESG-related monitoring is assigned to the Group's Internal Audit function, which reports to the CRRPC and the Supervisory Board (SB).

The hierarchical structure of the administrative, management and supervisory bodies is designed to ensure that each level of responsibility is clearly defined, with the Board of Directors outlining strategic guidelines and periodically monitoring the effectiveness of the Internal Control and Risk Management System. Operational and supervisory responsibilities are divided among the CEO, the Control and Risks Committee, Internal Audit and the Supervisory Board, ensuring the integrated management of risks and impacts, while maintaining a constant focus on opportunities.

Dedicated controls and procedures are systematically applied and integrated with other internal functions, ensuring that risk and impact management is an integral part of corporate strategic decisions.

BasicNet's administrative, management and supervisory bodies leverage internal sustainability expertise, particularly through specialised functions within the Group's various brands, which focus on the double materiality topics identified. Sustainability expertise is acquired through dedicated training programmes and the support of external experts, with particular emphasis on environmental impacts. For example, sector experts provide specific environmental expertise, while other sustainability areas are addressed through ongoing training courses. The Directors, in practice, have the facility to participate in meetings subsequent to their appointment and during their mandate with the Chairperson and Management, in order to improve their understanding of the organisational structure and corporate processes and to ensure that they remain informed regarding corporate affairs and developments. Specifically, the Board of Directors receives communication, when requested, with respect to the main activities in the field of sustainability carried out by the Company. Where deemed necessary, communications are conducted during training inductions. When appointed, the Boards of Directors and of Statutory Auditors receive an induction set from the Company that



includes the Group's Ethics Code and the Model of Organisation and Management as per Legislative Decree No. 231/2001.

**[GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

**BasicNet's** Control and Risks Committee meets once a quarter on average and, when necessary, dedicates part of its discussion to sustainability updates, particularly those related to products. During these meetings, the Committee receives reports and updates from the Occupational Health and Safety Manager and the Supervisory Board (SB) to monitor material impacts, risks and opportunities, and to evaluate the effectiveness of the policies and actions adopted by the Company. This process ensures ongoing verification of the implementation of measures and targets, ensuring the effective management of sustainability topics.

**BasicNet's** administrative, management and supervisory bodies constantly integrate impacts, risks and opportunities into their strategic decision-making processes. Every significant operation and the risk management process are evaluated in light of these factors to ensure sustainable growth and the creation of long-term value for all stakeholders, including shareholders, licensees, investors, local communities and public institutions. Specifically, **BasicNet** acknowledges that the Group's success is inherently linked to the economic development of its network of licensees, recognising that their performance significantly contributes to the sustainability of the business. The governance bodies are aware of the potential trade-offs associated with these impacts, risks and opportunities, and take them into account when defining the strategy and making critical decisions for the Group's future.

During the year, **BasicNet's** Control and Risks Committee addressed ESG-related risks during its meetings, which were later assessed as material through the double materiality analysis.

In particular, the governance bodies reviewed the double materiality analysis conducted by the Company, with the support of external consultants, to identify material impacts, risks and opportunities to be included in this document.

**[GOV-3] Integration of sustainability-related performance in incentive schemes**

**[E1 GOV-3] Integration of sustainability-related performance in incentive schemes**

At present, there are no incentive systems linked to ESG targets or specific climate-related targets allocated to BasicNet's administrative, management and supervisory bodies.

**[GOV-4] Statement on due diligence**

As part of the preparation for this Sustainability Statement, BasicNet initiated a process of collecting and analysing information related to its due diligence practices, while acknowledging that this is not yet a formalised process. Within the management of its supply chain, BasicNet adopts an approach aimed at preventing and mitigating potential negative impacts, taking into account those impacting its workers along the value chain. This approach includes assessment activities during the qualification stage, conducted on a voluntary basis through questionnaires, complemented by second- or third-party audits carried out on a sample. This supply chain process is ongoing, with continuous monitoring of supplier performance and compliance with the Code of Conduct, thereby fostering improvements along the entire supply chain.

For 2024, these assessments are not exclusively focused on sustainability matters, although they are taken into account within control procedures. While inspired by international principles of corporate responsibility, the processes adopted across the value chain do not formally align with the Due Diligence models outlined by the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

BasicNet continues to monitor regulatory developments and international best practices, with the goal of progressively strengthening its risk assessment and management procedures along the supply chain.

The initiatives and projects listed in the table below represent a key contribution in building a reference framework for managing the environmental, social and governance impacts that the Group could generate or is already generating.

1Table 2 - Group Due Diligence Reference Elements

DUE DILIGENCE ELEMENTS	BACKGROUND INFORMATION	REFERENCE PARAGRAPHS
a) Integration of due diligence into governance, strategy and the business model.	<p>As a foundation for integrating responsibility in line with ESG aspects, the Group adopts various policies, with its commitment reflected in the following policies:</p> <ul style="list-style-type: none"> <li>○ Ethics Code</li> <li>○ Code of Conduct for Sourcing Centres</li> <li>○ Procedure for reporting offences and irregularities (whistleblowing)</li> </ul> <p>In addition, due diligence governance activities are incorporated and defined through the roles of the Control and Risks Committee and Internal Audit, each responsible for identifying, assessing and managing the impacts generated by the Group's activities.</p>	<ul style="list-style-type: none"> <li>• #Ref MDR-P for the indicated policies</li> <li>• #Ref description of the roles of the CRC and Internal Audit</li> </ul>
b) Engagement of relevant stakeholders in all key phases of due diligence.	<p>Stakeholder engagement is conducted through various channels and methods (see section SBM2). Specifically:</p> <ul style="list-style-type: none"> <li>• engagement with suppliers and sourcing centres through initial alignment checks with technical requirements and the Group's values, stipulation of the Sourcing Agreement and subscription to the Code of Conduct and the Product Restricted Substances List.</li> <li>• engagement with customers through platforms.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">#Ref SBM-2 45a</a></li> </ul>
c) Identification and assessment of negative impacts	<ul style="list-style-type: none"> <li>• The Group's double materiality process placed particular emphasis on evaluating and prioritising impacts, seeking to identify those deemed most material for the organisation and its stakeholders (IRO-1 and SBM-3).</li> <li>• The customer service complaints channel serves as a key source for identifying potential negative impacts caused by the Group's products on consumers, in addition to promptly detecting non-conformities that could pose risks to safety, quality and the environment.</li> <li>• The counterfeiting reporting channel allows the Group to receive reports identifying counterfeit products and consequently assess their impact on consumers</li> <li>• Additional counterfeiting reports may be received directly from the Postal Police, the Finance Police and the Customs Agency</li> <li>• The Group's whistleblowing channel is a key resource for receiving reports from all stakeholders. These reports may cover potential or actual negative impacts caused by BasicNet's operations.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">#Ref SBM-3 / IRO-1</a></li> <li>• <a href="#">#Ref S4</a></li> <li>• <a href="#">#Ref Whistleblowing (S1)</a></li> </ul>



d) Adoption of measures to mitigate negative impacts.	<ul style="list-style-type: none"> <li>The Group's whistleblowing procedure defines the investigation process to be followed after receipt of a report.</li> <li>The management of counterfeiting reports includes technical assessments and the removal of illegal e-commerce websites</li> <li>To prevent counterfeiting, BasicNet's products include a label guaranteeing traceability and authenticity</li> </ul>	<ul style="list-style-type: none"> <li>#Ref Whistleblowing (S1)</li> <li>#Ref Counterfeiting (S4)</li> <li>#Ref Sourcing Centre (S2) / "Main risks and uncertainties" (Directors' Report)</li> </ul>
e) Monitoring the effectiveness of actions taken and communicating results	<ul style="list-style-type: none"> <li>The Group's whistleblowing procedure requires an annual report be submitted to the SB on the complaints received and corrective actions taken for monitoring purposes</li> <li>Counterfeiting reports are centrally managed through continuous market monitoring</li> </ul>	<ul style="list-style-type: none"> <li># Ref Whistleblowing (S1)</li> <li># Ref Sourcing Centre (S2) / "Main risks and uncertainties" (Directors' Report)</li> </ul>

### [GOV-5] Risk management and internal controls over sustainability reporting

In 2024, a *sustainability and ESG governance reporting procedure* was developed to define roles and responsibilities, establish specific procedures to ensure data collection, validation and reporting, and provide assurance that the main risks associated with the Sustainability Statement are covered by internal control activities. The processes described and formalised within this document are based on previously non-formalised data collection, validation and reporting activities carried out for the 2024 reporting cycle.

This procedure identifies the Executive Officer for Sustainability Reporting (EOSP), who plays a central role and is responsible for:

- defining the reporting and consolidation scope of the Sustainability Statement
- planning Sustainability Statement preparation activities;
- managing the double materiality process and consolidating its results to identify the Disclosure Requirements (DRs)
- involving data owners in data collection
- verifying and validating data completeness and accuracy
- preparing the Sustainability Statement
- reviewing the Sustainability Statement and ensuring the overall consistency of the document
- managing the review and approval steps involving the CEO, CRRPC and BoD

Risks linked to sustainability reporting are assessed within the Enterprise Risk Management (ERM) framework and follow the same methodology. The main risk factors identified include regulatory compliance, data accuracy and data completeness.

These risks are heightened in the current reporting period due to the entry into force of the CSRD, which led to a transition from the GRI framework to ESRS. This resulted in both an expansion of the scope of required data and the inclusion of new information in the Sustainability Statement. To mitigate the risk of including inaccurate or incomplete data in the Sustainability Statement, the reporting procedure described above was developed and specialist advisory support was used.

The draft Sustainability Statement undergoes multiple reviews by data owners – specialists in their respective reporting areas – before being consolidated for approval by the EOSP. Following verification by the EOSP, the Sustainability Statement is submitted to the CEO for review and validation. The CEO examines the draft Sustainability Statement to identify any modifications and/or additions that need to be **communicated** to the EOSP. If no anomalies are identified, the CEO proceeds with validation and signs the Sustainability Statement.

The EOSP then presents the draft Sustainability Statement to the Control and Risks and Related Parties Committee (CRRPC) to gather feedback on the document. This Committee performs an in-depth analysis of the content. If non-compliances are detected, they are carefully examined and resolved with the support of

the CRRPC, which provides recommendations and observations to facilitate the approval process of the draft Sustainability Statement by the Board of Directors.

Finally, the EOSP presents the draft Sustainability Statement to the Board of Directors for review and approval via a written resolution.

## SUSTAINABILITY STRATEGY

### [SBM-1] Strategy, business model and value chain

#### *The Group's products, services, markets and customers*

The BasicNet Group operates globally in the apparel, footwear and accessories sector, developing and enhancing its brands Kappa®, Robe di Kappa®, K-Way®, Superga®, Briko®, Jesus® Jeans, Sabelt® and Sebago®. The Group's business focuses on growing brand value and expanding product distribution, both through direct management and a wide network of licensee companies, which ensure presence in key international markets.

The Group comprises Italian and international operating companies, organised in two main business sectors: the "clothing, footwear and accessories" sector and "property management"

The clothing, footwear and accessories sector includes all the Group's legal entities, except BasicVillage S.p.A., and focuses on developing and enhancing proprietary brands (Kappa®, Robe di Kappa®, K-Way®, Superga®, Briko®, Jesus® Jeans, Sabelt® and Sebago®), in addition to distributing related products directly and through a global network of licensee companies. This sector specifically covers:

- the strategic activities and the "Powered by" model developed by BasicNet S.p.A. and by the Group brand-owning companies;
- the granting of intellectual property rights to licensee producers and distributors, as well as the management of contracts and the administration of related financial flows;
- the direct use and development of the intellectual property rights and of the products of all brands of the Group for the Italian market, of Kappa® in France and Spain, K-Way® in France, Spain and Switzerland, and with the addition, in late 2023, of the establishment of K-Way Retail in Ireland;
- the operational management of major technical and sports sponsorship and merchandising contracts, some of which offer international visibility for the entire network;
- management of the Group's branded sales points within the **plug@sell** project in Italy and its direct sales points in France, Spain and Switzerland.

The Parent Company, BasicNet S.p.A., coordinates and manages the Group's operations, which are structured across four main geographical areas:

- Europe
- The Americas
- Asia and Oceania
- Middle East and Africa

Table 3 - BasicNet employees by country

Sites	Number of employees
Italy	757
France	250
Spain	76
Ireland	6
Monaco	8
Switzerland	6
China	9
Vietnam	8
USA	1
<b>TOTAL</b>	<b>1,121</b>

BasicNet's retail network consists of a large number of shops, including 1,202 monobrand stores and shop-in-shops for Kappa® and Robe di Kappa® (of which 98 in Italy), 153 Superga® sales points (48 in Italy), 119 K-Way® stores (38 in Italy, 2 in Spain, 68 in France, 1 in Switzerland and 1 in Ireland) and 47 Sebago® sales points (of which 10 in Italy, 2 in Spain and 1 in Portugal).

At December 31, 2024, the Group employs 1,121 people, distributed across the locations where it operates, as shown in the table.

### ***The business model***

The BasicNet Group has developed a “networked” business model, based on collaboration with licensees, who serve as key partners for the distribution and sourcing of products worldwide. BasicNet provides them with an integrated service system, offering a business opportunity that extends beyond simple product supply.

This innovative, flexible and modular approach has enabled the Group to grow rapidly while maintaining an efficient and dynamic organisation. At the core of BasicNet's Business System is a fully integrated IT platform that connects the Parent Company with companies in its network, thereby facilitating the real-time sharing of information and optimising operational management. The system is designed to facilitate expansion both internally – through the entry of new licensees and access to new markets – and externally, through brand acquisitions and expansion into new business areas.

The Parent Company BasicNet S.p.A. coordinates “Powered by” activities to support companies owning individual brands. These activities include developing software for the online management of supply chain processes, coordinating information flows related to production and marketing, and managing strategic finance.

Brand-owning companies are responsible for product research and development and global marketing, while retail distribution, regional logistics and local marketing are assigned to directly managed territories and licensees, which are defined based on geographical regions or specific product categories.

The manufacture of finished BasicNet-branded products, which are distributed by licensee companies in their respective areas, is entrusted to Sourcing Centres, operating via the Business System, which connects production sources with distributors. Sourcing Centres are in fact third-party firms to the Group. Their function is to manufacture and market merchandise and are located in various countries worldwide, depending on what type of goods they produce. As part of its Business System evolution, the Group has developed the *plug@sell®* direct sales model, which is currently active in Italy, Switzerland, Spain and France. This platform integrates retail sales management with the web and corporate systems, enabling real-time monitoring of sales point operations, from logistics to accounting and staff training.

The Retail project offers three different direct-to-consumer sales formats on the European market. The first level comprises Brand Stores, located in city centres, on shopping streets and at shopping centres through franchising models. The second level includes Brand Outlets located in Outlet Villages. Finally, the third level

encompasses “Spaccio” discount shops, located in retail parks or converted industrial areas. All three formats are designed to be replicable across different market environments.

### ***The value chain***

The BasicNet value chain operates through an integrated ecosystem involving suppliers, partners, production licensees (Sourcing Centres), commercial licensees and end customers, ensuring a highly digitalised and efficient operating model. This approach enables the Group to optimise the management of the entire product life cycle (excluding the use and end-of-life phases), from raw material selection to their distribution and use, with a continuous focus on quality, innovation and sustainability. Specifically, BasicNet’s value chain is composed as follows:

#### **Upstream:**

- **Identification, extraction and processing of raw materials**

The process of procuring the raw materials used to manufacture BasicNet brands begins with the research and selection of materials such as cotton, rubber, leather and other textile or synthetic components, based on criteria including quality, availability and compliance with technical standards. This phase is followed by the cultivation, farming and harvesting of raw materials, involving both plant-based and animal-origin sources, which are used in various production applications, including the manufacturing of plastic and synthetic materials. Finally, logistics and the transportation of raw materials to processing facilities are managed by the Sourcing Centre, which coordinates direct suppliers to ensure supply chain reliability and continuity.

- **Processing of plastic, synthetic and textile raw materials**

The selected raw materials undergo refinement processes to obtain textile and non-textile materials with specific characteristics that meet the quality standards required for the production of BasicNet products. This is followed by a quality control to ensure that the materials’ physical properties comply with technical specifications. The refined materials or semi-finished components, including natural or synthetic textiles, zips and other plastic and metal components, are subsequently transported to manufacturing facilities for the next stage in the supply chain.

- **Production of BasicNet-branded goods**

At the Sourcing Centre, refined materials and semi-finished components are selected for manufacturing, ensuring compliance with the technical and quality requirements established by the Group. The production process involves transforming materials into finished products, followed by labelling and packaging. The pricing of finished goods is then integrated into the Company’s marketplace, allowing for efficient supply chain management in terms of quality and production volumes and timelines.

- **Packaging production**

Alongside product manufacturing, packaging solutions are developed to ensure product safety along the entire logistics chain. Packaging, primarily made from plastic and paper materials, is designed to respond to quality standards while focusing on responsible solutions to reduce the environmental impact. Once produced, the packaging is distributed through a logistics system that ensures supply-chain optimisation.

#### **Proprietary operations:**

- **BasicNet Business System and Retail (Franchisees)**

The Group’s digital ecosystem is built on an advanced IT infrastructure, enabling the integrated management of all supply chain processes. Through the development of new software and the coordination of information flows between different business functions and licensees, BasicNet ensures effective control over production and commercial operations.

- **Proprietary licensees and brand-owning companies**

Proprietary licensees and brand-owning companies<sup>1</sup> manage the purchase of finished products through the corporate marketplace, using pricing provided by Sourcing Centres based on quality and volume requirements. Once acquired, the products are distributed to target markets through wholesale channels and direct sales at BasicNet-branded sales points, including Brand Stores, Brand Outlets and Discount Stores. Integration with the Group's digital platforms ensures single-channel offer management.

- **Product definition and design**

The development of BasicNet products follows a structured process, beginning with an analysis of market trends and consumer preferences. The following phases include brainstorming and conceptualisation, with the generation of innovative ideas, followed by technical design to define materials, shapes, colours and features. Prototyping allows for the evaluation of physical product characteristics before large-scale production, while trend analysis enables improvements to be made where necessary. The process concludes with the registration of patents and other forms of intellectual property protection.

- **Proprietary operations: Support processes**

Business operations are supported by strategic human resource management, which includes recruitment, training and employee development. Technological infrastructure ensures the efficient functioning of business processes, while financial management oversees budgeting and reporting. Legal compliance and intellectual property protection are covered by legal services, while the procurement function handles the sourcing of materials and services necessary for business operations. Finally, property management ensures the maintenance and optimisation of the Group's commercial and residential spaces, which cover over 30,000 square metres.

#### **Downstream:**

- **Commercial Licensees**

Commercial licensees play a key role in the distribution of BasicNet products, purchasing goods through the company marketplace and managing their marketing within their respective regions. This model enables independent entrepreneurs to operate under the Group's brands, ensuring widespread market presence worldwide.

- **End customer**

BasicNet products are used by end consumers, who benefit from their quality, design and functionality.

#### ***Brief overview of economic and financial results***

During the year, BasicNet achieved positive economic and financial results, with consolidated revenues reaching Euro 409.2 million, marking an increase on the previous year. Direct sales also grew by 4.2% on the previous year, while royalties from commercial and production licensees increased by 2.2% on 2023. In addition, EBITDA stood at Euro 61.1, reflecting a solid operating performance. These results demonstrate the effectiveness of the strategies adopted by the Company and its ability to create value for its stakeholders through its business model. For more details on the Group's key economic and financial results, please refer to the "2024 FINANCIAL PERFORMANCE OVERVIEW" section of the Directors' Report.

<sup>1</sup> K-Way S.p.A., K-Way France S.a.s, Kappa S.r.l., Kappa France S.a.s, Kappa Sport Iberia S.L., Sebago S.r.l., Superga S.r.l., and Basic Properties America Inc.

### ***The Group sustainability strategy***

BasicNet's strategy is strongly focused on sustainability, integrating environmental, social and governance (ESG) aspects into all its activities. Although the Group does not have formal, specific targets related to significant product groups, customer categories or geographical areas, it has nonetheless launched numerous initiatives to promote a systemic approach to sustainability. The Group continues to develop and integrate collections using responsible materials, making them available to its network of licensees. In addition, it is committed to the continuous improvement of both its production processes and supply chain. The Group strongly believes that reducing its social and environmental impact is an ongoing journey, with the objective of growing sustainably while offering increasingly responsible products.

A key element of BasicNet's responsible strategy is innovation in design, with a particular focus on materials. Brands within the Group, such as K-Way, Kappa, Superga, Briko and Sebago, are committed to developing products that satisfy both aesthetic and functional consumer needs, while adhering to sustainability principles. Additionally, the global network of licensees, which is an integral part of BasicNet's Business System, plays a crucial role in driving sustainable economic development. The relationship with licensees is essential for the mutual growth of the Group and helps to promote sustainable practices across all markets in which BasicNet operates. This approach strengthens the Company's economic standing while also promoting sustainability on a global scale.

The Group focuses not only on improving its products and processes but also on reducing its environmental impact across all operations. Within this framework, BasicNet continues to pursue a sustainable growth model, striving to balance innovation with respect for the environment.

### **[SBM-2] Interests and views of stakeholders**

In its operations, BasicNet has always sought to create value for its shareholders and, more generally, all those who have a stake in the Group's business. Accordingly, as part of its pursuit of sustainability, in 2022 BasicNet updated the mapping of its main stakeholders, conducting an analysis of its business and with the participation of Group management. In 2024, no changes were made to Group business or to the consolidation scope, so no update to the related mapping has been necessary.

The main stakeholders include groups directly linked to business activities, such as Group Resources, Investors, Shareholders and the Financial Community, the Public Sector, Governmental and Control Bodies and the Local Communities in which the Group operates. Due to the specific nature of BasicNet's business system, Sourcing Centres and Licensees play a significant role. Both are commercial partners to the Group and belong to the broader category of clients and consumers (together with the stores involved in retail activities) and suppliers (a category which includes the Group's non-core suppliers of goods and services and Sourcing Centres, i.e. the core suppliers of the subsidiary BasicItalia S.r.l., Kappa S.r.l., Sebago S.r.l., Superga S.r.l., K-Way S.p.A. and K-Way France S.a.s. (and its subsidiaries) proprietary licensees). In addition, of particular importance to the Group's activities in Italy are the wholly-owned franchisees of the subsidiaries: KappaRetail S.r.l., K-WayRetail S.r.l., SebagoRetail S.r.l., Superga Retail S.r.l., K-Way France S.a.s. and Kappa France S.a.s.





Figure 1 BasicNet Group stakeholders

To ensure effective, uniform pursuit of its goals that makes the most of the roles and potential of its stakeholders, the Group participates in various trade associations (such as Federazione Manageritalia, the Turin chapter of ASCOM - Confcommercio and the Turin Industrial Union).

BasicNet actively engages with its stakeholder categories using various methodologies. Group employees are involved through training and development programmes, onboarding follow-ups and the promotion of initiatives such as “BasicPress.com”, the Group’s online press agency, which keeps employees regularly informed about Group news, initiatives and social and sporting events, which are held annually at the Basic Village, including in virtual formats.

Investors, shareholders and the financial community receive updates via regular meetings and Financial and Non-Financial Reports. Suppliers and Sourcing Centres participate in initiatives to improve quality, in compliance with regulations. Licensees and Franchisees are actively involved in marketing and product strategies. Additionally, BasicNet’s “Powered by” services oversee the continuous and progressive development of the IT platform, which enables communication between the various network licensees, in addition to designing, developing and coordinating the Group’s communication and IT systems. Customers and consumers are engaged through product feedback and loyalty initiatives. Public Authorities, governmental and regulatory bodies are consulted to ensure compliance with public policies and regulations, while local communities are involved through corporate responsibility projects and the sponsorship of sports events.

Stakeholder engagement is carried out through both direct and indirect channels, including regular meetings, public consultations and the integration of stakeholder needs into business strategies. Internal working groups and various regional managers are responsible for managing relationships. The objective in this regard is to foster sustainable growth, ensure that the Group’s objectives are aligned with stakeholder expectations and improve economic, social and environmental performance.

BasicNet monitors engagement results by tracking stakeholder satisfaction, using various types of feedback management and performance analysis. The results are integrated into strategic decisions, enabling the Company to adapt its policies based on emerging needs, ensuring transparency and continuous improvement.



## THE GROUP'S DOUBLE MATERIALITY

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model.

[IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

[IRO-2] Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

### *Identifying impacts, risks and opportunities*

The Group's double materiality process began with an analysis of the context in which BasicNet operates, including a study of international institutional sources and an analysis of the regulatory framework. This activity, supported by analyses conducted in previous reporting years and internal corporate documentation (particularly the Enterprise Risk Management (ERM) model), formed the basis for identifying impacts, risks and opportunities (IROs).

The process of identifying the Group's impacts was based on a review of the impact list from previous reporting years. This list was modified and updated through a context analysis to bring it into line with the current reporting year. This process resulted in the definition of a long list comprising 40 impacts, categorised in accordance with ESRS requirements.

During this phase, short-, medium- and long-term positive, negative, actual and potential impacts on people and the environment were considered.

ESG risks were identified and reviewed based on the Group's Risk Universe, which is regularly updated through Enterprise Risk Assessment activities. The identification of ESG opportunities was based on sector and market trends, in addition to current/planned ESG initiatives in various areas. This approach also led to the definition of a long list of risks and opportunities

The level of disaggregation adopted [see ESRS 1 par.55] accounts for both geographical specificities and business diversity, ensuring consistency and sufficient detail for the accurate interpretation of information. In particular, the Group's preliminary analysis indicated that it was not necessary to disaggregate IROs given the characteristics of the business. Since BasicNet operates a single-activity business with a centralised office management system, the IROs assessed are considered applicable to the Group as a whole. Regarding Basic Village (Real Estate), the IROs related to property management are already included in the general IROs identified.

The impacts include those related to the Company's own operations and its upstream and downstream value chain, including its products and services and business relationships. The risks and opportunities considered could have, or already have (positive or negative) repercussions for the Organisation in the short, medium or long term and may arise from past or future events.

### *Stakeholder engagement*

In line with activities conducted in previous years to assess ESG impacts, the assessment of **impacts, risks and opportunities** involved the engagement of internal stakeholders, selected for their expert insights into the IROs to be evaluated (*CFO, HR, Corporate Affairs, Internal Audit, Purchasing, Sourcing and Operations, Facility Manager, Internal Audit, K-Way, Sebago, Superga, Sebago, Kappa, Robe di Kappa, Briko*). These stakeholders provided in-depth knowledge of both the Group's inside-out (impacts) and outside-in (financial risks and opportunities) effects. Consultations with these functions were carried out through dedicated and direct engagement, enabling an active dialogue on ESG topics.

The analysis of individual IROs was based on qualitative considerations, including assessments of the geographical areas in which the Group and its value chain operate, production processes and findings from engagement, verification and communication activities with value chain stakeholders to identify material IROs.

In addition, the CFO, who also serves as the Group's Executive Officer for Sustainability Reporting, and the Risk and Internal Audit functions were involved in the entire process. This allowed for a comprehensive overview of the Group's IROs and a solid awareness of the most material ESG topics for the Group.

For this reporting year, the double materiality analysis process did not involve external stakeholders.

### ***IRO assessment methodology***

The assessment and subsequent prioritisation of impacts were conducted based on four parameters:

- Scale: how serious the negative impact is or how beneficial the positive impact is for people or the environment;
- Scope: how widespread the impact is (in relation to the percentage of employees, geographical locations or affected markets);
- Irremediable character: the difficulty remedying the impact in terms of severity of the damage.
- Likelihood: the probability of the impact occurring within the considered time horizon. Likelihood is only assessed for potential impacts;

The score assigned to each impact (severity) was calculated as the average of the scale, scope and irremediable character factors multiplied by the likelihood of occurrence. The parameters were evaluated using a scale from 1 to 5. In addition, each impact was assessed based on its most relevant time horizon, following the definition and categorisation of timelines aligned with the risk and opportunity assessment, as detailed below.

Additionally, negative impacts linked to human rights were further analysed during the consolidation phase, considering the requirement (see *ESRS 1, section 3.4*) to prioritise severity over likelihood. This activity involved a qualitative review of negative impacts on human rights to give greater weight to the evaluation of scale.

Given the nature of BasicNet's business, negative human rights impacts related to workforce management within the Group's own operations (S1) and workers along the value chain – particularly in the supply chain and Sourcing Centres (S2) – were found to be more significant for the latter.

The methodology for determining financial materiality was aligned with the Group's corporate risk management framework, incorporating the quantitative and qualitative scales and various types of financial effects. Sustainability-related risks were already considered within the Group's overall risk profile and were further integrated with additional risks and opportunities, in line with the topics outlined in ESRS 1 AR 16. This included risks and opportunities arising from potential dependencies on identified impacts. The main differences compared to the corporate risk management framework include time horizons, which are typically assessed over three years in the Group's ERM, whereas financial materiality is analysed across three distinct time horizons, as outlined below.

The risk assessment process involved an analysis of both the scale and the likelihood of occurrence, with a focus on residual risk (not including the intrinsic approach applied to climate-related risks).

The assessment of risks and opportunities was conducted using the multiplication of two parameters:

- Scale: the scale, be it positive or negative, of financial effects (including those related to operational, reputational or compliance-related impacts) linked to the evaluation of risks and opportunities;
- Likelihood: the probability of occurrence of these risks and opportunities.

Risks and opportunities were assessed across three time horizons:

- **Short term:** one year, aligned with the current reporting period
- **Medium term:** three years, in line with the Enterprise Risk Management (ERM) framework
- **Long term:** more than three years.

### ***Definition of materiality thresholds***

Following the assessment of all potentially relevant IROs for the Group, a materiality threshold was defined to determine which IROs are most significant for the Group. IROs with a score below the materiality threshold were excluded from the final list of material IROs.

More specifically, the materiality threshold for impacts was defined by identifying impacts as material based on the combination of materiality assessments (based on scale, scope and irremediable character) and the likelihood of occurrence, using a risk-based approach. This approach considers impacts with high materiality but low likelihood and impacts with limited materiality but high likelihood to be material, following a scaled model. For risks and opportunities, the Group adopted a more cautious approach to the materiality threshold than that used in its ERM framework, while remaining below the identified Risk Appetite threshold.

If the threshold is exceeded across multiple time periods, the time horizon with the highest significance is considered.

### ***Approval and internal control system***

The management of Enterprise Risk Management (ERM) and the double materiality analysis are closely interconnected, as both focus on managing risks and opportunities that impact financial performance and sustainability. While corporate risk management adopts a structured approach to identify, assess and address risks that could affect the organisation's objectives, including environmental, social and governance (ESG) risks, the double materiality analysis under the CSRD complements the ERM framework by assessing how sustainability factors influence financial position, and how the Company's activities impact society and the environment. Together, these approaches ensure a comprehensive understanding of risks and opportunities, integrating ESG considerations into the strategic decision-making process and improving transparency for stakeholders.

The results of the Double Materiality Analysis, together with the Sustainability Statement, were approved by the CFO and Head of Sustainability (both roles are held by the same person) and were also presented to the Control and Risks Committee, which provides an opinion on the work done and reports it to the Board of Directors for approval.

### ***Results of the double materiality analysis***

Following the double materiality analysis, a total of 18 impacts, eight risks and six opportunities were identified, 12 of which were also related to the value chain (upstream and downstream). The ESRS areas covered by the identified IROs encompass environmental, social and governance aspects and include:

Table 4 - Material IROs for BasicNet by standard topic

<i>Topical Standard</i>	Impacts	Risks	Opportunities
<i>ESRS E1 - Climate change</i>	3	3	2
<i>ESRS E5 - Resource use and circular economy</i>	3	-	-
ESRS S1 - Own workforce	5	2	1
ESRS S2 - Workers in the value chain	3	2	1
ESRS S4 - Consumers and end-users	1	1	2
ESRS G1 - Business conduct	3	1	-
Total	18	9 <sup>2</sup>	6

In the next part of this section, a complete list of material IROs is provided, clustered according to the relevant Topical Standard. Each IRO is accompanied by a description that includes an indication of the phase within the value chain where it originates, and its respective time horizons.

BasicNet's double materiality analysis highlighted the materiality of social topics for the Group, including not only its own workforce but also workers in the value chain, and consumers and end-users of products marketed under the Group's brands (ESRS S1, S2 and S4).

From an environmental perspective, the IROs identified are closely linked to climate change (E1) and circular economy activities (E5). This is demonstrated both from an inside-out perspective (contribution to greenhouse gas emissions) and an outside-in perspective (potential impacts on the environment related to raw material use and waste generation along the value chain).

Regarding corporate governance topics (G1), in continuity with the impacts identified during the previous year, issues linked to managing the supply chain and anti-corruption remain material. However, when evaluating issues linked to managing the supply chain, specific information on payment practices has been omitted from the Sustainability Statement as the double materiality analysis determined that these aspects are not material given the characteristics of the Group's supply chain and business.

Finally, we note that the BasicNet Group's double materiality analysis considered all impacts, risks and opportunities related to sustainability topics regulated by the ESRS. Following the materiality assessment, and in accordance with ESRS 1 and ESRS 2, the topics of pollution (E2), water and marine resources (E3), biodiversity (E4) and local communities (S3) will not be reported by the Group, as the Double Materiality analysis did not deem them material for its business, value chain and business relationships.

Compared to the 2023 impact materiality assessment, significant changes in the identified impacts emerged, primarily in relation to value chain considerations.

Regarding the relevant risks and opportunities identified by the Group, no current financial effects were recorded for the 2024 reporting year. In addition, BasicNet has not yet formalised a specific resilience plan to address material impacts, risks and opportunities, nor has it conducted a quantitative analysis of its capacity to adapt.

<sup>2</sup> The total number of risks reported in the table is nine instead of eight. This difference is due to double counting, resulting from the association of two risks with multiple ESRS standards, as shown in the list of IROs below.

The list of disclosure requirements covered in the 2024 BasicNet Sustainability Statement is detailed in the tables included in the Annex to this document.

Below is a complete list of material impacts, risks and opportunities (IROs). This list provides a detailed overview of identified IROs, indicating their connection to the Group's activities (own operations) or value chain (upstream, downstream), in addition to whether each IRO is considered material in the short, medium or long term.

Table 5 - List of all material IROs for BasicNet

E1 CLIMATE CHANGE								
Sub-topic and sub-sub-topic	Description	IRO	Value chain			Time horizon		
			Upstream	Own operations	Downstream	Short-term	Medium-term	Long-term
Climate change mitigation	Contribution to climate change through direct and indirect energy GHG emissions related to activities at Group offices and sites	Impact (Negative - Actual)		•		•		
Climate change mitigation	Generation of indirect climate-changing emissions produced in the value chain as a result of activities carried out	Impact (Negative - Actual)	•		•	•		
Energy	Reduced energy stock, due to energy use in operational activities (e.g. in the highly energy-intensive retail area) and predominantly from non-renewable sources	Impact (Negative - Actual)		•		•		
Climate change mitigation	Risk that the Group invests in and manufactures products containing materials that are incompatible with environmental regulations or contribute negatively to greenhouse gas emissions. If the Group fails to adopt measures or adopts inadequate measures and controls to reduce its environmental impact and limit emissions, it could face additional costs, such as fines and penalties, reputational damage, and a loss of image related to its climate change mitigation efforts.	Risk		•			•	•
Climate change adaptation	Potential business interruption due to accidents (e.g. fires) or extreme weather events (e.g. floods) that damage sourcing centre facilities, production sites or distribution centres of its suppliers and could reduce the availability of key products or materials.	Risk	•					•

Energy	Potential risk of increased operating costs due to increased services used to meet government and/or market requirements related to climate change (e.g. promotion of energy efficiency solutions, use of renewable sources and emission reductions).	Risk	•	•				•
Climate change mitigation	The adoption of market best practices with respect to climate regulations may strengthen BasicNet's reputation, thereby attracting more investors, creating stronger partnerships with banks and other financial institutions, suppliers, customers and other stakeholders.	Opportunity		•			•	•
Climate change mitigation	Improving BasicNet's ESG profile may provide opportunities for new financing and better credit terms.	Opportunity	•		•		•	•
E5 - CIRCULAR ECONOMY								
Resource inflows, including resource use	Use of natural resources (such as cotton) and non-natural resources (for the production of synthetic fibres) for the production of clothing and footwear. This may lead to continued pressure on natural resources, contributing to their depletion and the environmental impacts associated with the extraction and processing of these raw materials.	Impact (Negative - Potential)	•				•	
Resource outflows related to products and services	Generation of excessive production waste, resulting in wasted resources due to inefficient production processes. In addition, the use of unnecessary and non-biodegradable packaging contributes to the consumption of resources.	Impact (Negative - Potential)	•				•	
Waste	Impacts resulting from the potential mishandling of both hazardous and non-hazardous waste, which may lead to serious adverse environmental effects.	Impact (Negative - Potential)	•				•	
S1 - OWN WORKFORCE								
Working conditions - Work-life balance	Increased overall level of employee well-being and work-life balance satisfaction due to the implementation of specific welfare and well-being programs (e.g. parenting support and services for care givers).	Impact (Positive - Actual)		•		•		

Working conditions - Health and safety	Worker injuries or ill health occurring as a result of inadequate maintenance and management of Group assets and work spaces that may expose employees to significant health (i.e. workplace accidents) and safety risks in the course of their activities.	Impact (Negative - Potential)		•			•	•
Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value	Perpetuation of wage disparities between men and women through the adoption of unequal and discriminatory pay policies, which may lead to dissatisfaction, reduced motivation and loss of qualified female talent.	Impact (Negative - Potential)		•			•	
Equal treatment and opportunities for all - Training and skills development	Improving workers' skills through training and professional development activities, general and technical programs, including those linked to growth targets and personal appraisals (e.g. career development plans).	Impact (Positive - Actual)		•		•		
Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value	Creation of an inclusive work environment that actively promotes social justice and contributes to the reduction of gender inequality in and beyond the corporate scope, improving people's well-being.	Impact (Positive - Actual)		•		•		
Working conditions - Social dialogue	Failure to comply with employee agreements and expectations may damage the company's reputation among current and potential employees, customers, and other stakeholders. Negative publicity and loss of trust may lead to decreased customer loyalty, reduced sales, and difficulties in attracting and retaining top talent.	Risk		•				•
Equal treatment and opportunities for all - Training and skills development	Risk that staff are not adequately trained, or that training may be ineffective because it is delivered without regard to the age and/or educational level of staff. Risk related to the non-existence or discontinuity of investment in staff training, resulting in the inability to learn new skills or improve acquired skills.	Risk		•				•
Working conditions - Work-life balance	Ensuring a competitive benefits package may significantly reduce employee turnover. By offering attractive benefits, the company may retain qualified employees, reducing the costs associated with hiring, training and onboarding	Opportunity		•				•



	new staff. Lower turnover rates also mean fewer business interruptions and business process continuity.							
S2 - WORKERS IN THE VALUE CHAIN								
Working conditions - Health and safety	Worker injuries or ill health occurring as a result of failure to comply with and/or properly implement H&S standards in the performance of the licensees' core operations (e.g. work-related injuries and work-related ill health)	Impact (Negative - Potential)	•					•
Other work-related rights - Child labour	Violation of human rights and/or fundamental rights of workers along the supply chain, such as child labour	Impact (Negative - Potential)	•					•
Other work-related rights - Forced labour	Violation of human rights and/or fundamental rights of workers along the supply chain, such as forced labour	Impact (Negative - Potential)	•					•
Other work-related rights - Privacy	Risk related to inadequate management and protection of information with regard to Group sensitive information and that of the various stakeholders. Risk of erroneous/unintentional disclosure of confidential information managed by the Group.	Risk		•				•
Working conditions	Risk related to violations of workers' rights (including freedom of association, collective bargaining, adequate wages, overtime payment, fair working hours, health and safety, etc.) by business partners along the Group's supply chain. Such infractions can damage brand reputation and generate operational impacts, production delays and additional costs related to the need to identify and qualify alternative suppliers.	Risk	•					•
Working conditions - Health and safety	Increased competitiveness and reputation in the market through the use of suppliers who provide responsible working conditions, ensuring compliance with occupational health and safety, equal treatment and opportunities for all.	Opportunity	•		•			•

S4 - CONSUMERS AND END-USERS								
Inclusion of consumers and/or end-users - Responsible marketing practices	Potential inefficiency in combatting counterfeiting may bring to market products that are of poor quality, lack quality and safety controls, and are potentially harmful to consumers.	Impact (Negative - Potential)		•			•	
Inclusion of consumers and/or end-users - Responsible marketing practices	Risk of the BasicNet Group's products/brands being copied and marketed by third parties without Group's consent.	Risk	•		•		•	•
Inclusion of consumers and/or end-users - Responsible marketing practices	Opportunity for a communication/marketing activity related to its brands and products/services and particularly related to the Group's sustainability performance/products to positively affect the Group's business and reputation.	Opportunity		•			•	•
Inclusion of consumers and/or end-users - Access to products and services	Investments aimed at supporting the development of innovative solutions to reach a broader customer base.	Opportunity		•			•	•
G1 - BUSINESS CONDUCT								
Management of relationships with suppliers, including payment practices	Value creation along the supply chain through increased transparency of information/performance and inclusion of ESG parameters in sourcing centre selection and relationship management processes	Impact (Positive - Actual)		•		•		
Management of relationships with suppliers, including payment practices	Potential non-compliance with the principles of fair behaviour and minimum standards of ethical conduct along the value chain, resulting in negative repercussions on the financial community, and consequently reputational damage.	Impact (Negative - Potential)	•				•	•
Corruption and bribery - Prevention and detection including training	Strengthening employees' awareness of corruption-related issues by providing targeted training courses. This not only helps to develop an ethical and transparent corporate culture, but also generates a positive impact for stakeholders and the market, as a workforce that is aware reduces the risk of corruption incidents.	Impact (Positive - Actual)		•		•		

Management of relationships with suppliers, including payment practices	Risk that alliances or other relationships/collaborations with counterparts (licensees-manufacturers-sponsors) are inefficient and/or ineffective and/or the result of inadequate selection, and may adversely affect the achievement of the Group's intended goals and standards (e.g. product quantity and quality).	Risk	•		•			•
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## ENVIRONMENTAL INFORMATION (ESRS E)

### EUROPEAN TAXONOMY

Regulation 2020/852 on the EU Taxonomy provides a classification of economic activities that are considered environmentally sustainable. To qualify as environmentally sustainable, an economic activity must contribute substantially to one or more of the six objectives set out in Article 9 of the regulation. On June 4, 2021, Delegated Regulation 2021/2139<sup>3</sup> was adopted, which defines the technical screening criteria that economic activities must meet to be aligned with the first two climate goals (Climate Change Mitigation and Climate Change Adaptation). The remaining four environmental objectives (Sustainable Use and Protection of Water and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control, and Protection and Restoration of Biodiversity and Ecosystems) were regulated through the adoption of Commission Delegated Regulation (EU) 2023/2486<sup>4</sup> on June 27, 2023.

The process of identifying activities aligned with the European Regulation can be divided into three main stages:

The first step is the eligibility analysis, which seeks to determine the activities carried out by the Group that match the activities listed and described in the annexes of the Climate Delegated Act (Annex I on climate change mitigation and Annex II on climate change adaptation) and the Environmental Delegated Act (Annex I on sustainable use and protection of water and marine resources, Annex II on transition to a circular economy, Annex III on pollution prevention and control, and Annex IV on protection and restoration of biodiversity and ecosystems) and that may potentially contribute to the six environmental objectives.

Next, a detailed assessment is made of the alignment of the identified economic activities with the Substantial Contribution criteria, the Do No Significant Harm criteria for Other Environmental Objectives (DNSH), and minimum safeguards.

Finally, the indicators (KPIs) required by the Regulations are calculated, i.e. the shares of turnover, capital expenditures (CapEx) and operating expenditures (OpEx) attributable to the identified economic activities.

These indicators were reported in the tables required by Annex V of the Environmental Delegated Act, which made some changes to the Commission's Delegated Regulation (EU) 2021/2178, also known as the "Disclosure Delegated Act."

#### **Eligibility analysis**

For FY 2024, the BasicNet Group has updated its eligibility analysis, which included the identification of activities carried out by the Group and its subsidiaries, attributable to ATECO codes as reported in the Regulation, which have the potential to contribute to the six environmental objectives. In addition, the Group analysed any eligible activities with reference to CapEx (Annex 1 of Delegated Regulation (EU) 2021/2178, para. 1.1.2.2 (c)) and OpEx (Annex 1 of Delegated Regulation (EU) 2021/2178, para. 1.1.3.2 (c)) related to the purchase of products from eligible economic activities and aligned with the Taxonomy and individual measures that enable the target activities to reduce their emission profile.

<sup>3</sup> Climate Delegated Act

<sup>4</sup> Environmental Delegated Act divided into Annexes I, II, III, IV, and V.

Specifically, the analysis did not identify any activities related to the Group's revenue items as eligible. Although BasicVillage and BasicAir (which fall under taxonomy categories 7.7 and 6.19 respectively) are part of the Group, they do not generate revenue (understood as direct sales or royalties), but rather "other income", mainly from intra-group transactions.

However, in relation to CapEx and OpEx associated with the outputs of eligible activities or individual measures, activities 7.7 and 6.19 were included. Overall, the following eligible activities were identified:

- 6.19 - Passenger and freight air transport, which contributes to the climate change mitigation target and refers to the activity of leasing the aircraft owned by the company BasicAir to third parties
- 7.7 - Acquisition and ownership of buildings, which contributes to the climate change mitigation target and refers to the activity of renting out properties owned by BasicVillage to third parties
- 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles, which contributes to the climate change mitigation target and refers to leased cars that are allocated to Group employees
- 7.3 - Installation, maintenance and repair of energy efficiency equipment that contributes to the climate change mitigation target and includes investments that were made during the year for the installation of LED lights
- 1.2 - Manufacture of electrical and electronic equipment, which contributes to the transition to a circular economy objective and includes capital expenditures for the purchase of computers and business telephones.

### ***Alignment analysis***

The Group conducted the alignment analysis against the Substantial Contribution and Do Not Significant Harm (DNSH) criteria for activities identified as eligible. Specifically:

- 6.19 - Passenger and freight air transport:

BasicAir S.r.l. owns a used Cessna Citation VII aircraft with a Maximum Take-Off Weight (MTOW) of approximately 10 tonnes. Expenditures incurred pertaining to activity 6.19 fall under the climate mitigation contribution criteria if the aircraft has a certified CO<sub>2</sub> emission value at least 11% below the limit for new types set by the International Civil Aviation Organisation (ICAO) standard. The Group company has not yet carried out such detailed analyses with respect to the volume of CO<sub>2</sub> emissions compared to what is required for new aircraft types by ICAO, which is why the Group does not consider the activity to be in line with the Substantial Contribution to climate mitigation criteria. For this activity, Annex I of the Climate Delegated Act provides DNSH criteria on two environmental objectives. Transition to a circular economy: waste generation must be prevented in the use phase and residual waste must be measured in accordance with the waste hierarchy (a key concept covered in Directive 2008/98/EC). In this case, BasicAir and the activities it carries out are compliant as they are in line with current European regulations. Pollution prevention and control: the regulation requires aircraft to comply with certain parameters in terms of noise pollution and essential safety requirements. In this case, although regulatory compliance is met, as no specific study has been carried out on this issue, the Group has taken a conservative approach, deeming the criterion not met.

- 7.7 - Acquisition and ownership of buildings

In 2024, the Group did not purchase any new buildings but carried out management activities in buildings it already owned. This refers specifically to buildings owned by BasicVillage (Milan and Turin). Expenditures pertaining to management (rent and administration) are included in the climate mitigation contribution criteria because the buildings, large non-residential buildings, are efficiently managed by monitoring and assessing energy performance through the presence of a building automation and control system (automation of the lighting system and implementation of software to

manage the thermofluidic system), in accordance with Article 14(4) and Article 15(4) of Directive 2010/31/EU.

The only DNSH criterion provided for Activity 7.7 is Climate Change Adaptation: an analysis is required to identify and assess the vulnerability of the economic activity to acute and chronic physical climate hazards. Group companies have not yet carried out such detailed analyses, which is why the DNSH criterion is not met.

- 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles

Expenditures incurred for the purchase and rental of Euro V and Euro VI vehicles fall under the climate mitigation contribution criteria only if the vehicles meet the emission limit of 50 grams of CO<sub>2</sub> per kilometre. Group companies have not yet carried out such detailed analyses, and therefore the Group has adopted a conservative approach, considering the criterion not fully met.

For this activity, Annex I of the Climate Delegated Act provides DNSH criteria on three environmental objectives:

- Climate change adaptation: an analysis of vulnerability to acute and chronic physical climate hazards that may impact the business is required. Since this analysis is the responsibility of the vehicle manufacturers and no information on this is available, the Group has taken a conservative approach and considered the activity to be non-compliant with this criterion.
- Transition to a circular economy: vehicles must meet certain requirements for reusability and recyclability, and waste management measures must be in place in the use and end-of-life phases. Since no specific information was obtained from the manufacturers, the Group took a conservative approach and considered the criterion not met.
- Pollution prevention and control: the regulation requires vehicles to comply with certain parameters in terms of emissions, type approval and efficiency. In this case, the Group's fleet vehicles are compliant, as they meet current European regulations.

- 7.3 - Installation, maintenance and repair of energy efficiency equipment

The Group made investments at the Turin building for relamping, replacing neon bulbs with energy-efficient LED bulbs in line with the requirements of Directive 2010/31/EU. For this activity, Annex I of the Climate Delegated Act provides DNSH criteria on two environmental objectives. **Climate Change Adaptation:** an analysis of vulnerability to acute and chronic physical climate hazards that may impact the business is required. Since such analyses have not yet been carried out by Group companies, the DNSH criterion is not met. **Pollution prevention and control:** The regulation prohibits the use of certain hazardous substances, which are not used during normal lamp replacement activities. Therefore, the activity is compliant.

- 1.2 - Manufacture of electrical and electronic equipment

In 2024, the Group made investments in electrical and electronic equipment (e.g. PCs, telephones, etc.) for some Group companies. However, the Group considers the criteria for substantial contribution not met in the absence of sufficient evidence from suppliers. In addition, Annex II of the Environmental Delegated Act provides DNSH criteria with respect to the objectives of climate change adaptation and mitigation, sustainable use and protection of water and marine resources, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. In the absence of sufficient information from suppliers to allow for a full assessment of compliance with the criteria, the Group considers the activity to be unaligned when taking a conservative and precautionary approach.

In conducting activities with respect to the requirements of the Taxonomy, however, the Group has initiated an analysis regarding compliance with the Minimum Safeguards. In particular, BasicNet considered all the issues set forth under Article 18 of the Regulations, analysing their compliance and how they are handled. While the Group does indeed adopt policies, management models and actions through its operations in the areas of human rights, anti-corruption, taxation, and fair competition, it does not reflect the requirements outlined in Regulation (EU) 2020/852 in their entirety.

#### ***KPI calculation methodology***

***Turnover:*** The numerator for turnover corresponds to the portion of this item for activities considered eligible, which amounts to 0. Specifically, BasicVillage turnover was considered under activity 7.7 and BasicAir turnover under activity 6.19. For both activities, turnover is equal to 0, as they do not generate revenue (understood as direct sales or royalties), but only “other income”, mainly from intra-group transactions. The total revenue (denominator), amounting to Euro 407.7 million, corresponds to consolidated direct sales revenue of Euro 346.8 million, and royalties and sourcing commissions of Euro 60.9 million (also considering the currency in which the figure is reported). These amounts are shown in the Notes to the Directors' Report. The KPI stated as required by Regulation (EU) 2020/852 is defined as the proportion of Taxonomy-eligible Turnover (numerator) divided by the value of Total Turnover (denominator).

***CapEx:*** The CapEx numerator corresponds to the portion of this item attributable to the activities carried out by the Group and its subsidiaries, attributable to ATECO codes as reported in the Regulation (activities 7.7) and to any eligible activities with reference to CapEx (Annex 1 of Delegated Regulation (EU) 2021/2178, para. 1.1.2.2 point (c)) or activities 6.5 and 1.2. The CapEx denominator, which is equal to Euro 29 million, corresponds to changes in investments in tangible fixed assets of Euro 6.9 million and intangible fixed assets of Euro 6.6 million, including those resulting from business combinations, and increases in right-of-use assets of Euro 15.4 million, as reported in the Explanatory Notes to the Directors' Report. KPIs as required by Regulation (EU) 2020/852 are defined as the proportion of Taxonomy-eligible CapEx (numerator) divided by total CapEx (denominator).

***OpEx:*** The OpEx numerator corresponds to the portion of this item attributable to activities 7.7 and 6.19 and to any eligible activities with reference to OpEx (Annex 1 of Delegated Regulation (EU) 2021/2178, para. 1.1.3.2 point (c))(activities 6.5 and 7.3). Specifically, the following were considered: expenses related to repairs and maintenance of buildings and aircraft, costs incurred for relamping activities, short-term hires of company cars, and any other direct expenses related to the day-to-day maintenance of leased property and store equipment, and other miscellaneous costs and services, such as cleaning expenses. The OpEx denominator includes items required by Disclosure Delegated Act (EU) 2021/2178 and amounts to Euro 5.5 million.

**NUCLEAR ENERGY AND FOSSIL GAS RELATED ACTIVITIES**

The Group does not carry out nuclear energy and fossil gas related activities

NUCLEAR ENERGY RELATED ACTIVITIES		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
FOSSIL GAS RELATED ACTIVITIES		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO



Table 6 - % turnover associated with activities aligned with European Taxonomy

Financial year	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)							Minimum safeguards	Taxonomy-eligible (A.1) or eligible (A.2) proportion of turnover, 2023	Category: enabling activity	Category: transitional activity
Economic activities	Code	Turnover	Proportion of Turnover, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity					
-		Euro/thousands	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No		E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%		
Of which enabling		0	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	E	
Of which transitional		0	0%							-	-	-	-	-	-	-	-	0%		T
A.2 Activities eligible for the Taxonomy but not environmentally sustainable (activities not aligned with the Taxonomy)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Turnover of Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)		0	0.00%	0%	0%	0%	0%	0%	0%									0%		
Turnover of Taxonomy-eligible Activities (A.1+A.2)		0	0.00%	0%	0%	0%	0%	0%	0%									0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		407,684	100%																	
TOTAL		407,684	100%																	

Proportion of turnover/Total turnover		
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Table 7 - % of CapEx associated with European Taxonomy-aligned activities

Table 7: % of CapEx associated with European Taxonomy aligned activities																				
Financial year	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy-aligned (A.1.) or Taxonomy-eligible activity	Category: enabling activity	Category: transitional activity	
Economic activities	Code	CapEx	Proportion of CapEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity					
-		Euro/thousands	%	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%			
Of which enabling		0	0%														0%	E		
Of which transitional		0	0%														0%		T	
A.2 Activities eligible for the Taxonomy but not environmentally sustainable (activities not aligned with the Taxonomy)																				
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL											
Acquisition and ownership of buildings	CCM 7.7	688	2.37%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	83	0.29%	EL	N/EL	N/EL	N/EL	N/EL	N/EL											T
Manufacture of electrical and electronic equipment	CE 1.2	1,130	3.90%	N/EL	N/EL	N/EL	N/EL	EL	N/EL											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)		1,901	6.56%	2.66%	0%	0%	0%	3.90%	0%								0%			
CapEx of Taxonomy-eligible activities (A.1+A.2)		1,901	6.56%	2.66%	0%	0%	0%	3.90%	0%							0%				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities		27,103	93.44%																	
TOTAL		29,004	100%																	

Proportion of CapEx/Total CapEx		
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
<b>CCM</b>	<b>0%</b>	<b>2.66%</b>
CCA	0%	0%
WTR	0%	0%
<b>CE</b>	<b>0%</b>	<b>3.90%</b>
PPC	0%	0%
BIO	0%	0%

Table 8 - % of OpEx associated with European Taxonomy-aligned activities

Financial year	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)							Minimum safeguards	Category: enabling activity - Taxonomy-aligned (A.1) or Taxonomy-transitional activity	Category: enabling activity - Taxonomy-transitional activity
Economic activities	Code	OpEx	Proportion of OpEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity				
-		Euro/thousands	%	Yes; No; N/EL	Yes; No; N/E L	Yes; No; N/E L	Yes; No; N/E L	Yes; No; N/E L	Yes; No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																
Of which enabling		0	0%															E	
Of which transitional		0	0%																T
A.2 Activities eligible for the Taxonomy but not environmentally sustainable (activities not aligned with the Taxonomy)																			
				EL; N/EL	EL; N/E L	EL; N/E L	EL; N/E L	EL; N/E L	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	688	12.44%	EL	N/E L	N/E L	N/E L	N/E L	N/EL										
Passenger and freight air transport	CCM 6.19	1,629	29.45%	EL	N/E L	N/E L	N/E L	N/E L	N/EL										T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	6	0.11%	EL	N/E L	N/E L	N/E L	N/E L	N/EL									A	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	335	6.06%	EL	N/E L	N/E L	N/E L	N/E L	N/EL										T
OpEx of Taxonomy-eligible but not environmentally sustainable activities (non-Taxonomy-aligned activities) (A.2)		2,658	48.07%	48.07%	0%	0%	0%	0%	0%										
OpEx of Taxonomy-eligible activities (A.1+A.2)		2,658	48.70%	48.07%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		2,873	51.93%																
TOTAL		5,531	100%																

Proportion of OpEx/Total OpEx		
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
<b>CCM</b>	<b>0%</b>	<b>48.07%</b>
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

**ESRS E1 - Climate change****STRATEGY ON CLIMATE CHANGE MANAGEMENT [ESRS E1]**

**[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model**

**[ESRS 2 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities**

While performing the Enterprise Risk Management analysis and Double Materiality Analysis described in IRO-1, BasicNet did not conduct a resilience analysis on the identified physical and transition risks including a scenario analysis. Therefore, although no formal analysis of climate-related scenarios was conducted, the identification and assessment of physical and transition risks were based on analysis of international institutional sources, the regulatory framework, and BasicNet's internal expertise and knowledge.

This analysis assessed the materiality of different climate-related risks and opportunities relevant to BasicNet's direct operations and its value chain (upstream, direct operations, and downstream), identifying only one physical, material risk over the long term:

- *Potential business interruption due to accidents (e.g. fires) or extreme weather events (e.g. floods) that damage sourcing centre facilities, production sites or distribution centres of its suppliers and could reduce the availability of key products or materials.*

Similarly, two transition risks, also material over the long term, were identified during the activity:

- *Risk that the Group invests in and manufactures products containing materials that are incompatible with environmental regulations or contribute negatively to greenhouse gas emissions. If the Group fails to adopt measures or adopts inadequate measures and controls to reduce its environmental impact and limit emissions, it could face additional costs, such as fines and penalties, reputational damage, and a loss of image related to its climate change mitigation efforts.*
- *Potential risk of increased operating costs due to increased services used to meet government and/or market requirements related to climate change (e.g. promotion of energy efficiency solutions, use of renewable sources and emission reductions).*

Climate risks are mitigated by BasicNet's business model itself. It employs a "network" business model, where BasicNet does not act as a supplier of the product itself, but as a provider of an integrated set of services, minimising the effects of direct GHG emissions. In addition, BasicNet's business features a large presence in many countries around the world and an extensive network of sourcing centres, which enables it to reduce the risks associated with possible business interruption to a business that is highly concentrated in specific regions. As evidence of this, *Sustainalytics* - a research and analytics firm specialising in assessing companies' sustainability and ESG risks - also identified BasicNet's exposure to ESG risks, including climate risks, as low in 2024.

However, potential long-term deteriorations in environmental conditions considering high emission climate scenarios could pose a risk, which the Group has assessed as material. Similarly, the rapid change in the regulatory scenario adopted at global level for limiting global change to 1.5° could cause BasicNet to incur increased operating costs and costs related to possible penalties, which were therefore assessed as material, but only over a long-term time horizon.

BasicNet has implemented specific operational mechanisms to properly manage these risks, including:

- the use of antitrust controls that require strategic products to be produced by at least two or three Sourcing Centres (if possible in different regions). In addition, after five years, orders are transferred to a new Sourcing Centre, and BasicNet ensures that no factory devotes more than half of its production capacity to Group-branded products;
- the use of contracts with Sourcing Centres that stipulate the commitment of the contracting parties to comply with local and international labour and environmental regulations and the signing of a commitment to abide by the Code of Conduct, based on the major conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights and the Product Restricted Substances List (PRSL);

During the activities related to the double materiality analysis detailed in the IRO-1 disclosure, two opportunities were also identified that could arise from the long-term future implementation of ESG actions focused on climate change issues:

- *The adoption of market best practices with respect to climate regulations may strengthen BasicNet's reputation, thereby attracting more investors, creating stronger partnerships with banks and other financial institutions, suppliers, customers and other stakeholders.*
- *Improving BasicNet's ESG profile may provide opportunities for new financing and better credit terms.*



Finally, with regard to the impacts generated by the Group's activities and its value chain, the following current negative impacts were noted:

- *Contribution to climate change through direct and indirect energy GHG emissions related to activities at Group offices and sites*
- *Generation of indirect climate-changing emissions produced in the value chain as a result of activities carried out*
- *Reduced energy stock, due to energy use in operational activities (e.g. in the highly energy-intensive retail area) and predominantly from non-renewable sources*

The following sections will therefore detail the Group's energy consumption and emissions, as well as BasicNet's overall strategy in its approach to climate change.

#### [E1-1] Transition plan for climate change mitigation

#### [E1-2] Policies related to climate change mitigation and adaptation

#### [E1-4] Targets related to climate change mitigation and adaptation

Environmental protection is a key factor in the Group's competitiveness and sustainability, as the Group believes that the environment and nature are fundamental values and assets that belong to everybody which should be protected and defended. As also stated in the Ethics Code, this respect of the environment is primarily consolidated in dutiful and scrupulous compliance with environmental regulations. Secondly, the Group is committed to implementing responsible environmental-protection behaviours, avoiding any behaviour that may damage the environment as well as promoting the responsible management of the energy resources and raw materials used. As provided under the Code of Conduct, the Sourcing Centres are also required and obliged - by signing Sourcing Agreements - to comply with all environmental laws and regulations, as well as maintaining procedures to notify the local Authorities in a timely manner of any environmental incidents arising from the work carried out by the Sourcing Centres.

Based on the above, BasicNet has not yet adopted a transition plan for the current year. Any decarbonisation initiatives that the Group decides to adopt in future years, to achieve the objectives defined in Article 4 of Legislative Decree No. 125/2024, will be appropriately included in a transition plan as approved by the governance bodies and defined in the Group's strategic plan.

In addition, BasicNet currently has no specific policies in place to manage material impacts, risks, and opportunities related to climate change mitigation and adaptation, nor has it formalised targets to do so. The decision not to implement these policies and targets is due to the changing nature of the environment and business in which the Group operates and the need to progressively align with international standards and regulations. The Group adapts as it goes along to the current regulations and does not set additional targets, believing that alignment with the targets is sufficient.

#### [E1-3] Actions and resources in relation to climate change policies

Over the past few years, BasicNet has implemented a number of initiatives that seek to improve energy efficiency and reduce the environmental impact of its activities. These include the automated management of the lighting system at BasicVillage's offices and the implementation of software for managing the thermofluid system at the BasicVillage and BasicItalia's offices. The latter initiative permits the optimal management and regulation of summer and winter office temperatures according to the type of premises, thus allowing for a theoretical reduction in energy consumption. The implementation of both of these initiatives was completed before 2024 but they have continued to be used since, including during the reporting year.

In 2024, progress was made with the replacement of neon lamps with LED lamps at the BasicItalia headquarters (warehouse and offices), reaching a percentage of approximately 70% LED lamps, with an estimated <sup>5</sup>emissions reduction of 2.2 <sup>6</sup>tCO<sub>2</sub>/year and an expenditure (OpEx) of Euro 6,327.

<sup>5</sup> To estimate the reduction in energy consumption, the average consumption of the previously used neon lamps was estimated, from which the estimated average consumption of the current LED lamps was subtracted. Average use of 10 hours per day for 253 days per year was assumed, multiplied by the number and wattage of the lamps themselves, resulting in an estimated reduction in consumption of approximately 5 MWh/year.

<sup>6</sup> Emissions were calculated using the location-based methodology and use the conversion factor proposed by AIB Supplier Mix. Whereas using the Market-based methodology (and the associated AIB Residual Mix conversion factor) resulted in emission reductions of 2.5 tCO<sub>2</sub>.

**[E1-5] Energy consumption and mix**

Regarding the energy resources used internally within the Group, all stores and locations, both in the Italian and foreign scope, buy electricity from the grid. Natural gas for space heating is used only in the Italian scope, particularly by the BasicVillage Turin location (where the parent company, BasicNet, and BasicItalia are also located) and by some retail outlets. A further portion of energy consumption can be attributed to the use of fuels (petrol and diesel) by the Group's fleet of vehicles, which includes company cars and long-term rented vehicles.

In 2023, a photovoltaic system was installed at BasicVillage's Milan headquarters. The energy produced is not used by the Group, but fed into the grid at the disposal of other utilities against a semi-annual reimbursement by the operator of the amount sold.

Table 9 - Energy consumption and mix (in MWh)

<b>Energy consumption and mix (MWh)</b>	<b>2024</b>
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	1991
Fuel consumption from natural gas	2619
Fuel consumption from other fossil sources	0
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	4453
<b>Total energy consumption from fossil sources</b>	<b>9,063</b>
<b>Share of fossil sources in total energy consumption (%)</b>	<b>95.10%</b>
Consumption from nuclear sources	467
<b>Share of consumption from nuclear sources in total energy consumption (%)</b>	<b>4.90%</b>
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	0
The consumption of self-generated non-fuel renewable energy	0
Total renewable energy consumption	0
<b>Share of renewable sources in total energy consumption (%)</b>	<b>0%</b>
<b>Total energy consumption</b>	<b>9,530</b>

Table 2 - Energy production

<b>Energy production (MWh)</b>	<b>2024</b>
Non-renewable energy production	
Renewable energy production	16

As defined by Commission Delegated Regulation (EU) 2022/1288, some of the BasicNet Group's activities are among the "high climate impact" sectors, particularly considering the sectors :

- G — WHOLESALE AND RETAIL TRADE, which includes K-Way S.p.A, Kappa S.r.l, Sebago S.r.l, Superga S.r.l, K-Way Retail S.r.l, K-Way France S.a.S, K-Way Iberia S.L., K-Way Retail SUISSE S.A, K-Way Retail Ireland, Ltd, KappaRetail S.r.l, SebagoRetail S.r.l, SupergaRetail S.r.l, Kappa Retail Monaco S.a.r.l, Sport Fashion Retail S.a.r.l, Sebago Iberia S.L., Kappa Sport Iberia S.L., and Kappa France S.a.S.
- H - TRANSPORT AND STORAGE, to which BasicItalia S.r.l and BasicAir S.r.l. belong
- L - REAL ESTATE ASSETS, to which only Basic Village S.p.A. belongs

Energy intensity is therefore calculated by taking into account the energy consumption of the aforementioned high-impact sectors and the related revenues, and is therefore 0.022 MWh/Euro thousand.

To calculate energy intensity, the revenues used in the denominator include consolidated direct sales, royalties and sourcing commissions from high-impact companies only.

<b>Revenue in Euro thousands</b>	<b>2024</b>
Net revenue from activities in high climate impact sectors used to calculate energy intensity	394,892
Net revenue (other)	12,792
<b>Total net revenue (total consolidated direct sales, royalties and sourcing commissions of the Group), as reported in the Explanatory Notes to the Financial Statements</b>	<b>407,684</b>

**[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions**

In 2024, BasicNet incorporated the indirect emissions identified by the GHG Protocol along the value chain (Scope 3) in the calculation of direct and indirect emissions caused by the Group's activities (Scope 1 and 2). Among the 15 Scope 3 emission subcategories identified by the GHG Protocol, 11 of them were found to be material and applicable to the Group, given the nature of BasicNet's business.

The significant methodologies and assumptions used to calculate and measure the Group's emissions are provided in *Table 11 - Accounting Policies*.

Scope 1 includes direct emissions from own operations and includes emissions generated by the company car fleet and diesel fuel used for heating in the BasicVillage and BasicItalia locations.

Scope 2 includes electricity consumption at all Group locations, including offices and stores.

The incorporation of the calculation of Scope 3 emissions showed that these account for 97% of the total emissions generated by BasicNet, whereas only 3% is accounted for by Scope 1 and 2 emissions<sup>7</sup>.

The Group's emission intensity<sup>8</sup> is:

<b>GHG Intensity per Net Revenue</b>	<b>unit</b>	<b>2024</b>
Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> eq/Monetary unit)	tCO <sub>2</sub> e/Eur	0.222
Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> eq/Monetary unit)	tCO <sub>2</sub> e/Eur	0.223
Total net revenues	Euro thousands	407,684

Table 10 - GHG emissions (in tCO<sub>2</sub>)

	<b>2024</b>
<b>Scope 1 GHG emissions</b>	
<b>Gross Scope 1 GHG emissions (tCO<sub>2</sub>eq)</b>	<b>976</b>
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	
<b>Scope 2 GHG emissions</b>	
<b>Gross Scope 2 GHG emissions (location-based) (tCO<sub>2</sub>eq)</b>	<b>1,952</b>
<b>Gross Scope 2 GHG emissions (market-based) (tCO<sub>2</sub>eq)</b>	<b>2,272</b>
<b>Significant Scope 3 GHG Emissions</b>	
<b>Total Gross Indirect GHG Emissions (Scope 3) (tCO<sub>2</sub>eq)</b>	<b>87,509</b>
1 Purchased goods and services	73,921
2 Capital goods	2,410
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	503
4 Upstream transportation and distribution	3,694
5 Waste generated in operations	427
6 Business travelling	1,086
7 Employee commuting	1,613
12 End-of-life treatment of sold products	1,410
13 Downstream leased assets	347
14 Franchises	809
15 Investments	1,289
<b>Total GHG emissions</b>	
<b>Total GHG emissions (location-based) (tCO<sub>2</sub>eq)</b>	<b>90,437</b>
<b>Total GHG emissions (market-based) (tCO<sub>2</sub>eq)</b>	<b>90,757</b>

Table 11 - Accounting Policies

<b>Category</b>	<b>Data description and methodology</b>	<b>Database Emission Factors</b>
<b>Energy consumption</b>	Consumption data are primary data collected from offices and stores. The data for Basic Properties America, Inc. are an exception. In this case, the energy consumption figure was estimated based on office square	AIB - Energy Mix (Residual Mix) for the European scope and Energy Institute - Statistical Review of World Energy (2024) for non-European

<sup>7</sup> Considering Scope 1 + Scope 2 location-based emissions

<sup>8</sup> Group emission intensity was calculated by taking total GHG emissions (considering both location-based Scope 2 and market-based Scope 2) as the numerator and total consolidated direct sales, royalties and sourcing fees of the Group as per the Notes to the Financial Statements as the denominator.

	metres and an average MWh/m <sup>2</sup> consumption was calculated based on the primary data present for the Italian scope. BasicVillage Milan's consumption was allocated as consumption pertaining to Scope 2 and consumption pertaining to Scope 3 cat. 13 on the basis of m <sup>2</sup> . Consumption from nuclear sources was estimated based on the energy mix of the various countries in which BasicNet operates. The sources of the relevant percentages are AIB - Energy Mix (Residual Mix) for the European scope and Energy Institute - Statistical Review of World Energy (2024) for non-European scope	scope
Scope 1	Emissions from heating BasicItalia, BasicVillage and - where present - Retail sites and from fuel consumption for company vehicles (particularly of BasicVillage, BasicItalia, BasicNet and Foreign Retail), calculated from primary data collected from stores and offices.	Emission factors obtained from the DEFRA 2024 database were used.
Scope 2	Indirect emissions from purchased electricity consumption, calculated using both the location-based and market-based approaches from primary data collected from offices and stores. The data for Basic Properties America, Inc. are an exception. In this case, the energy consumption figure was estimated based on office square metres and an average MWh/m <sup>2</sup> consumption was calculated based on the primary data present for the Italian scope.	The AIB 2024 (EU scope), EPA GHG Emission Factors Hub (US location-based) and Terna 2019 (US market-based and ASIA location-based and market-based) databases were used for the location-based and market-based approaches.
<b>CAT 3.1 Purchased goods and services</b>	Emissions from all purchased goods and services not otherwise included in the other Scope 3 Upstream Emissions Categories (Category 2 to Category 8). Products include both goods (tangible products) and services (intangible products). For the calculation of emissions from purchased goods and services, the data were extracted from internal databases with the amounts of the costs incurred. Expenses related to travel already reported in Category 6, expenses related to transportation already reported in Category 4, and expenses incurred for furniture and furnishings counted in Category 2 were not reported in this category. Expenditures that were not material and could not be attributed to a specific NACE code pertaining to goods or services were also excluded.	Eurostat's EEIO 2024 cost-associated factors were used for the spend-based approach.
<b>CAT 3.2 Capital Goods</b>	Upstream (Cradle-to-Gate) emissions from the production of capital goods purchased or acquired by the organisation in the reporting year. Capital goods are associated with capital expenditures depreciated over the useful life of the asset, for example: machinery, plant, buildings and vehicles. For the quantification of Scope 3 Category 2 emissions, the spend-based approach was adopted, multiplying the costs incurred by the organisation in purchasing capital goods in 2024 by specific emission factors.	Eurostat's EEIO 2024 cost-associated factors were used for the spend-based approach.
<b>CAT 3.3 Fuel &amp; Energy activities</b>	Emissions from the extraction, production, and transportation of fuels and energy purchased or acquired by the organisation in the reporting year, not already accounted for in Scope 1 or Scope 2, including upstream emissions of purchased fuels and electricity and	The 2024 UK Government GHG Conversion Factors for Company Reporting (DEFRA & BEIS) emission factors and the Well-To-Tank (WTT) conversion factors were used.

	<p>transmission and distribution losses.</p> <p>The Group's consolidated energy consumption data were used for the quantification of Scope 3 Category 3 emissions.</p>	
<p><b>CAT 3.4 Upstream transportation and distribution</b></p>	<p>Emissions from the transportation and distribution of purchased products, between a company's first-tier suppliers and its own operations, using vehicles not owned or operated by the reporting company.</p> <p>For the calculation of emissions from the transportation and distribution of goods purchased using vehicles not owned and not under BasicNet's control, data sources are extractions from internal management databases in which the weights of the goods purchased or sold and their origin and destination are recorded. Outbound transportation paid for by BasicNet is also reported in this category.</p> <p>The kilometres travelled for each route and the related transportation method were considered. This took place by lorry, plane, train and ship.</p> <p>For returns, the weight and number of items was used to estimate the average weight of an item returned to BasicNet (equal to 500 g).</p>	<p>The 2024 UK Government GHG Conversion Factors for Company Reporting (DEFRA &amp; BEIS) emission factors were used.</p>
<p><b>CAT 3.5 Waste generated in operations</b></p>	<p>Emissions from the disposal and treatment by third parties of waste generated in activities owned or controlled by the reporting company in the reporting year.</p> <p>For the calculation of emissions from the disposal of waste generated by BasicNet, for 2024, the data sources were waste loading/unloading records or similar official documents, extracted from the internal management system for mapping waste generated in 2024.</p> <p>It has been estimated that all the waste ends up as recycling.</p>	<p>The 2024 UK Government GHG Conversion Factors for Company Reporting (DEFRA &amp; BEIS) emission factors were used.</p>
<p><b>CAT 3.6 Business travelling</b></p>	<p>Emissions from transporting employees for company business in vehicles owned or operated by third parties, such as aeroplanes, trains, buses and passenger cars.</p> <p>For calculating emissions from employee travel for company activities in vehicles not owned or controlled by BasicNet, the data sources were company travel databases provided by the travel agency and expense reimbursements. Emissions from accommodation in hotels were also included in the calculation.</p> <p>The total number of nights entered are the result of the total sum of nights of accommodation for several people, even in hotels of different chains, but in the same city.</p>	<p>Eurostat EEIO 2024 cost-associated factors and 2024 UK Government GHG Conversion Factors for Company Reporting (DEFRA &amp; BEIS) emission factors were used for the spend-based approach.</p>
<p><b>CAT 3.7 Employee commuting</b></p>	<p>Emissions from the transportation of employees between their homes and workplaces.</p> <p>For the calculation of emissions from the transportation of employees from their homes to their workplace, the source of the data is a survey filled out anonymously by Home-Work Commute Plan employees, in which information is reported regarding the number of times the employee commutes to work during the week, the distance travelled round trip, the vehicle used for that commute, with subsequent specification on the type of transport if public transport is indicated.</p> <p>For employees for whom the required information was not available, an estimate was made based on the</p>	<p>The 2024 UK Government GHG Conversion Factors for Company Reporting (DEFRA &amp; BEIS) emission factors and the GHG Protocol factor were used.</p>

	number of employees multiplied by an average reference factor.	
<b>CAT 3.8 Upstream leased assets</b>	The category is not applicable because BasicNet does not own any leased assets not already included in Scope 1 and 2.	-
<b>CAT 3.9 Downstream transportation and distribution</b>	The category is not applicable because transportation of goods sold is the responsibility of BasicNet and therefore included in Cat. 4.	-
<b>CAT 3.10 Processing of sold products</b>	The category is not applicable because BasicNet does not sell intermediate products that require processing.	-
<b>CAT 3.11 Use of sold products</b>	This category was excluded because the goods sold by BasicNet generate indirect emissions from the use phase (i.e. energy consumption associated with washing and drying). Quantification of these emissions is optional under the GHG Protocol.	-
<b>CAT 3.12 End-of-life treatment of sold products</b>	<p>Considering that the products marketed by the Group are "durable goods" (i.e. mainly garments), it is assumed that such products are not disposed of in the short term by the end-user, supporting the assumption that they can be excluded, considering that BasicNet Group has no direct responsibility for such emissions, including temporal responsibility. As a result, only emissions from the disposal of materials used for the packaging of finished products and sold on the market (packaging) in the reporting year are considered in this emission category. For the calculation of emissions associated with the disposal methods of the packaging of products sold by BasicNet, data sources include extractions from management system databases.</p> <p>For this first report related to Scope 3, Category 12 was calculated using spend-based data in order to be able to understand the impact of the category in terms of emissions compared to the other categories in scope. Future refinements will be made in order to use physical and not spend-based data.</p>	Eurostat's EEIO 2024 cost-associated factors were used for the spend-based approach.
<b>CAT 3.13 Downstream leased assets</b>	<p>Emissions from the operation of assets owned by the reporting company (acting as lessor) and leased to other entities in the reporting year (not already included in Scope 1 and 2).</p> <p>For the calculation of emissions from assets owned by BasicNet and used by third parties, data sources include annual rental income in 2024.</p> <p>Specifically, only owned properties that were occupied in 2024, not included in Scope 1 and 2, were considered. In addition, the use of the owned aircraft when used by third parties was considered.</p>	<p>Eurostat EEIO 2024 cost-associated factors and 2024 UK Government GHG Conversion Factors for Company Reporting (DEFRA &amp; BEIS) were used for the spend based approach.</p> <p>Where available, primary data regarding consumption of rented premises and fuel used by the owned aircraft when used by third parties were used as conversion factors respectively:</p> <ul style="list-style-type: none"> <li>• AIB Supplier Mix</li> <li>• DEFRA 2024</li> </ul>
<b>CAT 3.14 Franchises</b>	<p>Emissions from the operation of franchises not included in Scope 1 or Scope 2.</p> <p>Scope 3 Category 14 emissions were estimated by multiplying the square metre areas of franchised outlets, broken down by geography (Italy, Spain and France), by</p>	Tonnes of CO <sub>2</sub> eq related to 1 m <sup>2</sup> of a store derived from Scope 2 calculation.



	an indicator derived from the ratio of Scope 2 emissions to the square metres of the corresponding outlets in that same geographical area, expressed in tonnes of CO <sub>2</sub> eq per square metre. As there are no stores owned in Belgium or Luxembourg, the same emission factor used for France was applied to the franchises in these two geographical regions.	
<b>CAT 3.15 Investments</b>	<p>Emissions associated with the reporting company's investments in the reporting year, not already included in Scope 1 or 2. This Category is applicable to investors (companies that make an investment with the aim of making a profit) and companies that provide financial services.</p> <p>To estimate Scope 3 Category 15 emissions, the revenues of Joint Venture Fashion S.r.l. were multiplied by BasicNet's 50% shareholding and the appropriate emission factor, representative of the relevant economic sector.</p>	Eurostat EEIO 2024 cost-associated factors were used for the average-data method approach.

**ESRS E5 - Resource use and circular economy****MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES REGARDING GROUP PEOPLE****[ESRS 2 IRO-1] Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities**

The process to identify impacts, risks and opportunities related to resource use and the circular economy was conducted through the Group's Double Materiality Analysis. This process enabled the analysis of both actual and potential impacts, risks, and opportunities in BasicNet's own operations and along its upstream and downstream value chain.

To identify these issues, analyses were carried out that included environmental impact assessments and a review of resource inputs, outputs, and waste streams. Given the non-manufacturing nature of BasicNet's business, it was chosen to conduct these analyses internally, prioritising the management's point of view with a comprehensive view of the Group's activities and its value chain, while no consultations were conducted with local communities.

the non-manufacturing nature of BasicNet's business, it was chosen to conduct these analyses internally, prioritising the management's point of view with a comprehensive view of the Group's activities and its value chain, while no consultations were conducted with local communities.

The Double Materiality Analysis revealed three potential negative material impacts for upstream operations only in relation to BasicNet's activities:

- *Use of natural resources (such as cotton) and non-natural resources (for the production of synthetic fibres) for the production of clothing and footwear. This may lead to continued pressure on natural resources, contributing to their depletion and the environmental impacts associated with the extraction and processing of these raw materials.*
- *Generation of excessive production waste, resulting in wasted resources due to inefficient production processes. In addition, the use of unnecessary and non-biodegradable packaging contributes to the consumption of resources.*
- *Impacts resulting from the potential mishandling of both hazardous and non-hazardous waste, which may lead to serious adverse environmental effects.*

**[E5-1] Policies related to resource use and circular economy****[E5-3] Targets related to resource use and circular economy**

BasicNet does not have specific policies in place to manage the material impacts, risks, and opportunities related to resource use and the circular economy, nor with regard to the phasing out of virgin resources or the sustainable sourcing of renewable resources, nor has it set formal targets to address impacts, risks, and opportunities in these areas. This decision, which is in line with the Group's approach to the climate change topic, is equally motivated by the dynamic nature of BasicNet's business and the need to quickly align with the relevant regulatory environment.



Nevertheless, BasicNet is actively engaged through its brands in the adoption of sustainability-oriented solutions, promoting the use of more sustainable, recycled and recyclable materials, and applying the principles of circular economy in concrete terms, with the aim of reducing its environmental impact and encouraging the responsible use of resources.

#### ACTIONS, METRICS AND TARGETS

##### [E5-2] Actions and resources related to resource use and circular economy

In 2024, BasicNet implemented a series of initiatives seeking to optimise resource use and promote a circular economy model, reducing environmental impact throughout its value chain. The resources allocated to these initiatives were not material in terms of the Group's total CapEx and OpEx. Actions taken include:

- **Tags and Polybag:** During the reporting year, the Group adopted more responsible packaging materials, making all of the Group's brand name tags exclusively of FSC-certified paper, and introducing plastic bags made of 100% recycled and recyclable material. In addition, K-Way has developed a zip closure system to make its plastic bags reusable, thus reducing the use of single-use packaging. The initiative involves all of the Group's brands, with a particular focus on the K-Way brand, and covers the Group's entire production chain, both in the upstream value chain, with the selection of certified materials, and in the downstream value chain, offering consumers more responsible solutions. BasicNet will continue to explore innovative solutions to further improve the use of sustainable materials in its processes.
- **Use of recycled materials in K-Way collections:** During the reporting year, K-Way expanded the use of recycled materials in its collections, introducing sustainable fabrics and padding in the Heavy Warm, Marmot Twill, Marmot Soft Touch, and the SKI collection with recycled Primaloft padding. The initiative aims to offer more responsible collections, reducing environmental impact through the use of recycled materials, while also contributing to the evolution of the brand's sustainability strategy. In addition, the brand uses recycled nylon fabrics in its Quilted Warm, Stretch Dot and Stretch Thermo Double packages. The initiative covers the upstream value chain, through partnerships with suppliers specialising in the production of recycled materials, and involves the brand's global collections. BasicNet will continue to develop new solutions to further expand the use of low-impact materials.
- **Partnership between K-Way and Coral Gardeners:** K-Way has partnered with Coral Gardeners, developing a collection of technical protective clothing made from recycled materials, thus reducing the consumption of virgin raw materials and minimising environmental impact. In addition, the project supports the regeneration of coral reefs, contributing to the protection of marine biodiversity. The initiative involves the upstream and downstream value chain, from the selection and production of sustainable materials, to the distribution of products. The main stakeholders involved are Coral Gardeners, K-WAY customers, scientific and environmental communities, and supply chain partners. The project is mainly active in French Polynesia, where the environmental restoration activities take place, but has a global impact through the distribution of the collection. The partnership will run for three years, from 2024 to 2026, and involves an investment (OpEx) of Euro 73,931.
- **Sebago resoling service:** During the reporting year, Sebago launched an initiative to extend the life of its footwear, in collaboration with Alvisi Milano, appointed as the brand's official shoemaker. The service allows customers to resole their shoes with original Sebago soles, helping to reduce waste and optimise the use of resources. The initiative covers the downstream stage of the value chain, directly involving consumers and promoting a culture of repair and reuse, also involving specialised repair partners, and promoting partnerships with qualified craftsmen. The project is currently active in Italy and could be expanded to other markets. BasicNet intends to monitor support for the initiative and consider further actions to incentivise repair and reuse practices in line with sustainability and circular economy targets.
- **More sustainable packaging for Sebago:** In 2024, Sebago replaced traditional plastic glossy films on boxes with direct printing on cardboard, thus reducing the use of non-recyclable materials. This initiative affects the value chain upstream, involving suppliers of cardboard materials, and downstream, offering consumers a more sustainable packaging solution.

##### [E5-4] Resource inflows

BasicNet does not directly manage the manufacture of its products, but relies on Sourcing Centres, which are responsible for the procurement and use of material resources, plants and machinery needed for production operations. In 2024, BasicNet continued to work to integrate sustainability into its operations, focusing on continuous improvement of the production chain and designing more sustainable collections. The Group's research and development activities include product creation, concept, and design based on market needs and specific customer performance requirements for apparel, with a focus on finding environmentally friendly materials and reducing environmental impact in manufacturing. The Group offers a wide range of products including apparel, footwear, and sports equipment, including technical items such as helmets and eyewear. To ensure the quality and performance of its products, the Sourcing Centres use several key materials in their production cycles, including:

- Clothing: a combination of natural textile fibres, such as cotton and linen, and synthetic fibres, including polyester, spandex, and nylon that ensure comfort, breathability, and fit.
- Footwear: high-quality materials such as leather, rubber, and advanced polymers such as TPU (thermoplastic polyurethane) and EVA (ethylene vinyl acetate) designed for durability and optimal performance.
- Sports equipment: a selection of technical materials, including polycarbonate and fiberglass for helmets, and lenses made of various materials for eyewear, designed to offer durability and protection.
- Packaging: sustainable packaging, including recycled cardboard boxes, paper shopping bags and plastic bags, to reduce environmental impact and promote ecological responsibility.

#### [E5-5] Resource outflows

The goal is to constantly improve the production process and the related supply chain. The Group strongly believes that minimising social and environmental impact is the correct path to take and the ultimate goal is to continue to grow sustainably by offering attractive products in this regard. As previously noted, the Group has always paid the utmost attention to LEP (Labelling, External decoration, Packaging), which is considered a distinctive element of the product. BasicNet continued to assess the possibility of using pre-recycled/recyclable materials for pendants and boxes at its main sourcing centres, in line with the relative certifications.

As far as the approach on the single product is concerned, BasicNet has always focused on offering the best possible product to the Licensee Network, always prioritising the research of products with a targeted and certified content, in full compliance with the regulations in force.

Having no production activities in-house, BasicNet's own activities generate waste attributable to typical office operations, in an amount considered non-material compared to waste generated by upstream production activities, by the Sourcing Centres. The Group recognises the importance of the topic, and will carry out a more in-depth analysis of it over the next three years so as to provide precise reporting accompanied by quantitative data. In terms of quality, the waste generated by the Sourcing Centres mainly includes:

- Material Waste: such as scraps of fabric, leather, rubber and other materials that can be used for garment and footwear packaging.
- Chemical Waste: such as residues of dyes and finishes, as well as substances used for cleaning equipment and machinery (solvents and detergents).
- Packaging Waste: such as cardboard boxes, plastics and polystyrene.

### SOCIAL INFORMATION (ESRS S)

#### [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

During the double materiality analysis, the impacts generated by BasicNet vis-à-vis its own workforce, and the financial risks and opportunities related to the topic were assessed. In particular, the following were identified as material:

- three positive actual **impacts**, assessed as material in the short term:
  - *Increased overall level of employee well-being and work-life balance satisfaction due to the implementation of specific welfare and well-being programs (e.g. parenting support and services for care givers).*
  - *Improving workers' skills through training and professional development activities, general and technical programs, including those linked to growth targets and personal appraisals (e.g. career development plans).*
  - *Creation of an inclusive work environment that actively promotes social justice and contributes to the reduction of gender inequality in and beyond the corporate scope, improving people's well-being.*
- **two** potential negative impacts, assessed as material over the medium term:
  - *Perpetuation of wage disparities between men and women through the adoption of unequal and discriminatory pay policies, which may lead to dissatisfaction, reduced motivation and loss of qualified female talent - connected to the systemic environment in which the company operates.*
  - *Worker injuries or ill health occurring as a result of inadequate maintenance and management of Group assets and work spaces that may expose employees to significant health (i.e. workplace accidents) and safety risks in the course of their activities - connected to the potential occurrence of individual accidents.*

As for financial risks and opportunities, the following have been identified:

- one opportunity, arising from dependence on impacts and potentially affecting the entire workforce:
  - *ensuring a competitive benefits package may significantly reduce employee turnover. By offering attractive benefits, the company may retain qualified employees, reducing the costs associated with hiring, training and onboarding new staff. Lower turnover rates also mean fewer business interruptions and business process continuity.*
- two risks, both material in the long term and potentially affecting the entire workforce:
  - *Failure to comply with employee agreements and expectations may damage the company's reputation among current and potential employees, customers, and other stakeholders. Negative publicity and loss of trust may lead to decreased customer loyalty, reduced sales, and difficulties in attracting and retaining top talent.*
  - *risk that staff are not adequately trained, or that training may be ineffective because it is delivered without regard to the age and/or educational level of staff. Risk related to the non-existence or discontinuity of investment in staff training, resulting in the inability to learn new skills or improve acquired skills.*

In 2024, the BasicNet Group had a workforce of 1,141, approximately 98% of which were employees and 2% non-employees. The Group employs 1,121 workers, and they are concentrated in the retail area in view of its seasonality and because many sales outlets are still start-ups. Non-employee workers amounted to 20, including two temporary workers - working mainly in the logistics and retail areas - and 18 interns.

In addition, considering the nature of the business, the location of its offices, and the activities performed, no material risks of forced or compulsory labour were found. Similarly, as part of the process of analysing material risks related to its workforce, the functions involved did not highlight any risks related to child labour.

In both categories of own workers considered, there are no groups with specific characteristics that are more exposed to the potential negative impacts identified by BasicNet.

## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES REGARDING GROUP PEOPLE

### [S1-1] Policies related to own workforce

BasicNet has implemented a set of policies designed to protect the rights and well-being of its workforce by promoting a safe, inclusive work environment that complies with the Group's ethical principles. These policies set clear standards for working conditions, integrity and respect for fundamental rights, contributing to the responsible management of employee-related impacts, risks and opportunities. The main policies adopted include, in addition to the Ethics Code, the Procedure for Reporting Misconduct and Irregularities (whistleblowing) and the Remuneration Policy, each with a specific role in ensuring high standards of governance and social responsibility.

- **Ethics Code**

BasicNet's Ethics Code brings together the principles and values that guide the activities of the Group and its subsidiaries. The primary goal is to create value for shareholders and stakeholders, including employees, contractors, suppliers and the community. The Code emphasises the central role of human resources and reflects BasicNet's commitment to ensuring health and safety in the workplace, respect for workers' rights, equal opportunities and professional growth.

The Ethics Code applies to members of the Boards of Directors and Boards of Statutory Auditors, all Group Human Resources, external contractors and consultants, suppliers, and any person acting in the name of or on behalf of the BasicNet Group. Supervision of compliance with the Code is entrusted to the Supervisory Board, established pursuant to Legislative Decree No. 231/2011, which reports any violations to the Control and Risks Committee and the Board of Directors.

To ensure maximum transparency and accessibility, the Ethics Code is publicly available on the company website [www.BasicNet.com](http://www.BasicNet.com). In addition, the Human Resources Department ensures that all employees are informed of the contents of the Code.

- **Procedure for reporting offences & irregularities (Whistleblowing)**

The Procedure for Reporting Misconduct and Irregularities (whistleblowing) regulates the process of receiving, analysing and handling reports, which can be forwarded to the Supervisory Board or, in its absence, to the body in charge of their management.

The procedure guarantees the confidentiality of the personal data of the reporter and the alleged perpetrator, protects the reporter from retaliation, and ensures an independent and autonomous channel for sending reports. It applies to all human resources, external contractors and consultants, suppliers of goods and services, partners and members of the Group's corporate bodies, without restriction.

Reports are handled by the Group Internal Audit department, which is empowered to request documentation and conduct audits to ensure the effectiveness of the process. The procedure is publicly accessible on the company website.

- **Remuneration Policy**

BasicNet's Remuneration Policy is designed to ensure an appropriate remuneration system to attract, retain and motivate Executive Directors and Senior Executives with the skills necessary for the effective management of the Company and the Group. The policy is structured to align HR interests with the overriding goal of value creation for all stakeholders in the medium to long term.

The Policy applies to members of the Boards of Directors, Senior Executives, and the Company's Supervisory Board. Implementation of the policy is the responsibility of the Board of Directors, which, among other functions, defines and implements share-based remuneration plans or financial instruments approved by the Shareholders' Meeting.

To ensure maximum transparency, the Remuneration Policy is published on the company website, making it accessible to all stakeholders.

As expressed in its Ethics Code, BasicNet recognises as central and is committed to promoting and respecting the rights of all workers. In order to ensure compliance with current policies and listening to the needs of the workforce, the Group maintains an ongoing dialogue with trade union representatives, business associations and social security institutions, ensuring transparent and constructive discussion. In addition, the Group HR function plays a key role in maintaining a channel of communication with employees that is always open, serving as a point of contact from hiring to termination. Any violations of the principles established in the Ethics Code may amount to breach of contract, resulting in disciplinary measures proportionate to the seriousness of the offence.

The Group safeguards health and safety at places of work in compliance with applicable regulations and standards, developing an awareness of risks, promoting responsible conduct amongst all employees and acts to protect, particularly by preventative actions, employee health and safety. The Group's activities must be carried out in full compliance with health and safety prevention and protection legislation, whilst constantly seeking to improve health and safety conditions in the workplace. Occupational health and safety (OSH) is also monitored directly by the ".com" BasicGuys, which tracks all accidents and incidents that occur in the company. The information gathered is analysed on an annual basis and the results are discussed during regular meetings pursuant to Article 35 of Legislative Decree No. 81/2008.

BasicNet has not yet adopted specific policies on human rights, human trafficking, forced labour and child labour regarding its own workforce. As shown by the materiality analysis, the types of operations and sites at which BasicNet Group companies operate do not present material risks in this regard. These issues are governed by the Code of Conduct, as described in [S2-1] with regard to workers along the value chain, who are potentially more affected by material human rights impacts.

Similarly, the issue of discrimination is not addressed by specific policies aimed at its workforce. However, the Group also demonstrates its values with respect to diversity and equal opportunity issues through its treatment of the topic in its Code of Conduct. In this way, BasicNet fosters greater awareness and accountability along the value chain and ensures that the principles of inclusion and diversity are incorporated into its operational processes and business relationships, demonstrating an implicit - if not formalised - attention to the issue, especially with regard to its employees.

In conclusion, the company recognises the importance of the United Nations Guiding Principles on Business and Human Rights, but its policies related to its own workforce are not fully aligned with these international instruments. Although there is an awareness of global best practices and a commitment to improving worker conditions, the measures currently implemented require further development to ensure full compliance.

#### [S1-2] Processes for engaging with own workers and workers' representatives about impacts

With respect to the positive impacts identified by the materiality analysis, employees are involved in various ways, such as through training programs, regular performance reviews, onboarding and related follow-up activities. This is complemented by the informal engagement channel represented by the functions pertaining to Human Resources, the first listening channel for issues raised by employees.

In contrast, a more structured approach is followed regarding the potential negative impact of *work-related injuries*. In order to facilitate employee participation and their consultation in the development, implementation and evaluation of an occupational health and safety management system, meetings are held annually (pursuant to Article 35 of Decree 81) between company representatives and employee health and safety representatives

(EHSR) on the topic to health and safety to identify and share information on sensitive situations and any corrective measures required. Each meeting is duly formalised by the “.com” BasicFacility and BasicGuys of the Group and the related reports are shared with relevant parties. The following participate in the meetings:

- The DDL (Employer) for each Group company;
- the Health and Safety Manager (external consultant);
- the Health and Safety Officers, belonging to the external consulting company;
- the Company Doctor;
- employee health and safety representatives (EHSR) for each company;
- the HR office.

In addition, for the specific area of work-related stress, a biannual ad-hoc assessment is conducted, involving the Employer, Health and Safety Manager, company doctor, Managers, Employee Health and Safety Representatives (EHSR), and Trade Union Representative Bodies (RSA). This assessment is conducted through the completion of a checklist aimed at identifying any critical issues related to work organisation and the environmental and relational context, with the goal of identifying potential stressors for workers. Upon completion of the analysis, the Group implements corrective actions and initiates monitoring of areas that require special attention.

### [S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns

BasicNet gives employees and all those working on behalf of the Group the opportunity to report any concerns or complaints regarding harassment, alleged illegal conduct or other issues, either directly to their supervisor or through the whistleblowing mechanism. This tool defines the rules and means of communication for reporting, while ensuring confidentiality, any violation, well-founded suspicion of violation, or behaviour that is not in line with the Ethics Code, internal policies and procedures, including the 231 Model, and applicable laws and regulations.

The dedicated reporting system is the "Legality Whistleblowing" portal, which can be accessed from the company's website. The system allows alerts to be sent in written or oral form, with the option of recording an audio message with voice distortion to ensure the highest level of confidentiality. Alternatively, reports can be sent by the standard postal service to the Group's registered office or presented orally through a face-to-face meeting with the receiving party. The Group ensures that workers are aware of the existence of Whistleblowing reporting channels and procedures through the publication of the relevant policy on the company website and intranet, and informing new hires during onboarding.

BasicNet ensures the protection of the identity of the reporter and the confidentiality of the information received, in accordance with applicable regulations, applying the "by design" principle of data minimisation, ensuring that, where possible, the identity of the reporter is not searched for or investigated. The reporter's identity may not be disclosed, without his or her explicit consent, to persons other than the person receiving the report; The reporter's identity may not be disclosed during disciplinary proceedings if the allegation of the charge is based on elements separate from and additional to the report, even if derived from it. In cases where the report is an integral part of the disciplinary complaint and knowledge of the identity of the reporter is essential for the defence of the accused, the latter may be disclosed only with the written consent of the reporter. If consent is not given, the report will be filed for the period stipulated in the regulations, after which the relevant data will be deleted. In addition, anyone suffering retaliation as a result of the report may report it to the person responsible for handling reports.

The whistleblowing channel is public and open to all, including those internal and external to the company, while there are no additional formalised channels dedicated only to the workforce to raise critical issues and concerns anonymously.

To ensure the effectiveness of the reporting system, BasicNet has established a process for managing and monitoring the reports received. The receiving party issues an acknowledgement of receipt to the reporter and initiates a preliminary verification phase to assess the merits of the report and decide whether to proceed with further investigation. In the event of a decision not to proceed, the report is filed and the reasons for this decision are recorded. Assessment activities are entrusted to the Group's Internal Audit function, which performs them with priority over routine activities and may request documents or carry out checks at its own discretion. Reports are monitored through a follow-up process, which involves providing feedback to the reporter within three months of receiving the report and regular updates on the status of the investigation and action taken. Upon completion of the investigation, the reporter receives a final report, in accordance with Legislative Decree No. 24/2023.



## ACTIONS, METRICS AND TARGETS

[S1-4] Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

### Impacts

BasicNet ensures that its employees operate in an ethical work environment focused on inclusiveness, fairness, and protection of human rights through the presence and communication of the Group's Ethics Code, which ensures that all activities are carried out in accordance with the law, within a framework of fair competition, and with mutual respect. The company is committed to ensuring that its business practices do not cause or contribute to material negative impacts on the workforce by taking an integrated and responsible approach in all its operations and directly involving and consulting employees and their representatives.

As described in [ESRS S1- SBM 3], the materiality analysis conducted shows "*Work-related injuries*" as a potential negative impact on its workforce, concerning the topic of Health and Safety.

In order to improve the management of this issue and thus reduce the potential for occurrence of the impact itself, this is entrusted to BasicFacility, which coordinates activities with the support of an external consultant (Group Torinoprogetti S.r.l.). Each year, BasicFacility prepares a budget dedicated to safety, ensuring adequate resources for improving working conditions.

To ensure constant monitoring, all company injuries and accidents are recorded, analysed and discussed at the regular meeting pursuant to Article 35 of Legislative Decree No. 81/2008, with the aim of identifying actions to improve and further strengthen the prevention measures.

In relation to SSL training, the ".com" "BasicEducation" is responsible for planning, organising and reporting the Group's employee training programmes (internal resources and personnel in owned and non-owned stores). The health and safety training programmes are drawn up by the BasicNet Group's Workplace Health and Safety Coordinator in conjunction with the Gruppo Torino Progetti S.r.l. and include:

- the planning and the delivery of courses on general workplace health and safety for official use (e-learning and face-to-face);
- appropriate training courses related to the specific risks to which employees are exposed depending on their related roles, as well as on the correct use of Individual Protection Equipment (PPE).

At the end of every course, all participants are registered and where required an assessment test is carried out. Each worker has the option to access the BasicEducation app, and can see their own "training licence" with details of the courses taken/to be taken. All the training courses delivered by BasicEducation are based on both legislative and individual requirements in addition to the Company's professional requirements (e.g. Legislative Decree No. 81/2008).

The activity related to OSH training is ongoing and is implemented to address emerging needs and feedback received. In 2024, Euro 24,858 was invested (in OpEx) in this area.

### Opportunity

The BasicNet Group is constantly striving to enhance the well-being and development of its workforce by implementing targeted actions that include welfare initiatives, employer branding and flexibility policies. Its aim is to improve the quality of the work environment and foster work-life balance, thus generating the positive impacts identified in the materiality analysis, while pursuing the opportunity detected regarding the topic of Employee Benefits. The key activities carried out include:

- **Talent Acquisition and Employer Branding** - The Talent Acquisition team plays a strategic role in fostering efficient management of recruitment processes and attracting top talent. Through employer branding initiatives, the Group reinforces its positioning as an attractive employer, promoting the professional opportunities offered within the organisation and also promoting the employment of resources belonging to protected categories, in line with the principles of inclusion and valuing diversity.
- **Organisational well-being and work-life balance** - Since 2004, the Group has implemented various measures to promote employee well-being and reconcile work and family commitments. Some of the most important initiatives are:
  - **Hour bank**, which allows flexible management of overtime;
  - **Reversible part-time**, available for female workers with young children;
  - **BasicCare**, a service that allows employees to delegate payments and small errands to a company employee;
  - **BasicGym**, a corporate gym that organises exercise classes for staff;

- **Sports voucher**, which provides access to the TrainUp platform for courses with affiliated trainers, with a Group investment (OpEx) of Euro 436,970;
  - **Subsidised parking**, including free parking at the BasicVillage and, from 2024, the new "pink parking spaces" reserved for pregnant workers;
  - **Psychological Listening Desk**, a qualified support service for staff dealing with traumatic events or personal difficulties, guaranteeing maximum confidentiality in compliance with privacy regulations, with a Group investment (OpEx) of Euro 1,064.
  - **Corporate portal for deals and promotions**, offering discounts on goods and services, including agreements with vehicle sharing companies to encourage sustainable mobility.
- **Supplementary Accident Policy** - To complement the welfare initiatives already described, with an (OpEx) investment of Euro 117,970, BasicNet has taken out a non-work-related accident policy that protects its employees outside the work environment, providing coverage in the event of accidents occurring in their private life.

In addition, to ensure fair and transparent career management, BasicNet has implemented an automated performance appraisal system with biannual position reviews. Finally, to encourage flexible working, access to smart working was confirmed for staff with compatible duties, with arrangements agreed individually with their supervisor.

### **Risks**

In the course of the activities that led to the identification of material IROs, two financial risks that the Group might incur in relation to its workforce emerged as material.

#### *1. Violation of workers' rights*

To mitigate this risk the Group adopts a structured and integrated approach to managing its human resources through the BasicGuys platform. This platform is responsible for the administration, listening, and personnel management activities for all Group companies, with the aim of streamlining performance and meeting the needs of its employees. In this regard, BasicNet plans and ensures the adequacy of the resources deployed, both in terms of quantity and quality, in compliance with the company's operational standards. The management of the employment relationship, from hiring to termination, is guided by the correct application of labour, social security and tax regulations, ensuring compliance with social security and tax obligations and the control of labour costs.

The platform also oversees planning and control of labour costs, ensuring accurate and timely payment of wages and salaries and of the applicable contributions and taxes.

#### *2. Inefficient staff training.*

BasicNet recognises the importance of continuing education as a strategic lever for the development of its human resources and the mitigation of risks related to internal skills development. With this in mind, the Group has structured a multi-faceted integrated training system, aimed at supporting ongoing professional training and increasing the skills needed to respond to changes in the market environment. The main initiative adopted by the Group to address the identified risk is the BasicEducation platform, which plans, organises and monitors training activities, ensuring a systematic and structured approach. Training begins from the moment of induction with the "Welcome on Board" programme, a four-day introductory course that provides an overview of the Group's business model and its main corporate policies. Subsequently, workers have access to a wide range of training courses, available in both e-learning and in-person modes, with specific coaching for operational figures in stores.

The effectiveness of the training delivered is monitored by analysing the training hours used, the number of staff involved and the feedback collected from participants. In addition, the onboarding programme has been bolstered by a follow-up course six months after joining the company, which seeks to consolidate the knowledge gained and gather feedback for ongoing improvement.

### **Data protection**

Regarding the use of data, strict regulations are implemented to ensure the privacy and protection of staff information. In order to increase awareness on this issue, on the very day new employees are hired, they sign an information sheet with the Code's rules on personal data protection (Legislative Decree No. 196 of 30/6/2003), the appointment of data processors in accordance with Regulation (EU) 2016/679 and Italian Legislative Decree No. 196/2003, and they are informed of all IT procedures that are to be followed. Courses on these IT procedures



are available at all times on the BasicEducation platform. Furthermore, instruction videos are available on the BasicEducation portal that explain how to handle computers and software.

#### [S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To date, BasicNet has not defined specific objectives related to material impacts, risks, and opportunities associated with its workforce, but, as we have seen, it oversees and monitors the most material topics with an established approach that is well integrated into its operations.

The Group believes that the provisions of current legislation, the Ethics Code and the procedure for reporting alleged wrongdoing and irregularities (Whistleblowing) provide adequate safeguards that counter discrimination, including harassment, and promote equal opportunities and other solutions in support of diversity and inclusion. As such, it did not identify the need to set targets beyond compliance with external and internal Group regulations.

## CHARACTERISTICS OF BASICNET'S PEOPLE

#### [S1-6] Characteristics of the undertaking's employees

The following tables provide a quantitative description of the composition of BasicNet's workforce, in relation to employees and non-employees. All data were calculated in Headcount at December 31, 2024. Since for NFR purposes the Group was already collecting data regarding its workforce with the same scope as required by the ESRS framework - effective as of this reporting year - it was possible to present comparisons with the previous reporting period for almost all metrics proposed by the new standard.

As at December 31, 2024, the Group had 1,121 employees - as indicated in the Corporate Governance Report of this Annual Report, in Chapter 4.3 and in the Explanatory Note to the Economic Data No. 13 - Labour Costs of the Consolidated Financial Statements - an increase of 3.6% over 2023. This growth was driven by the consolidation of the Group's international presence and the opening of new directly operated stores, with a particular focus on the French and Spanish markets. All employees are assured equal opportunities and fair working conditions. Confirming this, women are consistently present throughout the organisation and make up 61% of total employees. None of the Group's employees and non-employees identify themselves with genders other than male and female, nor have they preferred not to report their gender. In view of this, the two corresponding entries are shown for information only in Table 8 and Table 14, but they should always be understood as being to zero for all subsequent tables with respect to the subject of their workforce.

The majority of workers hold fixed-term contracts (871 in total, 345 of whom are men and 526 of whom are women), while 250 staff are on temporary contracts. These are mainly attributable to the retail area, in view of the seasonality and because many sales outlets are still start-ups.

Table 12 - Employees by gender

Gender	2024	2023
Male	440	402
Female	681	680
Other	0	0
Not stated	0	0
<b>Total employees</b>	<b>1121</b>	<b>1082</b>

Table 13 - Employees by country

Country	2024	2023
Italy	757	765
France	250	224
Spain	76	61
Ireland	6	0
Monaco	8	8
Switzerland	6	6

China	9	8
Vietnam	8	9
USA	1	1
<b>Total</b>	<b>1121</b>	<b>1082</b>

Table 14 - Employees by gender and contract type

	2024			2023		
	Male	Female	Total	Male	Female	Total
<b>Total</b>	<b>440</b>	<b>681</b>	<b>1121</b>	<b>402</b>	<b>680</b>	<b>1082</b>
Permanent	345	526	871	305	510	815
Temporary	95	155	250	97	170	267
Non-guaranteed hours	0	0	0	0	0	0

Table 15 - Employees by country and contract type

	2024								
	IT	FR	ES	IE	MC	CH	CN	VN	US
<b>Total</b>	<b>757</b>	<b>250</b>	<b>76</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>1</b>
Permanent	583	192	66	1	6	6	9	7	1
Temporary	174	58	10	5	2	0	0	1	0
Non-guaranteed hours	0	0	0	0	0	0	0	0	0
	2023								
	IT	FR	ES	IE	MC	CH	CN	VN	US
<b>Total</b>	<b>765</b>	<b>224</b>	<b>61</b>	<b>0</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>9</b>	<b>1</b>
Permanent	566	168	56	0	6	6	7	5	1
Temporary	199	56	5	0	2	0	1	4	0
Non-guaranteed hours	0	0	0	0	0	0	0	0	0

Table 16 - Departures and turnover rate

	2024			2023		
	Male	Female	Total	Male	Female	Total
Departures	132	236	368	142	206	348
Turnover rate	30%	35%	33%	35%	30%	32%

**[S1-7] Characteristics of non-employee workers in the undertaking's own workforce**

At December 31, 2024, the Group had 22 non-employee workers, in line with the previous year. All data were calculated in Headcount at December 31, 2024. This figure reflects the continuity of the activities for which they are employed, with temporary workers predominantly active in the logistics area and in temporary corners within shopping centres, whereas interns are placed consistently with the company's strategy of using this tool as an entry mode for staff with no experience in the assigned role.

Table 17 - Non-employees by gender and type

	2024					2023				
	Male	Female	Other	N/D	Total	Male	Female	Other	N/D	Total
<b>Interns</b>	3	15	0	0	18	7	12	0	0	19
<b>Temporary Staff (Staff Leasing)</b>	1	3	0	0	4	1	0	0	0	1
<b>Total</b>	4	18	0	0	22	8	12	0	0	20

**[S1-8] Collective bargaining coverage and social dialogue**

In those countries where it is required, the Group applies the collective bargaining agreements provided for in current legislation, taking the necessary measures to ensure that the trade union rights of its employees are respected. In Italy and France, all workers are covered by a collective bargaining agreement, although only a tiny fraction choose to join national trade unions.

Specifically, in Italy the Group applies the Tertiary *Distribution and Services* Contract to the majority of the corporate population, with some exceptions for specific professional categories, to which different contracts apply.

The following agreements apply at the main companies based in France, i.e. Kappa France and K-Way France: *Convention collective nationale de l'import-export et du commerce international* and the *Commerce de gros et négoce connexes de bonneterie lingerie confection*.

In Spain, on the other hand, collective bargaining agreements vary according to the city in which the locations or outlets are located, with the *Convenio Colectivo Sector Comercio Textil Madrid* being the main agreement for the Madrid location.

The Group also ensures the right to freedom of association, organisation and collective bargaining, guaranteeing that these rights may be exercised in accordance with the law and without interference or penalty. The total percentage of employees covered by collective bargaining agreements is 98% of Group employees (EEA and non-EEA). As for the EEA countries where the Group has a significant level of employment (EEA), i.e. a headcount of at least 50 employees, representing at least 10% of the total number of employees, 100% are covered. As regards social dialogue, the overall percentage of employees covered by employee representatives in EEA countries where the Group has a significant level of employment (EEA) the percentage is 71% in Italy, and 31% in France.

Table 18 - Employees covered by collective agreements and social dialogue

Coverage rate	Collective bargaining coverage		Social dialogue
	Employees _ EEA	Employees _ non-EEA	Workplace representation_ EEA
<b>0-19%</b>			
<b>20-39%</b>			France
<b>40-59%</b>			
<b>60-79%</b>			Italy
<b>80-100%</b>	Italy, France		

## DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

### [S1-9] Diversity metrics

In accordance with its Ethics Code, the Group considers it essential to handle labour relations in a way that assures equality of opportunities and encourages everyone's professional development.

The tables below introduce the concept of diversity within BasicNet in quantitative terms: the number and percentage of employees in managerial positions by gender, and the division of the Group's total workforce by age group are shown. Compared with the previous year, gender distribution remained almost unchanged in the top management category, whereas the predominant age group of the corporate population continues to be 30-50.

Table 19 - Top management by gender

	2024			2023		
	Male	Female	Total	Male	Female	Total
<b>Top Management (Executives)</b>	23	8	31	22	9	31
<b>Percentage Top Management</b>	74%	26%	100%	71%	29%	100%

Table 20 - Employees by age group

	2024				2023			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
<b>Number of employees</b>	391	563	167	1,121	397	529	156	1,082
<b>Percentage</b>	34.88%	50.22%	14.90%	100%	37%	49%	14%	100%

### [S1-16] Compensation metrics (pay gap and total compensation)

The Group's total workforce is characterised by a majority presence of women (61%), compared to men (39%)<sup>9</sup>, a figure that is reversed, however, in the representation of top management, which is male-dominated (74%). This is also reflected in the<sup>10</sup> gender pay gap, which stands at 17% for 2024, primarily reflecting the higher salary received by the Group's male component owing to the positions held, and in no way reflecting gender pay discrimination.

The total annual<sup>11</sup> remuneration index for 2024 was 52.74, broadly in line with the figure recorded for 2023 (55.41).

The average payroll was calculated considering all employees at December 31, 2024, including all actual pay components, such as base salary and variable elements, including bonuses, travel allowances and overtime.

Finally, the actual salaries including base salary and all additional variables of all Group employees in force as of 12/31/2024 were considered in the index calculation.

### [S1-17] Incidents, complaints and severe human rights impacts

During the reporting year, there were no reported incidents of discrimination or human rights violations; consequently, there were no sanctions or compensation for related damages.

<sup>9</sup> See table 8 in chapter S1-6

<sup>10</sup> The figure is calculated as (average male wage - average female wage) / average male wage, and is expressed as a % of average male wage

<sup>11</sup> The figure is calculated by dividing the total annual salary of the person with the highest salary by the annual total remuneration for all employees (excluding the highest-paid individual)

## TALENT GROWTH

### [S1-13] Training and skills development metrics

2024 Also saw the continuation of the project to train retail staff and ensure that the Group's Human Resources remain constantly up to date. In 2024, the Group provided more than 9,000 hours of training to its employees. These hours include training related to Health and Safety (Legislative Decree No. 81/2008), compliance, business model and funded training (improvement of digital skills - use of 3D software, spreadsheets, and relational communication, public speaking, and foreign languages).

In the area of training and skills development, the detailed metrics provided relate to the average number of training hours per employee and gender, number and percentage of employees that participated in regular performance and career development reviews.

Table 21 - Employees who participated in periodic performance and career development reviews

		2024
Male	Total employees	440
	Of which subject to regular review	124
	%	28%
Female	Total	681
	Of which subject to regular review	114
	%	17%

Table 22 - Average number of training hours per employee by gender

		2024	2023
Male	Total employees	440	402
	Hours provided	2,559	3,129
	Average training hours	5.82	7.78
Female	Total employees	681	860
	Hours provided	6,719	8,327
	Average training hours	9.87	9.68

## HEALTH AND SAFETY

### [S1-14] Health and safety metrics

BasicNet places great emphasis on the health and safety of employees and non-employees, constantly monitoring injury trends and ensuring compliance with relevant regulations. In 2024, a total of eight work-related injuries occurred among Group employees - none of which resulted in death - and there were no recordable cases of work-related ill health. Currently, BasicNet does not have a certified health and safety management system<sup>12</sup>. However, the Group is committed to ensuring safe working conditions through compliance with applicable national regulations and the adoption of preventive measures aimed at protecting the health and well-being of its workers.

<sup>12</sup> Since no Group location is covered by a certified OSH management system, it follows that 0% of Group employees are covered by OSH management systems

The following tables provide a quantitative overview of health and safety indicators in BasicNet, referring to Group employees and non-employees.

Table 23 - Work-related injuries

	2024	
	Employees	Non-Employees
Number of fatalities as a result of work-related injuries	0	0
Number of fatalities as a result of work-related ill health	0	0
Number of recordable work-related injuries	8	0
Rate of recordable work-related injury <sup>13</sup>	4.32	0-
Number of recordable cases of work-related ill health	0	
Number of days lost due to work-related injuries	79	
Number of days lost due to work-related ill health	0	

## ESRS S2 - Workers in the value chain

### STRATEGY FOR MANAGING WORKERS IN THE VALUE CHAIN [ESRS S2]

#### [ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The impacts generated by BasicNet vis-à-vis workers in its value chain, and the financial risks and opportunities related to the topic were assessed through the double materiality analysis.

In particular, the following were identified as material:

- Two potential negative, systemic impacts in the industry in which the company operates, were assessed as material in the long term:
  - Violation of human rights and/or fundamental rights of workers along the supply chain, such as child labour
  - Violation of human rights and/or fundamental rights of workers along the supply chain, such as forced labour
- One potential negative impact, related to the occurrence of individual incidents, assessed as material in the long term:
  - Worker injuries or ill health occurring as a result of failure to comply with and/or properly implement H&S standards in the performance of the licensees' core operations (e.g. work-related injuries and work-related ill health)

Given its type of business, BasicNet deals with a vast value chain, divided between suppliers of goods and services ("non-core" suppliers), and those with Sourcing Centres and Licensees, the Group's actual business partners. As can be seen from a mapping of the Group's stakeholders (SBM-1), BasicNet's Business System distinguishes between its dealings with Licensees, considered as commercial partners, which includes the Group's Customers and consumers, and its Sourcing Centres, as core suppliers of the subsidiaries BasicItalia S.p.A. (now BasicItalia S.r.l.), K-Way S.p.A., K-Way France S.a.s, Kappa S.r.l., Sebago S.r.l., Superga S.r.l. and Kappa France S.a.s.

The workers who may be most affected by the negative impacts generated by the Group are the workers employed in Sourcing Centres (thus in the upstream value chain), who are mostly employed in apparel and footwear production and located mainly in Europe and Asia, the latter area having a material risk of incidents of

<sup>13</sup> The injury rate is calculated as the number of injuries, divided by the hours worked and multiplied by 1,000,000 to allow the comparison of the figure. Hours worked are recorded for employees in the Italy scope only. Those hours were added to an estimated figure for the foreign scope in order to obtain the overall figure.

child labour and forced labour<sup>14</sup>. Therefore, as a precautionary measure, BasicNet's materiality analysis identified the three potential negative impacts towards workers in the value chain.

Every sourcing centre that joins the Group's network, regardless of whether it is one of BasicNet's Clients and consumers or a core supplier of its Italian or foreign subsidiaries, must read and sign the Ethics Code and Code of Conduct, which are based on the fundamental conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights.

As for financial risks and opportunities, the following have been identified

- One opportunity:
  - *Increased competitiveness and reputation in the market through the use of suppliers who provide responsible working conditions, ensuring compliance with occupational health and safety, equal treatment and opportunities for all.*
- Two risks from impacts, both material in the long term:
  - *Risk related to inadequate management and protection of information with regard to Group sensitive information and that of the various stakeholders. Risk of erroneous/unintentional disclosure of confidential information managed by the Group.*
  - *Risk related to violations of workers' rights (including freedom of association, collective bargaining, adequate wages, overtime payment, fair working hours, health and safety, etc.) by business partners along the Group's supply chain. Such infractions can damage brand reputation and generate operational impacts, production delays and additional costs related to the need to identify and qualify alternative suppliers.*

Of these, the second - relating to *Working Conditions* - mostly involves workers employed by Sourcing Centres, for the same reasons described regarding impacts.

#### [S2-1] Policies related to value chain workers

In order to manage worker-related impacts, risks and opportunities along its value chain, BasicNet has adopted targeted policies that reflect the Group's commitment to ensuring fair working conditions and promoting respect for human rights. These principles are expressed in the Ethics Code (see Section S1-1), the Code of Conduct for Sourcing Centres, and the Procedure for Reporting Misconduct and Irregularities (whistleblowing) (see Section S1-1). These policies define requirements and minimum standards of behaviour, both within the organisation and in relations with partners in the value chain, with the aim of strengthening a safe, inclusive work environment that complies with the Group's ethical principles.

- **Code of Conduct for Sourcing Centres**

The Code of Conduct for Sourcing Centres defines the minimum requirements to be met by all Sourcing Centres appointed by the BasicNet Group or its affiliated companies. The document regulates key aspects such as child labour, involuntary labour, discrimination, health and safety, working hours and freedom of association. Human trafficking is not explicitly touched upon in the document, but it is understood to be included in the topic of voluntary labour.

This policy applies to all Group Sourcing Centres, without exception, and is managed by the Vice President Sourcing and Operations. BasicNet complies with international standards in ethics and business practices, drawing inspiration from the core conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights.

To ensure full knowledge of its contents, Sourcing Centres must ensure that workers are informed of the principles of the Code by displaying a copy of it, translated into the local language, in a conspicuous place within production facilities. The Code of Conduct for Sourcing Centres is also publicly available.

During the year, no cases of human rights violations involving workers in BasicNet's value chain were reported - through the whistleblowing channel or other channels.

<sup>14</sup> Source: *Global Slavery Index* -



## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WORKERS IN THE VALUE CHAIN

### [S2-2] Processes for engaging with value chain workers about impacts

The Group has not yet implemented a formalised general process for direct involvement of workers along the value chain regarding the actual and potential impacts that affect them. However, BasicNet is committed to promoting compliance with environmental and social standards through the procurement functions of its "strategically important" subsidiaries (specifically, Kappa S.r.l., K-way S.p.A., Superga S.r.l. and Sebago S.r.l. K-way Fance S.a.s., and Kappa France S.a.s.). It therefore adopts specific measures, including a pre-contract analysis designed to assess Sourcing Centre potential by gathering different information. The information collected includes a questionnaire, "Company Profile," which covers aspects of environmental and social compliance, and allows information to be gathered on material impacts for workers by involving supplier representatives in filling out the questionnaire.

### [S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns

The materiality analysis shows no actual negative impacts on workers in the value chain generated by BasicNet through its business activities. As regards potential impacts, there are clauses in the Code of Conduct that protect workers in the value chain with respect to all identified topics (health and safety, child labour, and forced labour). In addition, BasicNet is committed to responding promptly to any issues that arise by adopting appropriate solutions in cooperation with suppliers and stakeholders. Corrective actions are assessed on a case-by-case basis, with the goal of mitigating negative impacts and improving conditions along the value chain. The effectiveness of the solutions adopted is monitored through informal and regular monitoring of the results.

The Group does not have specific communication channels dedicated to workers in the value chain for reporting and communication. However, this category of stakeholders can also make use of the whistleblowing channel, the details of which are public and available online.

to guarantee awareness of the Code of Conduct, Sourcing Centres are required to take appropriate measures to ensure that workers familiarize themselves with the contents of the Code of Conduct and to post the document, translated into the workers' local language, at each production facility in a highly visible location readily accessible to all workers. Sourcing Centres are also required to select their suppliers carefully and only to do business with suppliers that in turn ensure respect for human rights and full compliance with the principles enshrined in the Code of Conduct.

To ensure compliance with the above, from 2025 BasicNet will be conducting scheduled or unexpected inspections of Sourcing Centre establishments on a random basis through third parties for the purpose of monitoring compliance with the Code of Conduct. During these inspections, BasicNet and BasicNet representatives may examine employee books and records and conduct private interviews with Sourcing Centre employees, during which the employees' awareness of the Code of Conduct and the whistleblowing channel to raise concerns regarding possible wrongdoing may also be ascertained. If a violation is found to have been committed, BasicNet and the Sourcing Centre will be required to agree on a Corrective Action Plan aimed at remedying the violation promptly. If a Sourcing Centre commits repeated and/or deliberate violations of the Ethics Code, BasicNet may take the necessary corrective measures, up to and including the cancellation of orders and/or termination of business arrangements with the Sourcing Centre concerned.

By means of cooperation and dialogue with its suppliers, the company promotes awareness of the facilities and processes available to workers along the value chain so that they can pass on any concerns or needs. Systems to protect whistleblower confidentiality are also detailed in the whistleblowing procedure.

## ACTIONS, METRICS AND TARGETS

### [S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

#### Management of impacts

As regards material impacts, the Group has taken targeted action to prevent or mitigate negative impacts on workers in the value chain. The resources allocated to these initiatives were not material in terms of the Group's total CapEx and OpEx. As part of the impact materiality analysis, three potential negative material impacts were identified, concerning "Child Labour," "Forced Labour," and "work-related injuries and ill health." To prevent such impacts, all Sourcing Centres joining the Group's Network are required to **view and sign the Code of Conduct**. The Code is based on the fundamental conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights. It requires all Sourcing Centres to comply with all applicable laws

and regulations relating to respect for the individual and human rights, health and safety and the environment, and maintain active procedures for prompt notification of local authorities in the event of incidents resulting from the conduct of the Sourcing Centres themselves.

Selection and monitoring of sourcing centres is outsourced to a team of people specialised in manufacturing processes whose task is to select the sources of supply to be contracted and handle the flow of information generated by the relationship between them and the licensees. **The relationship with sourcing centres is governed by the "Sourcing Agreement"**, signed by the parties after identifying the most suitable sourcing centre and after performing a pre-contract analysis intended to assess its potential by gathering various kinds of information. The manufacturers to which we outsource production are experienced specialists in their respective industries. They only devote part of their production capacity to the BasicNet sales network.

The "Sourcing Agreement" includes clauses relating to social compliance, since the BasicNet Group adheres to, and encourages its commercial counterparts to comply with, the highest international ethical standards and practices of the business world. To make sure that these principles are effectively circulated, sourcing centres must read and sign the Code of Conduct described above.

Signing the Sourcing Agreement and Code of Conduct are ongoing actions already applied to all Sourcing Centres with an active business relationship.

BasicNet monitors the application of the principles described therein through a structured approach involving various business functions, and especially the Procurement function, ensuring compliance with the commitments made. In addition, when necessary, BasicNet plans forms of engagement with entities in its value chain to strengthen the effectiveness of the measures taken and ensure continual monitoring of potential impacts.

The potential negative impacts identified are by their nature generated upstream in BasicNet's value chain and are not caused directly by the Group, but more by its business relationships, particularly with the Sourcing Centres. This means that the measures taken by the Group to prevent and mitigate these impacts are linked to the monitoring of procurement practices, ensuring a balance between sustainability and operational dynamics. When any tensions arise between impact prevention and other business needs, the Group evaluates solutions that ensure compliance with ethical standards while maintaining an ongoing dialogue with its partners.

Also in 2024, the assessment process was conducted on 100%<sup>15</sup> of the new Sourcing Centres (65 in 2024), including through remote interviews and site visits.

During the reporting period, the Group received no reports of serious human rights issues or incidents related to its value chain, upstream or downstream, in line with its commitment to social responsibility.

The Group allocates internal and external resources to the management of material impacts, drawing on cross-functional expertise and monitoring tools in line with its operational needs. It is managed through the involvement of the relevant business functions, with the support of qualified partners, ensuring an approach in line with industry standards and best practices.

## Management of Risks and Opportunities

Among the risks identified, the risk related to *Violation of human and workers' rights along the value chain* is a risk dependent on the impacts described above in [S2-SBM 3]. Mitigation of these risks relates to the application of the Sourcing Agreement and Supplier Code of Conduct, as described in [S2-3] and [S2-4].

With respect to the risk regarding the *Protection of Corporate Data and Information*, the Group protects the confidentiality and privacy of information and data related to its value chain by adopting specific procedures related to the IT process that govern the management of information systems and procedures adopted for IT security. The privacy and information processing policies are set forth in the Ethics Code. They specify that people subject to the Code - i.e. all Group employees and collaborators - are barred from using any information about the company, or any documents, reports, drawings or other material that is not public for purposes unrelated to the performance of their duties. The Group formally appointed the Information Security Officer (ISR) in 2019 for the Italian companies, and entrusted the management of information security-related activities to the employees of ".com" BasicSystem. For the companies managed in Italy, in order to ensure rigorous protection of company IT systems, the perimeter of the company network is protected by a sandwich of two firewalls that mitigate the risk of unauthorised access and tampering; remote access is assured by authorised VPN connections that are managed by the double firewall. Internal network protection also makes use of a new CyberIA Darktrace platform that can identify and report potential intrusions or variations with respect to the normal daily operations carried out on the corporate network. Perimeter protection of the IT infrastructure is

<sup>15</sup> The figure is calculated as a percentage, taking the number of sourcing centres that have undergone the assessment process as the numerator and the total number of Sourcing Centres included in the portfolio in 2024 as the denominator.

outsourced to a certified outside body, a SOC (Security Operation Centre) that conducts 24/7 monitoring of the entire network. For the companies abroad, instructions have been provided for the constant alignment with the principles followed in Italy, and the required procedures and implementations are monitored.

In relation to the material opportunity identified as *Commitment to workers along the value chain*, no additional actions were carried out in the year nor are any planned in the future beyond what has already been described.

**[S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

The company has not defined specific objectives regarding material impacts, risks and opportunities related to workers in the value chain. The decision not to implement these objectives is due to the changing nature of company policies and the need to progressively align with international standards and regulations. The company continues to monitor and adapt to sustainability best practices, focusing on actions consistent with the principles of social and environmental responsibility applicable throughout the value chain.

Similarly, the company has not implemented a formalised monitoring system to assess the effectiveness of its policies and actions related to impacts, risks and opportunities related topics. Actions taken are assessed periodically, and any policy changes are made based on emerging needs and regulatory developments.

Finally, regular audits are implemented in cooperation with suppliers and partners, which include scheduled visits by internal resources, required audit reports and, if necessary, scheduled and unscheduled inspections, as required by the Code of Conduct.

**ESRS S4 - Consumers and end-users****STRATEGY FOR MANAGING CONSUMERS AND END-USERS [ESRS S4]****[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model**

The impacts generated by BasicNet in relation to its customers and end-users, and the financial risks and opportunities related to the issue, were assessed through the double materiality analysis.

In particular, only one potential negative impact was identified as material, which is systemic in the industry in which BasicNet operates and assessed as material over the medium term:

- *Potential inefficiency in combatting counterfeiting may bring to market products that are of poor quality, lack quality and safety controls, and are potentially harmful to consumers.*

Given its type of business, in its downstream value chain BasicNet deals directly with Licensees, understood as Group business partners, Customers and Consumers, who in turn supply the product to end-users.

Both of these categories were considered during the materiality analysis and both may be subject to the impact identified. However, the network operated directly by BasicNet through a proprietary portal connects Sourcing Centres and Licensees directly, thus ensuring the originality of the products supplied. Therefore, the category potentially most affected by the potential negative impact is end-users, who may not have the tools to select an authorised distribution channel and thus suffer the purchase of counterfeit products. This is true and is also reflected in the only material risk identified, over the medium and long term:

- *Risk of the BasicNet Group's products/brands being copied and marketed by third parties without Group's consent.*

In terms of financial opportunities, two opportunities were identified, arising from the potential implementation of ESG actions:

- *Opportunity for a communication/marketing activity related to its brands and products/services and particularly related to the Group's sustainability performance/products to positively affect the Group's business and reputation.*
- *Investments aimed at supporting the development of innovative solutions to reach a broader customer base.*

**MANAGEMENT OF IMPACTS, RISKS, AND OPPORTUNITIES WITH RESPECT TO CONSUMERS AND END-USERS****[S4-1] Policies related to consumers and end-users**

The company adopts general policies for managing the impacts of its products and services on consumers and end-users.

BasicNet adopts a structured approach to management of impacts, risks and opportunities related to consumers and end-users, applying cross-cutting policies that ensure high standards of protection and a safe and transparent shopping experience, with the goal of ensuring a balance between quality, safety, and satisfaction. These policies cover several aspects, including quality management and customer service practices. Mechanisms are also provided to address potential counterfeiting issues, with a focus on data and privacy protection. In addition, in full compliance, the company adheres to the requirements of the Consumer Code, which, among other matters, details the rules regarding the right of withdrawal and product warranty. The company monitors and responds to consumer needs, adapting its actions according to circumstances and pursuing a balance between risks and opportunities while respecting stakeholders. The policies adopted by the Group cover all Group consumers without distinction, ensuring uniformity of treatment and access to the protection provided.

- **Privacy and data protection policy**

BasicNet has strict measures in place to ensure the protection of consumers' privacy and personal data. Data collected through sales and service channels are processed solely for the purposes stated and with the user's consent, in compliance with applicable data protection regulations. In addition, the Group adopts technical and organisational measures to prevent unauthorised access and ensure data security. The policy covers all data collection, processing and storage operations globally along the value chain,

and involves consumers, employees, partners and suppliers. Data protection management is entrusted to external professionals contracted by the Group.

#### [S4-2] Processes for engaging with consumers and end-users about impacts

Currently, the Group does not have a structured process for directly engaging consumers about actual and potential impacts that affect them. However, as part of the identification and assessment of these impacts, the Quality Assurance, Quality & Compliance and Marketing functions are involved.

#### [S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Group has set up specific channels for receiving complaints, supported by an internal analysis process designed to identify any critical issues and define corrective action. This may include product replacement, improvement of technical features or adjustment of business practices, the effectiveness of which is monitored through consumer feedback and quality control. In addition, the product warranty system contributes to customer protection by ensuring compliance with standards and providing remedies in the event of defects.

To ensure direct and timely interaction, the Group provides several communication channels, including a dedicated customer service department, accessible via e-mail, telephone and contact forms on the official website. These tools make it possible to receive service requests, reports and complaints, ensuring effective support and structured management of reported issues.

- **Direct customer service channel**

The direct customer service channel is used to handle complaints about defective products. Through the brands' websites, consumers can report any issues and receive timely and targeted assistance. The channel is open to distributors, stores, and all consumers who buy through direct sales, or who use Group services. The customer service channel is active in all geographical areas where the Group operates, with possible variations depending on the resources available in each region. The process is managed by individual brand companies to ensure effective complaint resolution and maintain customer trust.

- **Platform for Reporting Counterfeiting**

The platform for reporting counterfeit products can be accessed via the company website or through QR codes on products. Every report is carefully reviewed and may result in actions such as blocking the sale of counterfeit goods, removing online content or involving the relevant authorities.

Every report received is analysed individually through the evaluation of product samples and available information, followed by the drafting of technical reports. Where preliminary investigative activities are required for potential seizures, the Group coordinates and oversees these operations, managing the removal, takedown and reassignment of illegal websites. The monitoring and enforcement of measures are supported by specialised external entities, particularly for tackling online counterfeiting. The effectiveness of these activities is ensured through the continuous improvement of communication channels and the active involvement of end-users, ensuring that the solutions adopted respond promptly and effectively to consumer needs.

BasicNet has adopted specific communication policies to ensure that consumers and end-users are fully aware of the structures and processes available for raising concerns or needs and receiving assistance. To this end, information regarding reporting channels is regularly disseminated through the Company's official communication channels, including its website, customer service channels and a dedicated online platform for reporting counterfeiting, thereby ensuring easy and transparent access.

The Group has not put in place specific policies to protect individuals from retaliation when using the channels described above, as reports submitted by consumers and end-users help to protect the Group from counterfeiting-related risks and are solely beneficial, making the possibility of retaliation effectively non-existent. That said, the protection of personal data and the identity of reporters is ensured through the application of the privacy policy outlined in paragraph S4-1 and the careful management of data by employees, as described in the "data protection" section of paragraph S1-4.

#### [S4-4] Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The impact materiality assessment identified one material potential negative impact for consumers and end-users: the risk of counterfeiting. To prevent it, each product developed and marketed by BasicNet has a label containing all information required under applicable Italian and international regulations, including the Consumer Code (Legislative Decree No. 206/2005), Regulation (EU) 1007/2011 on textile fibre names and



labelling, and any specific national regulations required by individual licensees. In addition, each label also includes information that links the product to licensee orders and, together with other data, enables BasicNet to verify that the product is original and conforms with goods available on the market.

To support these efforts, the **BasicLabel project** allows consumers to confirm the authenticity of purchased products, ensuring traceability from product creation through to the point of sale. The BasicLabel project has been active for all BasicNet-branded products since 2012. Managed entirely online, the system integrates data from the BasicSamples and BasicSpecs platforms, which support collection development, sample sales, and technical specifications, respectively. Additionally, when an order is confirmed through BasicFactory (the order management platform for Sourcing Centres), an automatic label order is issued to the BasicLabel manufacturers, corresponding to the number of items to be produced, including acceptable tolerances. This process ensures the close monitoring of actual production. The resources allocated to this initiative were not material in terms of the Group's total CapEx and OpEx.

The effectiveness of the actions adopted is monitored through direct feedback and the tracking of complaints received. For example, in 2023, following a period of testing and analysis, RFID technology was found not to be the most suitable solution for all Group brands. As a result, its use was consolidated exclusively for the K-Way brand, which is more retail-oriented, while the QR label was adopted for other brands, thereby optimising traceability and goods management processes, in line with the specific needs of each brand.

The Group ensures the availability and effectiveness of its remedy processes through a structured monitoring, intervention and results verification system.

Reports come directly from Licensees or end-users through various dedicated channels, including the *Customer Service Channel*, the *Counterfeiting Reporting Platform* (accessible through QR codes on products), a direct website link for reporting defective products and a product warranty policy valid for two years. These tools ensure direct and transparent access for end-users, thereby enabling the effective management of complaints.

Upon receipt of a report, BasicNet follows a structured approach to identify appropriate and necessary actions, analysing the issue with the involvement of internal teams and specialised external entities, where necessary. Based on this assessment, the most appropriate corrective actions are defined, which may include adjustments to product quality, the enhancement of customer support channels and the adoption of enforcement actions, such as reporting the marketing of counterfeit products through unauthorised channels to authorities and removing illegal e-commerce sites.

The identified risk, linked to counterfeiting, is an impact-dependent risk, mitigated through the same actions outlined in [S4-3] and [S4-4].

No additional actions beyond those already described were taken during the year, nor are any planned for the future, in relation to material opportunities.

BasicNet adopts a proactive approach to preventing material negative impacts on consumers and end-users, paying close attention to the production, marketing, sales and data management phases. The Group operates in full compliance with applicable laws and standards, ensuring responsible practices across the entire value chain. In complex situations where tensions may arise between impact prevention and other business needs, BasicNet carefully assesses each scenario, seeking solutions that balance the various factors involved.

To date, no material incidents have been reported in relation to the human rights of consumers or end-users. BasicNet continuously monitors these aspects, adopting measures to guarantee that fundamental rights are respected along the entire value chain.

BasicNet allocates dedicated resources to the management of material impacts on consumers and end-users, involving various corporate functions. Operational, Legal, Marketing and Quality & Compliance teams monitor and manage potential or actual impacts, ensuring compliance with applicable standards and regulations. Where necessary, the Group collaborates with external experts to strengthen the effectiveness of its corrective and preventive actions, ensuring the ongoing monitoring and responsible management of key issues.

## METRICS AND TARGETS

### [S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Currently, BasicNet has not set specific objectives related to material impacts, risks and opportunities concerning consumers and end-users. However, it monitors product quality by continuously tracking and analysing customer complaints, reports concerning product quality and counterfeit items and any other issues raised by customers, thereby ensuring a continuous commitment to maintaining high standards of quality and customer satisfaction.

The Group believes that through the continuous monitoring of this topic and the analysis of complaints, product quality issues, counterfeit items and other concerns, its oversight upholds high standards of product quality and

customer satisfaction. Therefore, it has not identified the need to set targets beyond compliance with internal and external regulations. In 2024, two reports concerning counterfeits of Group-branded products were received through the dedicated “Hunt the Fake” section, accessible on the BasicTrademark.com website and all websites dedicated to online sales. An additional 336 counterfeiting reports were received in 2024 through other channels, such as government authorities. The total number of counterfeit reports in 2024 increased by approximately 17% on 2023 and primarily concerned Kappa brand products (63% of all reports in 2024).

All data related to counterfeiting reports are collected and monitored through an internal database, which consolidates reports received across all Group brands and reporting channels. The total number of reports received (338) represents the sum of all reports received for all brands and through all channels.

## INFORMATION ON GOVERNANCE

### ESRS G1 - Business conduct

## MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES RELATED TO GROUP GOVERNANCE

[ESRS 2 GOV-1] The role of the administrative, management and supervisory bodies

[ESRS 2 IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

[G1-1] Corporate culture and business conduct policies

BasicNet considers appropriate corporate conduct to be essential and has established high ethical standards to which it is committed, under the guidance of its Board of Directors, whose role and responsibilities with regard to corporate conduct are outlined in section GOV-5.

The Group’s Double Materiality Analysis process also considered the topic of Business Conduct, reconfirming its relevance from an impact materiality perspective. The assessment identified three material impacts and one material risk, as described in section IRO-2. The analysis took into account the specific characteristics of BasicNet’s business and its business relationships, as detailed in section SBM-3.

As part of its commitment to ensuring corporate governance aligned with the highest standards of ethics and transparency, the Group has adopted policies to regulate its business conduct. These policies outline the principles, rules and responsibilities governing business activities and relationships with stakeholders, with the objective of ensuring fairness, integrity and regulatory compliance. These aspects are addressed in the Ethics Code (see section S1-1), the Code of Conduct for Sourcing Centres (see section S2-1), the Whistleblowing Procedure (see section S1-1), the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 and the Related Parties Procedure.

- **Legislative Decree No. 231/2001**

The Organisation, Management and Control Model adopted by BasicNet pursuant to Legislative Decree No. 231/2001 is a system of rules and procedures designed to prevent the commission of the offences covered by the Decree, through the effective control of corporate processes and the promotion of a culture of legality and business ethics. The provisions contained in the Model are integrated with the Group’s Ethics Code and the Code of Conduct for Sourcing Centres, which establish the guidelines for responsible conduct in relations with various stakeholders.

The Model applies to all companies in the BasicNet Group and is adopted by the Parent Company, which is responsible for its development and proposes its adoption to subsidiaries. The Parent Company’s Board of Directors is responsible for updates, while the Supervisory Board monitors the Model’s proper implementation across Group companies.

In its implementation, BasicNet adheres to international standards of business ethics and practices, with particular reference to the fundamental conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights. The Model is published in the Corporate Governance section of the BasicNet.com website and is made operational and accessible to the Supervisory Board, heads of corporate functions and internal control bodies via a dedicated platform.



- **Related Party Transactions Policy**

The Related Party Transactions Procedure, adopted by the Board of Directors of BasicNet S.p.A., sets out the methods for identifying, approving and managing related party transactions in accordance with Article 2391-bis of the Civil Code and the relevant Consob Regulation. The objective of the procedure is to ensure transparency and the substantive and procedural fairness of transactions, thereby mitigating the risk of conflicts of interest and ensuring compliance with applicable legislation.

The Procedure applies to BasicNet S.p.A. and its subsidiaries and provides a simplified procedure for significant transactions, as BasicNet qualifies as a “smaller company” under the Consob Regulation on related party transactions.

BasicNet’s Board of Directors is responsible for adopting and updating the Procedure, supported by the Related Party Transactions Committee, which expresses reasoned opinions on the transactions, assessing their alignment with the Company’s interests and the fairness of the conditions. The CEO is authorised to make formal amendments, subject to the Committee’s prior approval.

To ensure maximum transparency and accessibility, the Procedure is publicly available on the Company’s website.

BasicNet promotes business conduct founded on the principles of integrity, transparency and accountability, ensuring a working environment that adheres to the highest ethical standards. To this end, as outlined above, the Group has adopted a structured system for reporting alleged misconduct or irregularities through its Whistleblowing Procedure and has implemented an Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001, which includes specific measures to prevent both corruption and bribery.

In line with the Whistleblowing Procedure, BasicNet has established a dedicated reporting system that enables employees, collaborators, suppliers and other stakeholders to report actual or suspected breaches of the Ethics Code, the 231 Model or any applicable internal and external regulations. The reporting system is accessible via a dedicated online platform (<https://basicnet.segnalazioni.net/>) and other alternative channels, ensuring the anonymity of the reporter and the confidentiality of the information provided, in compliance with applicable legislation.

To strengthen the protection of whistleblowers, the Group has adopted specific measures to guarantee anonymity and shield the reporter from retaliation, as described in the Procedure. Reports are managed by the Supervisory Board and the Internal Audit function, which operate independently and impartially to ensure a prompt and objective investigation process. The personnel responsible for receiving and managing reports are properly trained to ensure proper application of procedures and protection of the reporter’s rights.

BasicNet integrates the prevention of corruption into its governance system through the 231 Model, which regulates corporate behaviour and processes with the objective of reducing the risk of unlawful conduct. The Model complies with international ethics and compliance standards, including the United Nations Convention against corruption, and provides for regular audits and specific controls over business functions most exposed to the risk of corruption.

To promote a culture of corporate ethics, BasicNet has developed a mandatory training programme for all employees and collaborators, which seeks to raise awareness about compliance, whistleblowing management and the prevention of corruption. Training is delivered periodically through online modules and dedicated sessions, ensuring that staff are continuously updated on the Group’s principles and behavioural rules. In 2024, awareness-raising efforts continued through targeted initiatives to reinforce the Group’s commitment to transparency and integrity, including detailed information on the Whistleblowing system and the 231 Model. For further details, see section [G1-3]

BasicNet identifies the areas most exposed to corruption risk based on the offences against the PA deemed to pose a risk of occurrence, as listed in the Special Section of the Group’s 231 Model. As a result, the following areas have been identified as at risk:

- management of Production Licensees;
- management of Distribution Licensees;
- management of goods and services procurement;
- company administration, accounting and financial statements;
- management of relations with Public Administration; dispute management;
- management of personnel;
- charitable donations and gifts;
- communication and sponsorship

**[G1-2] Management of relationships with suppliers**

Supply chain management is a central element for BasicNet, which operates through a business model based on a global network of partners.

To ensure responsible supply chain management, BasicNet has adopted specific internal procedures governing the selection, qualification and monitoring of suppliers. These procedures require all Sourcing Centres joining the Group's network to sign the Sourcing Agreement, which includes specific clauses on social and environmental compliance, in addition to the Code of Conduct, which is based on the fundamental conventions of the International Labour Organization (ILO) and the Universal Declaration of Human Rights. For further details on the selection of Sourcing Centres, see [S2-4].

With a view to ensuring operational continuity and mitigating risks associated with the supply chain, BasicNet adopts production diversification measures. Specifically, for strategic items, the Group requires production to be distributed across at least two or three Sourcing Centres located in different geographic areas, with the alternation of production sources every five years.

BasicNet integrates social and environmental criteria into its supplier selection and management processes through a structured approach designed to ensure transparency and accountability along the entire supply chain. The Code of Conduct for Sourcing Centres constitutes the first level of assurance, establishing clear standards on human rights, working conditions, environmental protection and business integrity. All suppliers are required to sign it.

Suppliers are selected based on competence, professionalism, cost-efficiency, fairness and transparency, ensuring that the Group's partners operate in accordance with local laws and the sustainability principles adopted by BasicNet.

To ensure effective control over procurement, BasicNet **segregates duties** across its various business units, with processes covering the identification of needs, the selection, certification and procurement of suppliers, in addition to the confirmation of services rendered or goods received, and payment.

BasicNet adopts a structured system for managing supplier payments, with a strong focus on timeliness and transparency, in order to foster fair and sustainable business relationships. The Company uses a dedicated application to monitor payment due dates, called the "Supplier Payment Schedule", which allows BasicNet to track outstanding invoices and plan payments efficiently.

The payment system has multiple priority levels, assigned based on the type of supplier and contractual terms. This ensures that deadlines are met according to a clear and defined order of priority. The procedure includes automatic payments for suppliers with predefined banking methods, while others are managed through a review and authorisation process that ensures compliance with the Group's commitments.

Standard payment terms vary depending on the type of order and are established during the order entry procedure. Trade payables are normally settled between 30 and 120 days. We note that the carrying amount of trade payables corresponds to their fair value, and any exceptions must be approved by company managers depending on the amounts involved.

**[G1-3] Prevention and detection of corruption and bribery**

BasicNet adopts a zero-tolerance approach towards all forms of corruption and bribery, in addition to any unlawful practices that could undermine the principles of transparency, fairness and integrity in the conduct of its business activities. The Company has adopted an Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 ("231 Model"), which includes specific protocols aimed at preventing and managing corruption-related risks. The main measures adopted include adherence to the principles set out in the Ethics Code and the Code of Conduct for Sourcing Centres, which are essential tools governing relationships with various stakeholders and establishing standards of conduct rooted in legality and integrity. In addition, BasicNet has adopted administrative, accounting and financial procedures that ensure compliance with anti-corruption regulations and prevent the commission of offences, in line with the principles on segregating duties and tracing operations.

For more information on the topic of combatting corruption, please refer to the "Conflicts of Interest and Combatting Corruption" section of the Directors' Report.

As described in section [S1-3], BasicNet has established a whistleblowing system in accordance with the whistleblowing regulation, enabling employees and stakeholders to report potential misconduct. Reports are submitted through dedicated channels and handled by the Supervisory Board (SB), which acts independently from the management structure involved in the issue. The SB receives and analyses reports, ensuring the highest level of confidentiality and protection of the reporter. It conducts specific investigations, reporting its findings

periodically to the Board of Directors and other corporate control bodies. This mechanism ensures effective governance in managing potential incidents of corruption and promotes transparency in business operations. In this regard, BasicNet is committed to communicating and disseminating the provisions of its 231 Model and related documents to the relevant parties, ensuring they are accessible and understandable. Any updates are communicated through company e-mails, the intranet platform and dedicated training sessions. In addition, BasicNet makes a summary of its corporate integrity policies available to third parties on its institutional website, in order to maximise the dissemination of its principles and corporate rules.

Based on legality and the prevention of corruption through a structured, mandatory training programme aimed at all Group personnel. The training programme is designed to provide in-depth knowledge of the company functions and areas most exposed to the risk of offences, ensuring ongoing alignment with applicable legal provisions. The course is delivered continuously to all new hires who join the Company and is subsequently updated and repeated in line with regulatory developments. In 2024, 749 hours of training were provided, both in person and virtually. The training involved 643 participants, 14 of whom were executives, 619 white-collar and 10 blue-collar employees, all operating in Italy. The course is regularly updated based on the current regulatory provisions and offered again to all Group staff in its most recent version. In 2024, the training addressed the following topics:

- Offences covered by the decree and those deemed relevant
- SB; Ethics Code; whistleblowing legislation
- Sanctions and disciplinary system

Training on corruption and bribery is extended to the entire organisation, regardless of an individual's role or function. BasicNet ensures that 100% of functions identified as potentially at risk are covered by training programs, thereby reinforcing a systemic approach to corruption prevention and integrity within the organisation.

The principles established by Legislative Decree No. 231/2001 are presented in a one-hour video training course made available to members of the administrative, management and supervisory bodies. The Supervisory Board ensures that this content is regularly updated and disseminated in order to provide continuous and comprehensive information on regulatory compliance and ethical integrity, in line with international best practices.

## METRICS AND TARGETS

### [G1-4] Confirmed incidents of corruption or bribery

In line with its commitment to transparency and integrity, BasicNet provides below the information regarding confirmed incidents of corruption or bribery that occurred during the reporting period, during which BasicNet received no convictions or related fines for breaches of anti-corruption laws.

Likewise, the Group did not report any confirmed incidents of corruption or bribery involving its workforce or business partners that resulted in the termination of contractual relationships.

Any convictions, fines or termination of business relationships due to breaches related to corruption or bribery are recorded and monitored by the Legal and Administration departments, which promptly inform management accordingly.

Table 24 - Incidents of corruption

	2024
Number of convictions for violation of anti-corruption and anti-bribery laws (no.)	0
Amount of fines for violation of anti-corruption and anti-bribery laws (Euro)	0
Total number of <b>confirmed incidents</b> of corruption or bribery (no.)	0
Number of <b>confirmed incidents</b> in which own workers were dismissed or disciplined for corruption or bribery-related incidents (no.)	0

Number of <b>confirmed incidents</b> relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery (no.)	0
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**Index of disclosure requirements included by reference**

Table 26 - List of DRs included by reference

DISCLOSURE REQUIREMENT	REFERENCE
<b>ESRS 2 - BP-1, par. 5c</b> <i>Coverage of the upstream and downstream value chain in the Group's materiality analysis</i>	<i>Sustainability Statement 2024: "The Group's Double Materiality"</i>
<b>ESRS 2 - GOV-1, par. 20 a, 21 a, d, e</b> <i>Composition and diversity of the Group's administrative, management and supervisory bodies</i>	<i>Directors' Report: "COMPOSITION OF THE BOARD OF DIRECTORS"; "INTERNAL COMMITTEES TO THE BOARD"; "COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS"</i>
<b>ESRS 2 - GOV-1, par. 20 b, 20 c, 21 c</b> <i>Roles, responsibilities, and competencies of the administrative, management, and supervisory bodies on sustainability matters</i>	<i>Directors' Report: ROLE OF THE BOARD OF DIRECTORS</i>
<b>ESRS 2 - GOV-4, Table 2, point b</b> <i>Stakeholder engagement in key phases of due diligence</i>	<i>Sustainability Statement 2024: "SBM-2 - Interests and views of stakeholders"</i>
<b>ESRS 2 - SMB-1, par. 40 b</b> <i>Breakdown of revenues by significant ESRS segments and reconciliation with IFRS 8 information</i>	<i>Directors' Report: "2024 FINANCIAL PERFORMANCE OVERVIEW"</i>
<b>ENVIRONMENTAL INFORMATION (ESRS E) - EUROPEAN TAXONOMY</b> <i>KPI calculation methodology</i>	<i>Directors' Report</i>
<b>ENVIRONMENTAL INFORMATION (ESRS E) - EUROPEAN TAXONOMY</b> <i>KPI calculation methodology</i>	<i>Directors' Report</i>
<b>SBM-3, par. 19 a, b, c</b> <i>Resilience of strategy and business model in the face of climate change</i>	<i>Sustainability Statement 2024: "The Group's Double Materiality"</i>
<b>ESRS 2 IRO-1, par. 20 c ii</b> <i>Process to identify and assess climate-related impacts, risks and opportunities</i>	<i>Sustainability Statement 2024: "The Group's Double Materiality"</i>
<b>ESRS E1-5, par. 43</b> <i>Reconciliation of net revenues from high climate impact sectors</i>	
<b>ESRS S1-1, par. 22</b> <i>Human trafficking, forced and child labour in workforce policies</i>	<i>Sustainability Statement 2024: "S2-1 - Policies related to value chain workers"</i>
<b>ESRS S1-4, par. 41</b> <i>Management of material negative impacts on own workforce</i>	<i>Sustainability Statement 2024: "S1 - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model"</i>
<b>ESRS S1-6</b> <i>Characteristics of the undertaking's employees</i>	<i>Directors' Report: COMPOSITION OF THE BOARD OF DIRECTORS (pursuant to Article 123-bis, paragraph 2, letter d), and d-bis), CFA)"</i>
<b>ESRS S2-1, par. 16</b> <i>Group policies to manage its material impacts, risks and opportunities related to value chain workers</i>	<i>Sustainability Statement 2024: "S1-1 - Policies related to own workforce"</i>
<b>ESRS S2-4, par. 34</b> <i>Group actions to prevent, mitigate and remediate the negative material impacts on value chain workers</i>	<i>Sustainability Statement 2024: "S2-SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model"</i>
<b>ESRS S2-4, par. 34</b> <i>Group actions to prevent, mitigate and remediate the negative material impacts on value chain workers</i>	<i>Sustainability Statement 2024: "S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns"; "S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions"</i>
<b>ESRS S4-3 par. 26</b> <i>Awareness and protection of consumers and</i>	<i>Sustainability Statement 2024: "S4-1 - Policies related to consumers and end-users"</i>



<i>end-users when accessing Group facilities and processes</i>	
<b>ESRS S4-3 par. 26</b> <i>Awareness and protection of consumers and end-users when accessing Group facilities and processes</i>	<i>Sustainability Statement 2024: "S1-4 - Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions"</i>
<b>ESRS G1  ESRS 2 GOV-1, par. 5</b>	<i>Sustainability Statement 2024: "GOV-5" - Risk management and internal controls over sustainability reporting"</i>
<b>ESRS G1   ESRS 2 IRO-1, par. 6</b>	<i>Sustainability Statement 2024: "IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement"; "SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model"</i>
<b>ESRS G1-1, par. 7; 9</b> <i>Group business conduct policies and corporate culture</i>	<i>Sustainability Statement 2024: "S1-1 - Policies related to own workforce"</i>
<b>ESRS G1-1, par. 7; 9</b> <i>Group business conduct policies and corporate culture</i>	<i>Sustainability Statement 2024: "S2-1 - Policies related to value chain workers"</i>
<b>ESRS G1-1, par. 7; 9</b> <i>Group business conduct policies and corporate culture</i>	<i>Sustainability Statement 2024: "S1-1 - Policies related to own workforce"</i>
<b>ESRS G1-1, par. 10</b> <i>Group mechanisms, policies and actions related to business conduct, anti-corruption and protection of whistleblowers</i>	<i>Sustainability Statement 2024: "G1-3 - Prevention and detection of corruption and bribery"</i>
<b>ESRS G1-2, par. 15 a</b> <i>Group approach to management of relationships with suppliers and to risks in the supply chain</i>	<i>Sustainability Statement 2024: "S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions"</i>
<b>ESRS G1-3, par. 18 a</b> <i>Group approach to management of relationships with suppliers and to risks in the supply chain</i>	<i>Directors' Report: "Conflicts of interest and prevention of bribery and corruption"</i>
<b>ESRS G1-3, par. 18 b, c</b> <i>Independence of internal investigations and reporting of results to governance bodies</i>	<i>Sustainability Statement 2024: "S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns"</i>

**List of datapoints in cross-cutting and topical standards that derive from other EU legislation**

Table 27 - List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Materia/Not material	Page reference
ESRS 2 GOV-1 Board's gender diversity, paragraph 21(d)	Annex I, table 1, indicator no. 13		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	67
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21(e)			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	67
ESRS 2 GOV-4 - Statement on due diligence, paragraph 30	Annex I, table 3, indicator no. 10				Material	71
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	Annex I, table 1, indicator no. 4	Article 449a of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453 table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk	Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40(d)(ii) (d)(ii)	Annex I, table 2, indicator no. 9		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii) (d)(iii)	Annex I, table 1, indicator no. 14		Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Not material	
ESRS 2 SBM-1			Article 12,		Not material	

Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)			paragraph 1 of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816			
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				Article 2, paragraph 1 of Regulation (EU) 2021/1119	Material	100
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16(g)		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Article 12(1)(d) to (g), and paragraph 2, of Delegated Regulation (EU) 2020/1818		Not material	
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, table 2, indicator no. 4	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		Material	100
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	Annex I, table 1, indicator no. 5 and Annex I, table 2, indicator no. 5				Material	101
ESRS E1-5 Energy consumption and mix, paragraph 37	Annex I, table 1, indicator no. 5				Material	101
ESRS E1-5 Energy intensity associated with	Annex I, table 1, indicator				Material	101

activities in high climate impact sectors, paragraphs 40 to 43	no. 6					
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Annex I, table 1, indicators no. 1 and 2	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Climate change transition risk indicators: Credit quality of exposures by sector, emissions and residual maturity	Article 5, paragraph 1, Article 6 and Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	102
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Annex I, table 1, indicator no. 3	Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Climate change transition risk: alignment metrics	Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	102
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Article 2, paragraph 1 of Regulation (EU) 2021/1119	Not material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Material (Phase-in)	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a) ESRS E1-9 Location of significant assets at material		Article 449a of Regulation (EU) No. 575/2013; paragraphs 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; template 5:			Material (Phase-in)	

physical risk, paragraph 66(c)		Banking book - Potential climate change transition risk indicators: exposures subject to physical risk				
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67(c)		Article 449a of Regulation (EU) No. 575/2013; Item 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book - Potential climate change transition risk indicators: loans collateralised by immovable property – Energy efficiency of the collateral			Material (Phase-in)	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Annex II of Delegated Regulation (EU) 2020/1818		Material (Phase-in)	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Annex I, table 1, indicator no. 8; Annex I, table 2, indicator no. 2; Annex I, table 2, indicator no. 1; Annex I, table 2, indicator no. 3				Not material	
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, table 2, indicator no. 7				Not material	
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, table 2, indicator no. 8				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Annex I, table 2, indicator no. 12				Not material	
ESRS E3-4 Total water recycled	Annex I, table 2,				Not material	

and reused, paragraph 28(c)	indicator no. 6.2					
ESRS E3-4 Total water consumption in m <sup>3</sup> per net revenue on own operations, paragraph 29	Annex I, table 2, indicator no. 6.1				Not material	
ESRS 2 IRO-1 - E4 paragraph 16(a) i	Annex I, table 1, indicator no. 7				Not material	
ESRS 2 IRO-1 - E4 paragraph 16(b)	Annex I, table 2, indicator no. 10				Not material	
ESRS 2 IRO-1 - E4 paragraph 16(c)	Annex I, table 2, indicator no. 14				Not material	
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24(b)	Annex I, table 2, indicator no. 11				Not material	
ESRS E4-2 Sustainable oceans/seas practices or policies, paragraph 24(c)	Annex I, table 2, indicator no. 12				Not material	
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	Annex I, table 2, indicator no. 15				Not material	
ESRS E5-5 Non- recycled waste, paragraph 37(d)	Annex I, table 2, indicator no. 13				Not material	
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, table 1, indicator no. 9				Not material	
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour, paragraph 14(f)	Annex I, table 3, indicator no. 13				Material	109
ESRS 2 - SBM3 - S1 Risk of incidents of child labour, paragraph 14(g)	Annex I, table 3, indicator no. 12				Material	109
ESRS S1-1 Human rights policy commitments, paragraph 20	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Material	110

ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	110
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Annex I, table 3, indicator no. 11				Material	110
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Annex I, table 3, indicator no. 1				Material	112 118
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	Annex I, table 3, indicator no. 5				Material	111
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88, (b) and (c)	Annex I, table 3, indicator no. 2		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	118
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness, paragraph 88(e)	Annex I, table 3, indicator no. 3				Material	118
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Annex I, table 1, indicator no. 12		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	117
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	Annex I, table 3, indicator no. 8				Material	117
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	Annex I, table 3, indicator no. 7				Material	117
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and	Annex I, table 1, indicator no. 10 and		Annex II of Delegated Regulation (EU)		Material	117



OECD, paragraph 104(a)	Annex I, table 3, indicator no. 14		2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818			
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain, paragraph 11(b)	Annex I, table 3, indicators no. 12 and 13				Material	119
ESRS S2-1 Human rights policy commitments, paragraph 17	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Material	120
ESRS S2-1 Policies related to value chain workers, paragraph 18	Annex I, table 3, indicators no. 11 and 4				Material	120
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	120
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	120
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Annex I, table 3, indicator no. 14				Material	121
ESRS S3-1 Human rights policy commitments, paragraph 16	Annex I, table 3, indicator no. 9 and Annex I, table 1,				Not material	

	indicator no. 11					
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Not material	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, table 3, indicator no. 14				Not material	
ESRS S4-1 - Policies related to consumers and end-users, paragraph 16	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Material	123
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	123
ESRS S4-4 Human Rights Issues and Incidents, paragraph 35	Annex I, table 3, indicator no. 14				Material	125
ESRS G1-1 United Nations Convention against corruption, paragraph 10(b)	Annex I, table 3, indicator no. 15				Material	126
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Annex I, table 3, indicator no. 6				Material	126
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24(a)	Annex I, table 3, indicator no. 17		Annex II of Delegated Regulation (EU) 2020/1816		Material	129
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24(b)	Annex I, table 3, indicator no. 16				Material	129

**ATTACHMENT****ATTESTATION OF THE SUSTAINABILITY STATEMENT AS PER ARTICLE 81-TER, PARAGRAPH 1 OF CONSOB  
REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS**

The undersigned **Marco Daniele Boglione** Executive Chairperson, **Federico Trono** Chief Executive Officer and **Paola Bruschi**, Executive Officer for Financial Reporting of BasicNet S.p.A. declare, pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58 of February 24, 1998, that the Sustainability Statement included in the Directors' Report has been prepared:

- a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024;
- b) with the specifications adopted under Article 8(4) of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020.

Marco Daniele Boglione  
**Chairperson**

Federico Trono  
**Chief Executive Officer**

Paola Bruschi  
**Executive Officer for Financial Reporting**

# Independent auditor's report on the limited assurance of the Consolidated Sustainability Reporting in accordance with Article 14- bis of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of  
BasicNet S.p.A.

## Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 of Legislative Decree n. 125 dated 6 September 2024 (hereinafter also referred to as the "Decree") on the Consolidated Sustainability Reporting of BasicNet S.p.A. and its subsidiaries (hereinafter "Group" or "BasicNet Group") for the year ended on 31 December 2024, prepared in accordance with Article 4 of the Decree, included in the specific section of the Management Report.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the BasicNet Group's Consolidated Sustainability Reporting for the year ended on 31 December 2024, has not been prepared, in all material aspects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS");
- the information included in the paragraph "European Taxonomy" of the Consolidated Sustainability Reporting has not been prepared, in all material aspects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter also referred to as "Taxonomy Regulation").

## Elements Underlying the Conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di sostenibilità") – SSAE (Italy). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "Auditor's responsibility for the Assurance on the Consolidated Sustainability Reporting" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the Consolidated Sustainability Reporting according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy) 1, under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

## Other Matters

The comparative information contained in the Consolidated Sustainability Reporting of BasicNet Group for the year ended 31 December 2023 are unaudited.

## Responsibility of the Directors and Those Charged with Governance for the Consolidated Sustainability Reporting

The Directors are responsible for the development and implementation of procedures used to identify the information included in the Consolidated Sustainability Reporting in accordance with the requirements of the ESRS (hereinafter referred to as the "Relevance assessment process") and for the description of such procedures in the chapter "General Disclosures (ESRS2)", paragraph "Double Materiality Assessment" of the Consolidated Sustainability Reporting.

The Directors are also responsible for the preparation of the Consolidated Sustainability Reporting, which contains the information identified through the Relevance assessment process, in accordance with the requirements of Article 4 of the Decree, including:

- compliance with the ESRS;
- compliance with Article 8 of the EU Taxonomy Regulation regarding the information contained in the chapter "Environmental information (ESRS E)" paragraph "European Taxonomy".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the Consolidated Sustainability Reporting in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

## Intrinsic Limitations in the Preparation of the Consolidated Sustainability Reporting

As indicated in chapter "General Disclosures (ESRS2)", paragraph "Disclosures in relation to specific circumstances", for the purpose of reporting prospective information in accordance with the ESRS, the Directors are required to prepare such information based on assumptions, described in the Consolidated Sustainability Reporting, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future events, both concerning the occurrence itself and regarding the extent and timing of its occurrence, the variations between actual values and prospective information could be significant.

As indicated in chapter "Environmental information (ESRS E)", paragraph "Gross Scopes 1, 2, 3 and total GHG emissions", the information related to Scope 3 greenhouse gas emissions is subject to greater intrinsic limitations compared to Scope 1 and 2, due to the limited availability and accuracy of the information used to define such information, both quantitative and qualitative.

## Auditor's responsibility for the Assurance of the Consolidated Sustainability Reporting

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the Consolidated Sustainability Reporting is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected that they, individually or in the aggregate, could influence the decisions made by users based on the Consolidated Sustainability Reporting.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di Sostenibilità") – SSAE (Italy), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the Consolidated Sustainability Reporting and assuming full responsibility for the conclusions regarding the Consolidated Sustainability Reporting.

## Summary of the Work Performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the Consolidated Sustainability Reporting were based on our professional judgment and included interviews, primarily with the company personnel responsible for preparing the information included in the Consolidated Sustainability Reporting, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the Consolidated Sustainability Reporting, including the analysis of the reporting perimeter;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning sustainability issues and verifying the related information included in the Consolidated Sustainability Reporting;
- identifying the information for which there is a likelihood of a significant error risk;

- defining and performing analytical and substantive procedures, based on our professional judgment, to address the identified significant error risks, including:
  - for the information collected at the Group level:
    - carrying out inquiries and document analysis regarding qualitative information, particularly policies, actions, and targets on sustainability issues, to verify consistency with the evidence collected;
    - performing analytical procedures and limited assurance procedures on a sample basis regarding quantitative information;
  - for the information collected at site level, conducting on-site visits for BasicNet S.p.A. (Basic Italia and Basic Village). These sites were selected based on their activities and their relevance to the metrics of the Consolidated Sustainability Reporting. During these visits, we conducted interviews with Group personnel and obtained documentary evidence regarding the determination of the metrics;
- regarding the requirements of Article 8 of the EU Taxonomy Regulation, understanding the process implemented by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the Consolidated Sustainability Reporting;
- cross-checking the information reported in the Consolidated Sustainability Reporting with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the Consolidated Sustainability Reporting in accordance with the ESRS;
- obtaining letter of representations.

Turin, 26 March 2025

EY S.p.A.  
Signed by: Massimiliano Vercellotti  
(Auditor)

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*



**FINANCIAL STATEMENTS AND  
EXPLANATORY NOTES OF THE BASICNET GROUP  
AT DECEMBER 31, 2024**

**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 49.

**BASICNET GROUP CONSOLIDATED INCOME STATEMENT**

<i>(Euro thousands)</i>	<i>Note</i>	<b>FY 2024</b>		<b>FY 2023</b>		<b>Change</b>	
			<b>%</b>		<b>%</b>		<b>%</b>
Consolidated direct sales	(8)	346,802	100.00	332,758	100.00	14,044	4.22
Cost of sales	(9)	(194,145)	(55.98)	(187,407)	(56.32)	(6,738)	(3.60)
<b>GROSS MARGIN</b>		<b>152,657</b>	<b>44.02</b>	<b>145,351</b>	<b>43.68</b>	<b>7,306</b>	<b>5.03</b>
Royalties and sourcing commissions	(10)	60,882	17.56	62,273	18.71	(1,391)	(2.23)
Other income	(11)	17,622	5.08	10,888	3.27	6,734	61.85
Sponsorship and media costs	(12)	(43,618)	(12.58)	(39,214)	(11.78)	(4,404)	(11.23)
Personnel costs	(13)	(49,151)	(14.17)	(45,074)	(13.55)	(4,077)	(9.05)
Selling, general and administrative costs, royalties expenses	(14)	(77,323)	(22.30)	(76,087)	(22.87)	(1,236)	(1.62)
Amortisation & Depreciation	(15)	(18,927)	(5.46)	(17,039)	(5.12)	(1,888)	(11.08)
<b>EBIT</b>		<b>42,143</b>	<b>12.15</b>	<b>41,099</b>	<b>12.35</b>	<b>1,044</b>	<b>2.54</b>
Net financial income (charges)	(16)	(5,421)	(1.56)	(8,483)	(2.55)	3,062	36.10
Management of equity investments	(17)	(7)	0.00	(21)	(0.01)	14	0.00
<b>PROFIT BEFORE TAXES</b>		<b>36,715</b>	<b>10.59</b>	<b>32,595</b>	<b>9.80</b>	<b>4,120</b>	<b>12.64</b>
Income taxes	(18)	(11,451)	(3.30)	(8,218)	(2.47)	(3,233)	(39.33)
<b>NET PROFIT FOR THE YEAR</b>		<b>25,264</b>	<b>7.28</b>	<b>24,376</b>	<b>7.33</b>	<b>888</b>	<b>3.64</b>
<b>Earnings per share:</b>	(19)						
– basic		<b>0.5354</b>		<b>0.4912</b>	<b>0.044</b>		<b>9.00</b>
– diluted		<b>0.5354</b>		<b>0.4912</b>	<b>0.044</b>		<b>9.00</b>

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

<i>(Euro thousands)</i>	<i>Note</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Change</b>
<b><i>Profit for the period (A)</i></b>		<b>25,264</b>	<b>24,376</b>	<b>888</b>
<b><i>Profit/(loss) from previous years (B)</i></b>		<b>-</b>	<b>595</b>	<b>(595)</b>
Effective portion of the gains/(losses) on cash flow hedges		1,366	2,476	(1,110)
Effective part of the Gains/(losses) on cash flow instruments generated in the year ("interest rate hedges")		(234)	227	(462)
<b>Effective portion of the gains/(losses) on cash flow hedges</b>		<b>1,132</b>	<b>2,703</b>	<b>(1,572)</b>
Remeasurement of the agents indemnity provision (IAS 37) (*)		267	248	19
Re-measurement of post-employment benefits (IAS 19) (*)		(156)	61	(218)
Gains/(losses) from translation of accounts of foreign subsidiaries		1,241	(238)	1,479
Spin-off reserve		-	112	(112)
Tax effect on other profits/(losses)		(349)	(728)	379
<b><i>Total other gains/(losses), net of tax effect (C)</i></b>	<i>(33)</i>	<b>2,134</b>	<b>2,158</b>	<b>(24)</b>
<b>Total Comprehensive Profit (A)+(B)+(C)</b>		<b>27,398</b>	<b>27,129</b>	<b>269</b>

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

**BASICNET GROUP CONSOLIDATED BALANCE SHEET**

<i>(Euro thousands)</i>	<i>Note</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Intangible assets	(20)	71,834	69,290
Rights-of-use	(21)	41,871	35,900
Goodwill	(22)	43,719	43,206
Property, plant and equipment	(23)	56,763	55,371
Equity invest. & other financial assets	(24)	1,980	955
Interests in joint ventures	(25)	175	182
Deferred tax assets	(26)	6,008	8,203
<b>Total non-current assets</b>		<b>222,350</b>	<b>213,108</b>
Net inventories	(27)	108,357	112,239
Trade receivables	(28)	84,073	76,329
Other current assets	(29)	10,985	14,686
Prepayments	(30)	10,645	11,499
Cash and cash equivalents	(31)	28,195	31,962
Derivative financial instruments	(32)	3,101	930
<b>Total current assets</b>		<b>245,356</b>	<b>247,644</b>
<b>TOTAL ASSETS</b>		<b>467,706</b>	<b>460,752</b>

<i>(Euro thousands)</i>	<i>Note</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Share capital		31,717	31,717
Reserve for treasury shares in portfolio		(30,861)	(16,442)
Other reserves		144,226	125,137
Net Profit		25,264	24,376
<b>TOTAL SHAREHOLDERS' EQUITY</b>	(33)	<b>170,346</b>	<b>164,787</b>
Provisions for risks and charges	(34)	2,440	4,337
Loans	(35)	28,206	39,214
Payables for rights-of-use	(37)	43,080	36,778
Other financial payables	(38)	6,432	8,146
Employee and Director benefits	(39)	4,443	3,870
Deferred tax liabilities	(40)	9,507	7,690
Other non-current liabilities	(41)	1,684	2,225
<b>Total non-current liabilities</b>		<b>95,791</b>	<b>102,259</b>
Bank payables	(36)	90,780	85,351
Trade payables	(42)	82,294	76,959
Tax payables	(43)	5,254	7,788
Other current liabilities	(44)	14,546	13,284
Accrued expenses	(45)	8,648	10,055
Derivative financial instruments	(46)	48	270
<b>Total current liabilities</b>		<b>201,569</b>	<b>193,706</b>
<b>TOTAL LIABILITIES</b>		<b>297,360</b>	<b>295,965</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>467,706</b>	<b>460,752</b>

**CONSOLIDATED CASH FLOW STATEMENT OF THE BASICNET GROUP**

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>A) OPENING SHORT-TERM NET BANK DEBT</b>	<b>(39,059)</b>	<b>(26,438)</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit (loss) for the year	25,264	24,376
Amortisation & Depreciation	18,927	17,039
Management of equity investments	7	21
Changes in working capital:		
(Increase) decrease in trade receivables	(7,743)	4,558
(Increase) decrease in inventories	3,883	12,744
(Increase) decrease in other receivables	6,696	(5,022)
. Increase (decrease) in trade payables	5,335	(22,573)
. Increase (decrease) in other payables	(3,879)	8,132
Net changes in employee and director benefits	573	592
Others, net	122	(286)
	<b>49,184</b>	<b>39,582</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Investments in fixed assets:</b>		
- tangible assets	(6,985)	(4,054)
- intangible assets	(7,841)	(6,853)
- financial assets	(1,017)	(159)
- acquisition K-Way France	(1,657)	(7,343)
<b>Realisable value for fixed asset disposals:</b>		
- tangible assets	-	-
- intangible assets	809	54
- financial assets	-	-
	<b>(16,691)</b>	<b>(18,355)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
New medium/long term loans	206	900
Loan repayments	(14,330)	(14,790)
Repayment of debts for rights-of-use	(8,841)	(8,470)
Treasury share purchases	(14,419)	(2,488)
Dividend payments	(7,421)	(8,999)
	<b>(44,803)</b>	<b>(33,847)</b>
<b>E) CASH FLOW IN THE YEAR</b>	<b>(12,311)</b>	<b>(12,620)</b>
<b>F) CLOSING SHORT-TERM NET BANK DEBT</b>	<b>(51,370)</b>	<b>(39,059)</b>

Interest paid for the year amounts to respectively Euro 3.9 million in 2024 and Euro 4.6 million in 2023, while income taxes paid in the year amount respectively to Euro 3.4 million in 2024 and Euro 8.4 million in 2023.

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Euro thousands)	Reserves								Result	Total Group Shareholders' Equity
	Share Capital	Treas. shares	Reserves & Retained earnings	Translation reserve	Remeasurement reserve IAS 19	IFRS16 Reserve	IAS37 Reserve	Cash flow hedge reserve		
<b>Balance at December 31, 2022</b>	<b>31,717</b>	<b>(13,955)</b>	<b>101,435</b>	<b>1,483</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>(1,546)</b>	<b>30,037</b>	<b>149,146</b>
Allocation of result as per Shareholders' AGM resolution of 13/04/2023										
- Reserves & Retained earnings		-	21,038	-	-	-	-	-	(21,038)	-
- Dividends distributed		-	-	-	-	-	-	-	(8,999)	(8,999)
Acquisition of treasury shares		(2,488)	-	-	-	-	-	-	-	(2,488)
Retained earnings		-	595	-	-	-	-	-	-	595
2023 Result		-	-	-	-	-	-	-	24,376	24,376
Consolidation change		-	-	-	-	-	-	-	-	-
Other comprehensive income items:										
- Gains/(losses) recorded directly to translation reserve		-	-	(238)	-	-	-	-	-	(238)
- Gains/(losses) recorded directly to equity for IAS 19 re-measurement		-	-	-	159	-	-	-	-	159
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	2,049	-	2,049
- Gains/(losses) recorded directly to IFRS 37 reserve		-	-	-	-	-	188	-	-	188
<i>Total comprehensive income</i>		-	595	(238)	159	-	188	2,049	24,376	27,129
<b>Balance at December 31, 2023</b>	<b>31,717</b>	<b>(16,442)</b>	<b>123,068</b>	<b>1,245</b>	<b>134</b>	<b>-</b>	<b>188</b>	<b>503</b>	<b>24,376</b>	<b>164,787</b>
Allocation of result as per Shareholders' AGM resolution of 16/04/2024										
- Reserves & Retained earnings		-	16,955	-	-	-	-	-	(16,955)	-
- Dividends distributed		-	-	-	-	-	-	-	(7,421)	(7,421)
Acquisition of treasury shares		(14,419)	-	-	-	-	-	-	-	(14,419)
2024 Result		-	-	-	-	-	-	-	25,264	25,264
Other comprehensive income items:										
- Gains/(losses) recorded directly to translation reserve		-	-	1,241	-	-	-	-	-	1,241
- Gains/(losses) recorded directly to equity for IAS 19 re-measurement		-	-	-	(119)	-	-	-	-	(119)
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	809	-	809
- Gains/(losses) recorded directly to IAS 37 reserve		-	-	-	-	-	203	-	-	203
<i>Total comprehensive income</i>		-	-	1,241	(119)	-	203	809	25,264	27,398
<b>Balance at December 31, 2024</b>	<b>31,717</b>	<b>(30,861)</b>	<b>140,022</b>	<b>2,486</b>	<b>15</b>	<b>-</b>	<b>391</b>	<b>1,312</b>	<b>25,264</b>	<b>170,346</b>

**CONSOLIDATED NET FINANCIAL POSITION**

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	28,196	31,962
Bank overdrafts and bills	(50,838)	(43,832)
Import advances	(28,729)	(27,189)
<i>Sub-total net liquidity available</i>	<i>(51,370)</i>	<i>(39,059)</i>
Short-term portion of medium/long-term loans	(11,214)	(14,330)
Payables for the purchase of equity investments	(1,649)	(1,592)
<b>Short-term net financial position</b>	<b>(64,234)</b>	<b>(54,982)</b>
Medium/long term loans	(27,922)	(39,136)
Payables for rights-of-use	(43,080)	(36,778)
Payables for purchase of equity investments beyond one year	(6,432)	(8,146)
Finance lease payables	(284)	(77)
<i>Sub-total loans and leasing</i>	<i>(77,718)</i>	<i>(84,138)</i>
<b>Consolidated Net Financial Position</b>	<b>(141,952)</b>	<b>(139,119)</b>

The following table shows the composition of the Group's net debt as of December 31, 2024 and December 31, 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>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
A. Cash	138	208
B. Other cash equivalents	28,057	31,754
C. Securities held for trading	-	-
<b>D. Cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>28,196</b>	<b>31,962</b>
<b>E. Current financial receivables</b>	<b>-</b>	<b>-</b>
F. Current bank payables	(81,216)	(72,613)
G. Current portion of non-current debt	(11,214)	(14,330)
H. Other current financial payables	-	-
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>(92,430)</b>	<b>(86,943)</b>
<b>J. Net current financial debt (I)-(E)-(D)</b>	<b>(64,234)</b>	<b>(54,982)</b>
K. Non-current bank payables	(77,718)	(84,138)
L. Bonds issued	-	-
M. Other non-current financial payables	3,053	660
NO. Trade payables and other non-current payables	-	-
<b>O. Non-current financial debt (K) + (L) + (M) + (N)</b>	<b>(74,664)</b>	<b>(83,478)</b>
<b>P. Net financial debt (J) + (O)</b>	<b>(138,898)</b>	<b>(138,460)</b>

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 32 and 46).



**CHANGES IN NET FINANCIAL POSITION**

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>A) OPENING NET FINANCIAL POSITION</b>	<b>(139,119)</b>	<b>(141,691)</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit (loss) for the year	25,264	24,376
Amortisation & Depreciation	18,927	17,039
Management of equity investments	7	21
Changes in working capital	4,291	(2,161)
Net changes in employee and director benefits	573	592
Others, net	122	(287)
	<b>49,184</b>	<b>39,582</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed asset investments	(14,826)	(10,907)
Acquisition of financial assets	(1,017)	(159)
Realisable value for fixed asset disposals	809	54
	<b>(15,035)</b>	<b>(11,012)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Registration payables for Right-of-use	(15,143)	(14,511)
Acquisition of treasury shares	(14,419)	(2,488)
Dividend payments	(7,421)	(8,999)
	<b>(36,982)</b>	<b>(25,998)</b>
<b>E) CASH FLOW IN THE YEAR</b>	<b>(2,832)</b>	<b>2,571</b>
<b>F) CLOSING NET FINANCIAL POSITION</b>	<b>(141,952)</b>	<b>(139,119)</b>

## 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 publication of the consolidated financial statements of BasicNet as at December 31, 2024 was approved by the Board of Directors on March 7, 2025.

### 2. FORM AND CONTENT

The main accounting principles adopted in the preparation of the consolidated 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 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 financial statements include the financial statements at December 31, 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 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 Consolidated Financial Statements at December 31, 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, 2025. 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**

##### **Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

The amendments to IFRS 16 specify the requirements that a seller-lessor uses in determining the lease liability arising from a sale and lease back transaction, to ensure that the seller-lessor does not account for a gain or loss that relates to the right-of-use retained by them.

This amendment had no impact on the Group financial statements.

##### **Amendments to IAS 1 – Classification of Liabilities as current or non-current**

The amendments to IAS 1 specify the requirements for classifying a liability 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.

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.

The changes had no impact on the Group's classification of liabilities.

**Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)**

The amendments to *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* clarify the characteristics of supply finance arrangements and require additional disclosure of these arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of supply finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

These amendments did not have any impact on the Group 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 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 49 of the consolidated financial statements.

**4. CONSOLIDATION PRINCIPLES**

The consolidated financial statements were prepared including the financial statements at December 31, 2024 of the Group companies included in the consolidation scope, appropriately adjusted in accordance with the accounting principles adopted by the Parent Company.

The consolidated 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	FY 2024		FY 2023	
	Average	At year end	Average	At year end
US Dollar	1.0808	1.0389	1.0829	1.1050
HK Dollar	8.4315	8.0686	8.4802	8.6314
Japanese Yen	164.0558	163.0600	153.1758	156.3300
UK Sterling	0.8450	0.8292	0.8688	0.8691
Swiss Franc	0.9534	0.9412	0.9717	0.9260
Vietnamese Dong	27,103	26,478	25,851	26,808

The criteria adopted for the consolidation were as follows:

- 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.
- 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 2, at December 31, 2024 the Group is comprised 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 2 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 7.

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. **ACCOUNTING POLICIES**

The present financial statements were prepared on the going concern basis, and in accordance with the accruals principle.

The main accounting policies adopted for the preparation of the consolidated financial statements at December 31, 2024, in line with those utilised in the previous year, are disclosed below.

### **Revenue recognition**

Revenues derive from Group operations in the ordinary course of business and comprise revenues from sales and services. Revenues are recognised net of sales tax, returns and discounts.

Revenues from contracts with customers are recognised when the control of the goods and services is transferred to the client for an amount which reflects the consideration that the Group expects to receive in exchange for these goods and services. The Group has concluded that generally it acts as the Principal for the agreements from which it receives revenues, as usually it controls the goods and services before their transfer to the customer. In calculating the sales transaction price for goods, the Group considers the effects from variable fees, significant financial components and non-monetary fees. Where the fee concluded in the contract includes a variable amount, such as that connected to a right of return, the Group estimates the amount of the fee to which it will be entitled in exchange for the transfer of the goods to the customer.

Sales to Group brand stores managed by third parties, on consignment, are recognised on the sale of the goods by the store to the final consumer, in accordance with IFRS 15.

Royalties and sourcing commissions, including the minimum guaranteed component, are recognised on an accruals basis in accordance with the underlying contracts and consistent with the state of advancement of the sales or the production of the licensees.

### **Recognition of costs and expenses**

Costs and expenses are recognised in accordance with the accruals principle.

Costs associated with sponsorship contracts paid each year are recognised in line with the contractual conditions.

Advertising campaign costs undertaken to drive orders by the salesforce, in accordance with current interpretations of IAS/IFRS, are directly expensed at the moment of the campaign, rather than in correlation to the relative revenues, which will only be recognised on the subsequent shipment of the orders received.

### **Interest income and expenses, and income and charges**

Interest income and expenses and other income and charges are recorded and shown in the financial statements on the accrual basis.

In accordance with IAS 23 – *Borrowing costs*, the financial charges directly attributable to the purchase, construction and production of the asset which requires a significant amount of time before use or sale are capitalised together with the value of the asset. Such an event has not arisen up to the present moment for the Group. If these conditions are not met the financial charges are expensed directly to the income statement.

### **Translation of balances in foreign currencies**

The receivables and payables originally expressed in foreign currencies are translated into Euro at the exchange rate when the transaction originated. Exchange differences arising on collections and payments in foreign currencies are recorded in the income statement.

Revenues and income, costs and charges related to currency transactions are recorded at the exchange rate at the transaction date.

At the end of the period, the assets and liabilities valued in foreign currencies, with the exception of fixed assets, are recorded at the exchange rates at the balance sheet date and the relative gains or losses on exchange are recorded in the income statement.

### Income taxes

Current income taxes include all the taxes calculated on the assessable income of the Group. Income taxes are recognised in profit and loss, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognised directly in equity.

Other taxes not related to income, such as taxes on property and share capital, are included under operating charges.

Deferred taxes are calculated on all the temporary differences arising between the assessable income of an asset or liability and the relative book value in the consolidated financial statements. Deferred tax assets, including those relating to losses carried forward, for the portion not offset by deferred tax liabilities, are recognised only for those amounts for which it is probable there will be future assessable income to recover the

amounts. Deferred tax assets and liabilities are determined with the tax rates that are expected to be applied, in accordance with the regulations of the countries in which the Group operates, in the years in which the temporary differences will be realised or settled. The deferred tax assets and liabilities are offset when the income tax is applied by the same fiscal authority and when there is a legal right of compensation.

The Parent Company adhered to the tax consolidation in accordance with Article 117 and thereafter of the CFA – Presidential Decree No. 917 of December 22, 1986 together with all of the wholly-owned Italian subsidiary companies. Other taxes not related to income, such as taxes on property and share capital, are included under operating charges.

Similarly, the French group companies have opted to join the tax consolidation system (*'Régime fiscal des groupes de sociétés'*) provided for in Articles 223-A to 223-U of the *Code général des impôts* (CGI): Kappa France S.a.s. operates as the consolidating company.

### Earnings per share/ Diluted earnings per share

Earnings per share is calculated dividing the profit or loss attributable to the shareholders of the Parent Company by the weighted average ordinary shares in circulation during the period.

The diluted earnings per share is calculated dividing the profit or loss attributable to the shareholders of the Parent Company by the average weighted number of shares outstanding, taking into account the effects of all the potential ordinary shares with dilution effects. In 2024, there were no diluting effects on the shares.

### Provisions and contingent liabilities

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 certainty 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 on legal 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 contingent liabilities are not recorded in the financial statements, but are reported as a disclosure in the Notes (Note 52) unless the probability of payment is remote. In accordance with paragraph 10 of IAS 37 – *Provisions, contingent liabilities and contingent assets* a contingent liability is (a) a possible obligation which derives from past events and whose existence will be confirmed only on the occurrence or otherwise of one or more future uncertain events, not entirely under the control of the enterprise, or (b) a current obligation

which derives from past events but which cannot be recorded in the financial statements as the payment is improbable or cannot be reliably estimated.

### **Use of estimates**

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the information relating to the assets and contingent liabilities at the balance sheet date. The actual results may differ from such estimates.

Estimates are utilised to measure intangible and tangible assets subject to impairment tests, in addition to recognise provisions on doubtful debts, inventory obsolescence, amortisation and depreciation, the write-down of assets, employee benefits and income taxes.

The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised in the income statement.

### **Intangible assets**

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. Intangible assets are recognised at purchase and/or production cost, including the costs of bringing the asset to its current use net of accumulated amortisation and any loss in value. Amortisation begins when the asset is available for use and is recognised on a straight-line basis over the residual estimated useful life of the asset.

#### ***Software development***

Software acquired and IT programmes developed internally are amortised over five years, while the costs incurred to maintain or upgrade the original operational standard are expensed in the year and are not capitalised.

#### ***Concessions, brands and similar rights***

The brands Kappa, Robe di Kappa, Superga, K-Way, Briko and Sebago are considered intangible assets with indefinite useful life; as such these assets are not amortised but subject to an impairment test at least annually.

The brand Sabelt, included in the value of the relative investment, and Jesus Jeans, which have not yet reached a position similar to those of the principal brands, are amortised over a period of 20 years.

The patent rights are amortised over ten years.

#### ***Other intangible assets***

Other intangible assets mainly consist of leasehold improvements and are amortised on the basis of the relevant lease contract.

### **Business combinations**

Business combinations are recognised according to the acquisition method.

According to this method, the amount transferred in a business combination is recognised at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date. Transaction costs are recognized to profit or loss when they are incurred.

Goodwill is calculated as the excess of the amounts transferred to the business combination, of the value of minority interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, any non-controlling interest and the fair value of any previously held interests in the acquiree, this excess is immediately recognized in profit or loss as income deriving from the business combination.



If the initial values of a business combination are incomplete at the period-end in which the business combination took place, the Group reports in its consolidated financial statements the provisional values of the items for which the final calculations could not be made. These provisional values are adjusted in the measurement period to take account of the new information obtained on the facts and circumstances existing at the acquisition date which, if known, would have had effects on the value of assets and liabilities recognised at this date.

### Goodwill

In the case of business combinations, the assets, the liabilities and the contingent liabilities acquired and identifiable are recorded at their fair value at the date of acquisition. The positive difference between the acquisition cost and the portion held by the Group of the present value of the assets and liabilities is classified as goodwill and recorded in the financial statements as an intangible asset. Any negative difference (“negative goodwill”) is recognised in the income statement at the date of acquisition.

Goodwill is not amortised, but is subject annually, or more frequently if specific events or circumstances indicate the possibility of having incurred an impairment, to verifications of any reduction in value, as provided by

IAS 36 - *Reduction in value of assets* After initial recognition, goodwill is measured at cost less any loss in value. The impairment of goodwill may not be written back.

This category includes the amounts paid by the Group to sub-enter into the contractual positions of directly managed and franchising stores (key money). This commercial goodwill, where related to commercial positions of value, is recognised to the consolidated financial statements as an intangible assets with indefinite useful life, and subject to an impairment test at least once a year, or more frequently in the presence of impairment indicators, comparing the book value with the higher between the value in use and the fair value less selling costs, with this latter also determined in view of valuations made by independent experts. Commercial goodwill relating to other positions is amortised over the duration of the relative rental contract.

### Property, plant and equipment

Property, plant and equipment are recorded at purchase or production costs, including accessory charges and direct and indirect costs, for the amount reasonably attributable to the assets.

Subsequent expenditures are only capitalised where they increase the future economic benefits of the asset to which they relate. All other costs are expensed as incurred.

Property, plant and equipment are amortised on a straight-line basis over the estimated useful life of each asset. The depreciation rates by asset category are shown below:

Description	Estimated useful life years
Property	33
Plant & machinery	8
Furniture and furnishings	3-8
Motor vehicles	4
EDP	3-8

Fixed assets which at the balance sheet date are lower than the book value are recorded at this lower value, which however may not be maintained at this value in subsequent periods if the reasons for the adjustment no longer exist.

Ordinary maintenance costs are fully charged to the income statement.

Advances and costs for property, plant and equipment in progress which are not yet utilised in the operating activities are reported separately.

The historic value of land is not depreciated.

## Leased assets

### *Right-of-use assets*

The Group recognises the right-of-use assets at the initial leasing date (i.e. the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, net of accumulated amortisation and impairments, adjusted for any remeasurement of the lease liabilities.

The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the payment of leases at the commencement date or before, net of any incentives received. Unless the Group does not have the reasonable certainty of obtaining ownership of the leased asset on conclusion of the leasing contract, the usage right assets are amortised on a straight-line basis for a period covering the lesser between the estimated useful life and the lease duration.

Right-of-use assets are subject to impairment.

### *Lease liabilities*

At the lease commencement date, the Group recognises the lease liabilities measuring them at the present value of the payments due for the lease not yet settled at that date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Group and the lease termination penalty payments, where its duration takes account of the exercise by the Group of the termination option on the lease.

The variable lease payments not depending on an index or a rate are recognised as costs in the period in which the event or the condition generating the payment occurs. In calculating the present value of the payments due, the Group uses the marginal loan rate at the commencement date where the implied interest rate may not be easily determined.

After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease payables is restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the fixed payments in substance; it is in addition restated amid changes to the valuation of the acquisition of the underlying asset.

### *Short-term leases and low value asset leases*

The Group applies the exception for the recognition of short-term leases for machinery and equipment (i.e. leasing with a duration of 12 months or less from the commencement date and not containing a purchase option). The Group has also applied the exception for leases concerning assets of a modest value with regards to the leasing contracts on office equipment whose value is considered low (i.e. below Euro 5,000).

The short-term lease charges and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

## Impairments

The carrying value of the assets of the Group are measured at each reporting date to determine whether there has been a loss in value, in which case an estimate is made of the recoverable value of the asset. A loss in value (impairment) is recorded in the income statement when the carrying value of an asset or a cash-generating unit exceeds its recoverable value.

The indefinite intangible assets (including goodwill) are tested annually and whenever there is an indication of a possible loss, in order to determine whether a loss in value has occurred.

### Measuring recoverable amount

The Group's principal objective is the growth in value of its own brands, managed within a portfolio, with the distribution of the associated products through a global network of licensee producers and distributors or directly.

Within this business model, for the purposes of the impairment test of the BasicNet Group at consolidated level, the CGU's were identified as the brands of the company.

The impairment test was carried out comparing the book value of the net assets of each CGU with their recoverable value, defined as the higher between their value in use and the fair value less selling costs.

The value in use is determined discounting to the WACC the cash flows generated from each CGU. This latter are identified with the first level gross operating margin, less investments in fixed assets and notional taxes, generated by each brand through royalties, sourcing commissions and direct sales. The changes in working capital are not included in these cash flows, in line with the underlying carrying amount and the assumption that these changes approximate zero.

The operating costs are allocated to the related CGU or divided based on determined and certain criteria. The costs not specifically allocated, or whose division based on analytic criteria does not reflect the effective period of use, are tested at Group level.

For the years beyond the Plan a terminal value is estimated applying the perpetual yield model to the cash flows of the final year. The growth rate utilised in the calculation of the terminal value, in accordance with the provisions of paragraph 36 of IAS 36, reflect the growth trend for the demand of clothing goods (i.e. clothes and footwear) at international level. In line with the most common valuation practices adopted, in the calculation of the terminal value the changes in the net working capital are assumed as zero and the investments equal to depreciation.

The BasicNet Group, on completion of the tests described above, carries out a second level test in relation to the presence of permanent loss in value on the totality of the consolidated assets.

### Write-back of value

This loss is restated if the elements that generated the loss no longer exist. The recoverable value is recorded in the income statement adjusting the book value of the asset to its recoverable value. This latter must not be above the value which would have been determined, net of depreciation, if no loss in value of the asset had been recorded in previous years.

### Investments

Investments in associates and joint ventures are measured under the equity method. The share of cost exceeding the net equity of the investee at the acquisition date is treated in a similar manner as that described for the consolidation criteria.

The non consolidated investments other than associates and joint ventures, non-listed, are measured under the cost method less any losses in value, as their fair value may not be reliably determined. The original value is restored in future years should the reason for the write-down no longer exist.

Financial assets consist of loans are recorded at their estimated realisable value.

### Net inventories

Inventories are measured at the lower of purchase or production cost and their net realisable value. The cost is calculated using the weighed average cost method.

Inventories include incidental charges and direct and indirect costs that can be reasonably allocated. Obsolete and slow-moving inventories are written down in relation to their possible utilisation or realisable value.

## Financial instruments

Trade receivables and debt securities issued are recognised as they arise. All other financial assets and liabilities are initially recognised on the trading date, i.e. when the Group becomes a contractual party to the financial instrument.

With the exception of trade receivables without a material financing component, financial assets are initially recognised at fair value increased or reduced, in the case of financial assets or liabilities not measured at FVTPL, by the costs directly attributable to the transaction.

Upon initial recognition, a financial asset is classified according to how it is measured: at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

Financial assets are not reclassified following initial recognition unless the Group modifies the business model within which the assets are held. In such cases, all the affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

A financial asset shall be measured at amortized cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is the holding of financial assets for the collection of the contractual cash flows; and
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

In subsequent measurement, assets in this category are measured at amortised cost, using the effective interest rate. The effects of this measurement are recognised to financial income components. These assets are also subject to the impairment model described under Trade receivables, financial receivables, and other current and non-current receivables.

A financial asset must be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is achieved both through the collection of contractual cash flows and the sale of the financial assets; and
- the contractual terms of the financial assets establish, at certain dates, cash flows represented entirely by the payment of capital and of interest on the amount of capital to be repaid.

Upon initial recognition of an equity security not held for trading purposes, the Group may make an irrevocable election to present subsequent changes in fair value in other comprehensive income. This choice is made for each asset. In subsequent measurement, the valuation made at recognition is updated, and any changes in fair value are recognised to the comprehensive income statement.

All financial assets not classified as measured at amortized cost or FVOCI, as noted above, are measured at FVTPL. Upon initial recognition, the Group may irrevocably designate the financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise result from measuring the financial asset at amortized cost or FVOCI.

In subsequent measurement, FVTPL financial assets are measured at fair value. Gains and losses arising from fair value changes are recognised in the consolidated income statement in the period in which they occur.

Financial assets are derecognized when the contractual rights to the cash flows from them expire, when the contractual rights to receive the cash flows as part of a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and does not retain control of the financial asset.

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified at FVTPL when it is held for trading, represents a derivative, or is designated as such upon initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognized in profit/(loss) for the year.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange rate gains and losses are recognized in the income statement, as are any gains or losses from derecognition.

### **Trade receivables**

Receivables recorded under current assets are stated at their nominal value, which substantially coincides with the amortised cost. The initial value is subsequently adjusted to take account of any write-downs, which reflects the bad debt estimate. The Group applies the simplified approach to calculating expected losses, fully recognising the expected loss at the reporting date according to historic information supplemented by forward looking considerations. Medium/long-term receivables which include an implicit interest component are discounted utilising an appropriate market rate. Receivables transferred without recourse, in which all the risks and benefits are substantially transferred by the owner of the financial assets to the factoring company, are reversed in the financial statements at their nominal value.

### **Cash and cash equivalents**

The liquid assets principally relate to current bank accounts and cash. They are recorded for amounts effectively available at year end.

The cash equivalents are invested in highly liquid temporary financial instruments.

### **Prepayments and accrued income**

The account includes amounts related to two accounting periods, in accordance with the accruals concept.

### **Treasury shares**

Treasury shares are recognised as a deduction from equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognised as equity movements.

### **Provisions for risks and charges**

Provisions for risks and charges are recorded in the balance sheet only when a legal or implicit obligation exists deriving from a past event that determines the commitment of resources to produce economic benefits for their compliance and a reliable estimate of the amount can be determined.

### **Employee benefits**

The Post-Employment Benefit in accordance with Italian legislation is quantified as a defined benefit plan and is measured in accordance with the "Projected Unit Credit Method".

From January 1, 2007, this liability refers exclusively to the portion of the Post-Employment Benefit, matured up to December 31, 2006, which following the complementary pension reform (Legislative Decree No. 252 of December 5, 2005) continues to constitute an obligation of the company. Following the entry into force of the above-mentioned reform as enacted by Law No. 296 of December 27, 2006 (2007 Finance Law), the liability, as concerning services already completely matured, was restated without applying the pro-rata of the employment service and without considering, in the actuarial calculation, the components relating to future salary increases.

On June 16, 2011, the IASB issued an amendment to IAS 19 *Employee Benefits*. The new version of IAS 19 requires, in particular, for post-employment benefits, the recognition of the changes of the actuarial gains/losses under other items of the Comprehensive Income Statement.

The cost relating to employment services for the companies of the Group with less than 50 employees, as well as the interest on the “time value” component in the actuarial calculations will remain in the profit and loss account.

The portion of the Post-Employment Benefit paid to a supplementary pension fund is considered a defined contribution plan as the obligation of the company towards the employee ceases with the payment of the amount matured to the funds. Also the portion of the Post-Employment Benefit paid to the INPS Treasury fund is recorded as a defined contribution plan.

### **Payables**

Financial payables are recorded at their amortised cost. The book value of the trade and other payables, recognised at nominal value which approximates the amortised cost, at the balance sheet date approximates their fair value.

### **Cash flow hedges and accounting of relative operations**

The BasicNet Group utilises financial instruments to hedge interest rates on some loans and to hedge against fluctuations in the Euro/USD exchange rates on the purchases of products for sale, not adequately hedged by royalties and sourcing commission income.

These instruments are initially recorded at their fair value, and subsequently measured according to whether they are “hedged” or “not hedged” as per IFRS 9.

It is recalled that the BasicNet Group does not undertake derivative contracts for speculative purposes.

The hedging may be of two types:

- Fair value hedges;
- Cash flow hedges.

The BasicNet Group, before signing a hedge contract, undertakes a close examination of the relationship between the hedge instrument and the item hedged, in view of the objectives to reduce the risk, also evaluating the existence and the continuation over the life of the financial instrument of the effectiveness requirements, necessary for the hedge accounting.

After their initial recognition, they are accounted as follows:

a) Fair value hedges

The changes in their fair value are recognised in the income statement, together with the changes in the fair value of the relative assets and liabilities hedged.

b) Cash flow hedges

The part of the profit or loss of the hedge instrument, considered effective, is recorded directly in the comprehensive income statement; the non-effective part is however recorded immediately in the income statement.

The accumulated amounts in the comprehensive income statement are recorded in the income statement in the year in which the scheduled hedge operation matures or the instrument hedged is sold, or when the effectiveness requirements for hedge accounting no longer exist.

c) Derivative financial instruments which do not have the effectiveness requirements for hedge accounting

The derivative financial instruments which do not comply with the requirements of IFRS 9 for the identification of the hedge, where present, are classified in the category of financial assets and liabilities measured at fair value through the profit and loss account. The Group does not utilise financial instruments not for hedging purposes.

### **Fair value**

The Group applies IFRS 13 for fair value measurement and for the relevant information when such a measurement is required or permitted by other accounting standards. Specifically, the accounting standard defines the fair value as the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date.

*Hierarchy of Fair Value according to IFRS 7*

IFRS 7 requires that the classification of financial instruments measured at fair value is determined based on the quality of the input sources used in the valuation.

The IFRS 7 classification implies the following hierarchy:

- *level 1*: determination of fair value based on prices listed (“unadjusted”) in active markets for identical assets or liabilities;
- *level 2*: determination of fair value based on other inputs than the listed prices included in “level 1” but which are directly or indirectly observable. This category includes the instruments with which the Group mitigates the risk deriving from fluctuations in interest rates and currencies;
- *level 3*: determination of fair value based on valuation models whose input is not based on observable market data (“unobservable inputs”). There are no financial instruments measured in this manner.

**6. OTHER INFORMATION**

The subsequent events to the end of the year 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.

**7. 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 subsidiaries SebagoRetail S.r.l and Sebago Iberia S.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.



(In Euro thousands)

<b>December 31, 2024</b>	<b>Clothing, footwear and accessories</b>	<b>Property</b>	<b>Inter-segment eliminations</b>	<b>Financial Statements</b>
Direct sales – third parties	346,802	-	-	346,802
(Cost of sales)	(194,145)	-	-	(194,145)
<b>GROSS MARGIN</b>	<b>152,657</b>	<b>-</b>	<b>-</b>	<b>152,657</b>
Royalties and sourcing commissions – third parties	60,882	-	-	60,882
Other income - third parties	16,142	6,313	(4,833)	17,622
(Sponsorship and media costs)	(43,624)	-	6	(43,618)
(Personnel costs)	(49,014)	(137)	-	(49,151)
(Selling, general and administrative costs, royalties expenses)	(75,809)	(2,906)	1,392	(77,323)
Amortisation & Depreciation	(19,552)	(2,593)	3,219	(18,927)
<b>EBIT</b>	<b>41,683</b>	<b>676</b>	<b>(216)</b>	<b>42,143</b>
Financial income	3,441	1	289	3,732
(Financial charges)	(7,627)	(1,526)	-	(9,153)
Share of profit/(loss) of investments	(7)	-	-	(7)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>37,490</b>	<b>(848)</b>	<b>73</b>	<b>36,715</b>
Income taxes	(11,770)	318	2	(11,451)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>25,720</b>	<b>(531)</b>	<b>75</b>	<b>25,264</b>
Significant non-cash items:				
Income from right-of-use	-	-	-	-
Amortisation & Depreciation	(19,552)	(2,593)	3,219	(18,927)
Write-downs	-	-	-	-
<b>Total non-cash items</b>	<b>(19,552)</b>	<b>(2,593)</b>	<b>3,219</b>	<b>(18,927)</b>
Segment assets and liabilities:				
Assets	451,469	45,562	(29,325)	467,706
Liabilities	287,251	37,470	(27361)	297,360

(In Euro thousands)

<b>December 31, 2023</b>	<b>Clothing, footwear and accessories</b>	<b>Property</b>	<b>Inter-segment eliminations</b>	<b>Financial Statements</b>
Direct sales – third parties	332,758	-	-	332,758
(Cost of sales)	(187,407)	-	-	(187,407)
<b>GROSS MARGIN</b>	<b>145,351</b>	<b>-</b>	<b>-</b>	<b>145,351</b>
Royalties and sourcing commissions – third parties	62,273	-	-	62,273
Other income - third parties	9,145	5,917	(4,174)	10,888
(Sponsorship and media costs)	(39,214)	-	-	(39,214)
(Personnel costs)	(44,966)	(108)	-	(45,074)
(Selling, general and administrative costs, royalties expenses)	(74,345)	(2,980)	1,239	(76,087)
Amortisation & Depreciation	(17,260)	(2,561)	2,783	(17,039)
<b>EBIT</b>	<b>40,984</b>	<b>268</b>	<b>(152)</b>	<b>41,099</b>
Financial income	7,750	16	158	7,924
(Financial charges)	(15,772)	(636)	-	(16,407)
Share of profit/(loss) of investments	(21)	-	-	(21)
<b>PROFIT/(LOSS) BEFORE TAXES</b>	<b>32,941</b>	<b>(352)</b>	<b>6</b>	<b>32,595</b>
Income taxes	(8,262)	43	1	(8,218)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>24,680</b>	<b>(310)</b>	<b>7</b>	<b>24,376</b>
Significant non-cash items:				
Income from right-of-use	-	-	-	-
Amortisation & Depreciation	(17,260)	(2,561)	2,783	(17,039)
Write-downs	-	-	-	-
Total non-cash items	(17,260)	(2,561)	2,783	(17,039)
Segment assets and liabilities:				
Assets	416,799	49,159	(5,205)	460,752
Liabilities	264,032	40,614	(8,680)	295,965

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 60.9 million in 2024, compared to Euro 62.3 million in the previous year. Direct sales are also reported of Euro 346.8 million, compared to sales in the previous year of Euro 332.8 million. The contribution margin on sales was Euro 152.7 million, compared to Euro 145.4 million in 2023. The revenue margin was 44% (43.7% in 2023). The cost of labour increased compared to the same period of the previous year due to the opening of new direct points of sale as part of the retail expansion and to the strengthening of the Group's workforce through new hires in strategic positions. The segment reports a profit of Euro 25.7 million compared to Euro 24.7 million in the previous year;
- the "Property" segment reports a loss of Euro 531 thousand, compared to a loss of Euro 310 thousand in 2023.

**EXPLANATORY NOTES TO THE INCOME STATEMENT****8. CONSOLIDATED DIRECT SALES**

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

	<b>FY 2024</b>	<b>FY 2023</b>
Sales Italy	207,609	207,902
EU countries other than Italy	130,160	115,352
Rest of the World	9,034	9,505
<b>Total consolidated direct sales</b>	<b>346,802</b>	<b>332,758</b>

Sales revenues concern the finished product sales of the Group companies through the wholesale, retail (both direct and through franchising) and online channels (Euro 344.8 million) and for the sale of samples (Euro 1.9 million). Sales on the home market accounted for 53.9%, while approx. 37.5% of sales were in other EU countries, with the remaining approx. 2.6% outside the EU.

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

	<b>FY 2024</b>	<b>FY 2023</b>
Multibrand sales	219,502	214,891
Retail sales	101,404	97,515
Online sales	23,921	18,361
Sample sales	1,974	1,992
<b>Total consolidated direct sales</b>	<b>346,802</b>	<b>332,758</b>

**9. COST OF SALES**

	<b>FY 2024</b>	<b>FY 2023</b>
Goods purchased – Overseas	145,529	136,267
Freight charges and accessory purchasing cost	18,432	14,322
Cost of outsourced logistics	11,144	11,190
Goods purchased – Italy	9,405	8,214
Samples purchased	2,821	3,075
Packaging	1,106	1,087
Change in inventory of raw materials, ancillary, consumables and goods	3,588	12,744
Others	2,113	508
<b>Total cost of sales</b>	<b>194,145</b>	<b>187,407</b>

“Goods purchased” concern the finished products acquired by the Group companies for distribution in their respective territories.

Sample purchases were made by for resale to the licensees.

**10. 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.

	<b>FY 2024</b>	<b>FY 2023</b>
Europe (EU and non-EU)	28,423	24,382
The Americas	6,553	11,508
Asia and Oceania	19,875	19,789
Middle East and Africa	6,031	6,593
<b>Total</b>	<b>60,882</b>	<b>62,273</b>

**11. OTHER INCOME**

	<b>FY 2024</b>	<b>FY 2023</b>
Income from contractual conclusion	6,791	-
Prior year income	4,034	3,589
Signing fees from commercial licensees	863	851
Income and chargebacks from aircraft	737	814
Rental income	1,195	1,093
Income from promo sales	761	833
Recovery of condominium expenses	213	216
Other income	3,029	3,490
<b>Total other income</b>	<b>17,622</b>	<b>10,888</b>

“Income from contractual conclusion” includes fees recognised by an Asian licensee for the early termination of a multi-year license.

“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.

**12. SPONSORSHIP AND MEDIA COSTS**

	<b>FY 2024</b>	<b>FY 2023</b>
Sponsorship and marketing	30,641	29,168
Advertising	10,476	7,543
Promotional expenses	2,501	2,503
<b>Total sponsorship and media costs</b>	<b>43,618</b>	<b>39,214</b>

The account “sponsorship and marketing contribution” 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.

### 13. PERSONNEL COSTS

	FY 2024	FY 2023
Wages and salaries	36,236	32,442
Social security charges	11,385	10,751
Post-employment benefits	1,529	1,881
<b>Total</b>	<b>49,151</b>	<b>45,074</b>

The number of employees at the reporting date, by category, is reported in the separate section in the Consolidated Non-Financial Declaration.

At December 31, 2024, the Group had 1,121 employees, distributed across the locations in which the Group operates.

The average number of employees in 2024 was 1,092, broken down as 37 executives, 1,031 white-collar and 24 blue-collar employees, an increase of 39 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.

### 14. SELLING, GENERAL AND ADMINISTRATIVE COSTS AND ROYALTIES EXPENSES

	FY 2024	FY 2023
Selling and royalty service expenses	21,559	19,480
Commercial expenses	12,660	12,877
Rental, accessory and utility expenses	11,098	10,856
Professional consultants	6,367	6,119
Doubtful debt provision	5,099	5,477
Directors and Statutory Auditors emoluments	4,155	4,703
Bank charges	1,945	2,098
Costs related to Human Resources	1,832	1,381
Taxes and duties	1,803	1,846
Hire	1,486	1,628
Insurance	1,394	1,509
Extraordinary charges	1,133	855
Purchase of consumables, stationery and printed material	974	1,208
Other transport costs	388	334
Company expenses	376	363
Other general expenses	5,056	5,354
<b>Total selling, general and administrative costs, and royalties expenses</b>	<b>77,323</b>	<b>76,087</b>

“Selling and royalty service expenses” mainly includes commissions to agents and transport costs to customers, whose increase is related to higher 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](http://www.basicnet.com) Shareholder’ Meeting 2025 section, to which reference should be made.

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

## 15. AMORTISATION & DEPRECIATION

	FY 2024	FY 2023
Rights-of-use	9,350	8,108
Property, plant and equipment	5,692	5,242
Intangible assets	3,885	3,689
<b>Total amortisation &amp; depreciation</b>	<b>18,927</b>	<b>17,039</b>

Amortisation of intangible assets includes approx. Euro 147 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:

	FY 2024	FY 2023
Depreciation for right-of-use	9,350	8,108
Leasing and rental costs excluded from IFRS 16	2,813	2,636
Interest on payables for right-of-use	1,052	575
<b>Total rent, lease and hire costs</b>	<b>13,215</b>	<b>11,319</b>

## 16. NET FINANCIAL INCOME/(CHARGES)

	FY 2024	FY 2023
Interest income	116	106
Bank interest charges	(3,021)	(2,105)
Interest on medium/long term loans	(1,495)	(1,758)
Property lease interest	(21)	(11)
Interest IFRS 16	(1,052)	(575)
Loan and current account fees	(256)	(264)
IAS 19 interest	(89)	(97)
Others	(355)	(465)
<b>Total financial income and charges</b>	<b>(6,173)</b>	<b>(5,169)</b>
Exchange gains	3,366	4,448
Exchange losses	(2,614)	(7,762)
<b>Net exchange gains/(losses)</b>	<b>752</b>	<b>(3,314)</b>
<b>Total financial income/(charges)</b>	<b>(5,421)</b>	<b>(8,483)</b>



Net currency gains amounted to Euro 752 thousand, against losses of Euro 3.3 thousand in the previous year, as a result of trends in the US dollar and related hedging instruments obtained during the previous year; net financial charges servicing debt amounted to Euro 6.2 million compared to Euro 5.2 million in the previous year due to the generalised rise in interest rates and a greater average level of debt for the Group during the year.

"Others" includes approximately Euro 288 thousand financial discounts and rebates mainly on the French and English markets.

## 17. 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..

## 18. INCOME TAXES

The balance of income taxes comprises current taxes for Euro 10.2 million (of which Euro 1.7 million for IRAP), the release of deferred taxes from previous years and the assessment of deferred taxes emerging in the year for Euro 2.6 million and Euro 1.7 million regarding the positive effects from the application of the "Patent Box", in addition to prior year taxes and other minor items for Euro 2.1 million.

On September 30, 2019, the Company filed for the renewal of the Patent Box Agreement (2015-2019) in relation to the indirect use of intangible assets (designs) within the scope of intercompany transactions for the period 2020-2024. At the same time, the Company is taking advantage of the "Patent Box" benefit for the indirect use of intangible assets (designs and models and copyrighted software) as part of transactions with third parties, pursuant to the regulations of Article 1, paragraphs 37 - 45 of Law No. 190/2014 and Ministerial Decree 28.11.2017 for the period 2020-2024.

The reconciliation between the theoretical and actual rate is shown below:

	2024	2023
Profit before taxes	36,715	32,594
Income tax rate	24%	24%
<b>THEORETICAL IRES</b>	<b>(8,812)</b>	<b>(7,823)</b>
Effect of differences between Italian and foreign tax rates	(358)	126
Permanent tax differences effect	(904)	(1,317)
Prior year taxes	(170)	(570)
Patent Box benefit	1,717	1,645
IRAP	(1,677)	(1,819)
DTA recognition on prior year losses Kappa France	-	2,840
WHT Reversal	(1,190)	(739)
Other changes	(58)	(562)
<b>EFFECTIVE TAX CHARGE</b>	<b>(11,451)</b>	<b>(8,218)</b>
Effective tax rate	-31.2%	-25.2%
<b>TOTAL EFFECTIVE TAX CHARGE</b>	<b>(11,451)</b>	<b>(8,218)</b>

**19. EARNINGS PER SHARE**

The basic earnings per share, for 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 year:

<b>(In Euro)</b>	<b>FY 2024</b>	<b>FY 2023</b>
Net profit	25,263,988	24,376,285
Weighted average number of ordinary shares	47,185,500	49,626,500
Basic earnings per ordinary share	0.5354	0.4912

At December 31, 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

## 20. INTANGIBLE ASSETS

	December 31, 2024	December 31, 2023	Change
Concessions, brands and similar rights	59,696	59,772	(76)
Software development	5,829	5,087	742
Other intangible assets	6,245	4,384	1,861
Industrial patents	64	47	17
<b>Total intangible assets</b>	<b>71,834</b>	<b>69,290</b>	<b>2,544</b>

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
<b>Historic cost at 1.1.2023</b>	<b>72,307</b>	<b>52,594</b>	<b>13,238</b>	<b>833</b>	<b>138,972</b>
Investments	381	2,701	2,345	6	5,434
Disposals & other changes	(43)	(15)	-	-	(58)
<b>Historic cost at 31.12.2023</b>	<b>72,645</b>	<b>55,281</b>	<b>15,583</b>	<b>839</b>	<b>144,348</b>
Investments	289	3,378	2,897	12	6,576
Disposals & other changes	-	(3)	(32)	-	(35)
<b>Historic cost at 31.12.2024</b>	<b>72,934</b>	<b>58,656</b>	<b>18,448</b>	<b>851</b>	<b>150,889</b>

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

	Concessions, brands & and similar rights	Software development	Other intangible assets	Industrial patents	Total
<b>Acc. Amort. at 1.1.2023</b>	<b>(12,562)</b>	<b>(47,854)</b>	<b>(10,320)</b>	<b>(758)</b>	<b>(71,494)</b>
Amortisation	(354)	(2,372)	(879)	(17)	(3,622)
Disposals and other changes	43	33	-	(18)	58
<b>Acc. Amort. at 31.12.2023</b>	<b>(12,873)</b>	<b>(50,193)</b>	<b>(11,199)</b>	<b>(793)</b>	<b>(75,058)</b>
Amortisation	(366)	(2,645)	(1,002)	(17)	(4,029)
Disposals and other changes	-	11	(2)	22	31
<b>Acc. Amort. as at 31.12.2024</b>	<b>(13,239)</b>	<b>(52,827)</b>	<b>(12,203)</b>	<b>(788)</b>	<b>(79,056)</b>

The net book value of intangible assets is reported below:

	<b>Concessions, brands &amp; and similar rights</b>	<b>Software development</b>	<b>Other intangible assets</b>	<b>Industrial patents</b>	<b>Total</b>
<b>Closing net book value at 1.1.2023</b>	<b>59,745</b>	<b>4,741</b>	<b>2,918</b>	<b>75</b>	<b>67,479</b>
Investments	381	2,701	2,345	6	5,434
Disposals and other changes	-	18	-	(18)	-
Amortisation	(354)	(2,372)	(879)	(17)	(3,622)
<b>Closing net book value at 31.12.2023</b>	<b>59,772</b>	<b>5,087</b>	<b>4,384</b>	<b>47</b>	<b>69,290</b>
Investments	289	3,378	2,897	12	6,576
Disposals and other changes	-	8	(34)	22	(4)
Amortisation	(366)	(2,645)	(1,002)	(17)	(4,029)
<b>Closing net book value at 31.12.2024</b>	<b>59,696</b>	<b>5,829</b>	<b>6,245</b>	<b>64</b>	<b>71,834</b>

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 December 31, 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 December 31, 2024 in application of the provisions of IAS 36 on impairment testing, the Group has conducted all the checks on any permanent impairment of corporate brands and related CGU's.

For the purposes of the impairment test of the BasicNet Group at consolidated level, the CGU's were identified as the brands of the company.

The impairment test was carried out comparing the book value of the net assets of each CGU with their recoverable value, defined as the higher between their value in use and the fair value less selling costs.

The verification of the reduction in the loss in value (impairment test) of the indefinite useful life assets, among which brands and goodwill, allocated to each CGU was carried out comparing the carrying amount with the respective recoverable value. The recoverable value was determined discounting the expected net cash flows allocated to each CGU (value in use). The key assumptions utilised for the calculation principally refer to:

- the estimate of the future net cash flows of each CGU is based on the plans approved by the Board of Directors and on reasonable and sustainable assumptions, with respect to future and historical cash flows;
- the terminal value, equal to the value of the cash flows at the end of the explicit time period, is calculated assuming a perpetual growth rate of 2.0% (2.0% in 2023);

the discounting of the weighed average cost of capital (WACC) of 8.30% (9.40% in 2023).

Following the impairment test no write-down is required of the book value of the brands or the goodwill. The value in use of the CGUs thus determined are significantly higher than their carrying amount: in particular, the sensitivity analyses carried out against this backdrop confirmed the full recoverability of the values even in the event of significant reductions in expected cash flows or a significant increase in discount rates. Similarly, the development of alternative scenarios involving an increase in the principal production sources, reflecting the current degree of uncertainty about future economic prospects, also revealed the presence of significant headroom for all CGUs.

The account “software development” increased approx. Euro 3.4 million for investments and decreased Euro 2.6 million for amortisation in the year.

The account “other intangible assets” principally includes improvements related to the franchising project and recorded investments of Euro 2.9 million and amortisation of Euro 1 million.

## 21. 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”).

	December 31, 2024	December 31, 2023	Change
Rights-of-use	41,871	35,900	5,971
<b>Total right-of-use</b>	<b>41,871</b>	<b>35,900</b>	<b>5,971</b>

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

	2024	2023
<b>Historical cost at 01.01</b>	<b>74,321</b>	<b>60,223</b>
Investments and increases ISTAT	15,443	14,584
Disposals and other changes	(127)	(487)
<b>Historical cost at 31.12</b>	<b>89,638</b>	<b>74,321</b>

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

	2024	2023
<b>Accum. Deprec. at 01.01</b>	<b>(38,421)</b>	<b>(30,314)</b>
Depreciation	(9,350)	(8,108)
Disposals and other changes	5	-
<b>Accum. Deprec. at 31.12</b>	<b>(47,766)</b>	<b>(38,421)</b>

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

	2024	2023
<b>Net book value at 01.01</b>	<b>35,900</b>	<b>29,910</b>
Investments and increases ISTAT	15,443	14,584
Disposals and other changes	(122)	(487)
Depreciation	(9,350)	(8,108)
<b>Net book value at 31.12</b>	<b>41,871</b>	<b>35,900</b>

## 22. GOODWILL

	December 31, 2024	December 31, 2023	Change
Goodwill	43,719	43,206	512
<b>Goodwill</b>	<b>43,719</b>	<b>43,206</b>	<b>512</b>

“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 20 on the checks carried out as at December 31, 2024.

## 23. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2024	December 31, 2023	Change
Property	39,781	39,240	541
Furniture and other assets	11,676	10,903	773
Plant & machinery	3,286	3,479	(193)
EDP	1,769	1,548	221
Industrial & commercial equipment	252	201	51
<b>Total property, plant and equipment</b>	<b>56,763</b>	<b>55,371</b>	<b>1,393</b>

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
<b>Historic cost at 1.1.2023</b>	<b>61,567</b>	<b>28,037</b>	<b>6,639</b>	<b>18,161</b>	<b>1,355</b>	<b>115,759</b>
Additions	155	2,817	417	599	67	4,054
Disposals and other changes	(28)	131	(106)	(308)	(2)	(315)
<b>Historic cost at 31.12.2023</b>	<b>61,693</b>	<b>30,985</b>	<b>6,950</b>	<b>18,452</b>	<b>1,419</b>	<b>119,499</b>
Additions	2,362	2,967	428	1,111	117	6,985
Disposals and other changes	-	(878)	(2)	(365)	-	(1,245)
<b>Historic cost as at 31.12.2024</b>	<b>64,055</b>	<b>33,074</b>	<b>7,376</b>	<b>19,197</b>	<b>1,537</b>	<b>125,238</b>

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
<b>Acc. Deprec. at 1.1.2023</b>	<b>(20,637)</b>	<b>(18,332)</b>	<b>(2,852)</b>	<b>(16,273)</b>	<b>(1,163)</b>	<b>(59,257)</b>
Depreciation	(1,817)	(1,843)	(623)	(902)	(57)	(5,242)
Disposals and other changes	-	92	4	271	2	370
<b>Acc. Deprec. at 31.12.2023</b>	<b>(22,453)</b>	<b>(20,082)</b>	<b>(3,470)</b>	<b>(16,904)</b>	<b>(1,218)</b>	<b>(64,128)</b>
Depreciation	(1,821)	(2,086)	(620)	(802)	(66)	(5,396)
Disposals and other changes	-	770	-	279	-	1,049
<b>Acc. Deprec. as at 31.12.2024</b>	<b>(24,274)</b>	<b>(21,399)</b>	<b>(4,090)</b>	<b>(17,428)</b>	<b>(1,284)</b>	<b>(68,475)</b>

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
<b>Net book value at 1.1.2023</b>	<b>40,930</b>	<b>9,706</b>	<b>3,787</b>	<b>1,888</b>	<b>191</b>	<b>56,503</b>
Additions	155	2,817	417	599	67	4,055
Depreciation	(1,817)	(1,843)	(623)	(902)	(57)	(5,242)
Disposals and other changes	(28)	223	(102)	(37)	-	56
<b>Net book value at 31.12.2023</b>	<b>39,240</b>	<b>10,903</b>	<b>3,479</b>	<b>1,548</b>	<b>201</b>	<b>55,371</b>
Additions	2,362	2,967	428	1,111	117	6,985
Depreciation	(1,821)	(2,086)	(620)	(802)	(66)	(5,396)
Disposals and other changes	-	(108)	(1)	(87)	-	(196)
<b>Net book value at 31.12.2024</b>	<b>39,781</b>	<b>11,676</b>	<b>3,286</b>	<b>1,769</b>	<b>252</b>	<b>56,763</b>



“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 and the adjacent land to the building of Strada Cebrosa in Turin acquired in 2024.

Total gross investments in the period amounted to Euro 7.0 million, principally relating to the property investment referred to in the previous paragraph and the acquisition of furniture and EDP for the opening of new stores.

The net book value of property, plant and equipment acquired according to the finance lease formula is reported below:

	Net value at December 31, 2024	Net value at December 31, 2023
Furniture and other assets	-	457
EDP	303	50
Plant	-	7
Transport vehicles	73	8
<b>Total</b>	<b>376</b>	<b>522</b>

## 24. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

	December 31, 2024	December 31, 2023	Change
Investments in:			
- Other companies	10	-	10
<b>Total investments</b>	<b>10</b>	<b>-</b>	<b>10</b>
Receivables:			
Other receivables, guarantees	1,970	955	1,015
<b>Total financial receivables</b>	<b>1,970</b>	<b>955</b>	<b>1,015</b>
<b>Total investments &amp; other financial assets</b>	<b>1,980</b>	<b>955</b>	<b>1,025</b>

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

## 25. INTERESTS IN JOINT VENTURES

	December 31, 2024	December 31, 2023	Change
Investments in:			
- Joint ventures	175	182	(7)
<b>Total investments in joint ventures</b>	<b>175</b>	<b>182</b>	<b>(7)</b>

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.

**26. DEFERRED TAX ASSETS**

	December 31, 2024	December 31, 2023	Change
Deferred tax assets	6,008	8,203	(2,195)
<b>Total deferred tax assets</b>	<b>6,008</b>	<b>8,203</b>	<b>(2,195)</b>

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.

Reference should be made to Note 40 below for further details.

**27. NET INVENTORIES**

	December 31, 2024	December 31, 2023	Change
Raw materials, ancillaries and consumables	71	71	-
Finished products and goods	112,104	116,551	(4,447)
Inventory obsolescence provision	(3,818)	(4,382)	564
<b>Total net inventories</b>	<b>108,357</b>	<b>112,239</b>	<b>(3,883)</b>

Finished inventories include goods in transit at the balance sheet date, which at December 31, 2024 amount to approx. Euro 26.8 million (Euro 22.1 million at December 31, 2023), and goods held at Group brand stores for Euro 14.5 million (Euro 12.1 million at December 31, 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:

	2024	2023
<b>Inventory obsolescence provision at 01.01</b>	<b>4,382</b>	<b>3,643</b>
Provisions in the year	750	2,558
Utilisations	(1,314)	(1,819)
<b>Inventory obsolescence provision at 31.12</b>	<b>3,818</b>	<b>4,382</b>

**28. TRADE RECEIVABLES**

	December 31, 2024	December 31, 2023	Change
Gross value	103,475	98,573	4,902
Doubtful debt provision	(19,402)	(22,245)	2,842
<b>Total trade receivables</b>	<b>84,073</b>	<b>76,329</b>	<b>7,744</b>

“Trade receivables” refer for Euro 78.4 million to goods sold by proprietary licensees compared to Euro 69.8 million at December 31, 2023 against which a doubtful debt provision was recorded of approx. Euro 9 million (Euro 9.6 million at December 31, 2023) and for Euro 24.4 million to royalties and sourcing commissions (Euro 27.7 million at December 31, 2023) against which a doubtful debt provision was recorded of Euro 10.4 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:

	2024	2023
<b>Doubtful debt provision at 01.01</b>	<b>22,245</b>	<b>19,528</b>
Provisions in the year	5,099	5,477
Utilisations	(7,333)	(1,090)
Release	(609)	(1,670)
<b>Doubtful debt provision at 31.12</b>	<b>19,402</b>	<b>22,245</b>

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. 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.

## 29. OTHER CURRENT ASSETS

	December 31, 2024	December 31, 2023	Change
Tax receivables	7,436	11,039	(3,603)
Other receivables	3,549	3,647	(98)
<b>Total other current assets</b>	<b>10,985</b>	<b>14,686</b>	<b>(3,701)</b>

Current “tax receivables” principally relate to withholding taxes on royalties for Euro 4.6 million, VAT receivables for Euro 0.9 million, IRES and IRAP receivables of Euro 1.1 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.

## 30. PREPAYMENTS

	December 31, 2024	December 31, 2023	Change
Sponsorship and media	3,571	3,437	134
Expenses pertaining to future collections	5	1,116	(1,111)
Others	7,068	6,946	122
<b>Total prepayments</b>	<b>10,645</b>	<b>11,499</b>	<b>(855)</b>

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.

### 31. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023	Change
Bank and postal deposits	28,057	31,754	(3,697)
Cash in hand and similar	138	208	(69)
<b>Total cash and cash equivalents</b>	<b>28,195</b>	<b>31,962</b>	<b>(3,766)</b>

“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 8.0 million), companies of the Kappa France Group (Euro 6.7 million), K-Way S.p.A. (Euro 3.3 million), Kappa S.r.l. (Euro 2.1 million), Basic Properties America, Inc. (Euro 1.9 million), Kappa Sport Iberia S.L. (Euro 1.5 million), BasicNet S.p.A. (Euro 1.2 million), K-WayRetail S.r.l. (Euro 0.7 million), Sebago S.r.l. (Euro 0.5 million), Superga S.r.l. (Euro 0.5 million), KappaRetail Suisse (Euro 0.4 million), KappaRetails S.r.l. (Euro 0.3 million), BasicItalia S.r.l. (Euro 0.3 million) and for the difference at the other Group companies (Euro 0.8 million).

### 32. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2024	December 31, 2023	Change
Derivative financial instruments	3,101	930	2,171
<b>Total</b>	<b>3,101</b>	<b>930</b>	<b>2,171</b>

Reference should be made to Note 46 below for further details.

### 33. SHAREHOLDERS' EQUITY

	December 31, 2024	December 31, 2023	Change
Share capital	31,717	31,717	-
Treasury shares	(30,861)	(16,442)	(14,419)
Other reserves	144,226	125,137	19,089
Net Profit	25,264	24,376	888
<b>Total Shareholders' Equity</b>	<b>170,346</b>	<b>164,787</b>	<b>5,559</b>

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.

During the year 2,441,000 treasury shares were acquired in accordance with Shareholders' Meetings motions, which together with the 4,373,500 shares held at the end of the previous year, totalled 6,814,500 at December 31, 2024 (12.62% of the Share Capital).

The account "other reserves" comprises:

- the "cash flow hedge reserve", positive for Euro 2.5 million, changed in the year due to the fair value measurement of cash flow hedges held at December 31, 2024;
- the "re-measurement reserve for defined benefit plans (IAS 19)", positive for Euro 15 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 391 thousand, is unavailable;
- the "currency conversion reserve", positive for Euro 2.5 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 approx. Euro 17 million compared to the end of 2023.

The reconciliation at December 31, 2024 between the net equity and net result of the Parent Company and the net equity and consolidated net result of the Group is reported in the Directors' Report.

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

	December 31, 2024	December 31, 2023	Change
Effective part of the Gains/(losses) on cash flow instruments generated in the period (currency hedges)	1,366	2,476	(1,110)
Effective part of the Gains/(losses) on cash flow instruments generated in the period (interest rate hedges)	(234)	227	(462)
<b>Effective part of the Gains/losses on cash flow hedge instruments</b>	<b>1,132</b>	<b>2,703</b>	<b>(1,572)</b>
Remeasurement of the agents indemnity provision (IAS37) (*)	267	248	19
Re-measurement of defined benefit plans (IAS 19) (*)	(156)	61	(218)
Gains/(losses) from translation of accounts of foreign subsidiaries	1,211	(238)	1,449
Spin-off reserve	-	112	(112)
Tax effect relating to the Other items of the comprehensive income statement	(349)	(728)	379
<b>Total other gains/(losses), net of tax effect</b>	<b>2,104</b>	<b>2,158</b>	<b>(54)</b>

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

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

	December 31, 2024			December 31, 2023		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Effective part of Gains/losses on cash flow hedge instruments	1,366	(379)	987	2,476	(600)	1,876
Effective part of the Gains/(losses) on cash flow instruments generated in the year (interest rate hedges)	(234)	56	(178)	227	(55)	173
Remeasurement of the agents indemnity provision (IAS37) (*)	267	(64)	203	248	(59)	188
Remeasurement gains/(losses) Employee defined benefit plans (IAS 19) (*)	(156)	38	(119)	61	(15)	47
Spin-off reserve	-	-	-	112	-	112
Gains/(losses) from translation of accounts of foreign subsidiaries	1,211	-	1,211	(238)	-	(238)
<b>Total other gains/(losses), net of tax effect</b>	<b>2,454</b>	<b>(349)</b>	<b>2,104</b>	<b>2,886</b>	<b>(728)</b>	<b>2,158</b>

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

#### 34. PROVISIONS FOR RISKS AND CHARGES

	December 31, 2024	December 31, 2023	Change
Provisions for risks and charges	2,440	4,337	(1,897)
<b>Total provisions for risks and charges</b>	<b>2,440</b>	<b>4,337</b>	<b>(1,897)</b>

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 reduction for the period refers to the reclassification to current liabilities of amounts already allocated for the termination of licensing and distribution agreements in two countries, the disbursement of which has met the prerequisites of certainty and determinability.

**35. LOANS**

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

	31/12/2023		Repayments	New loans	31/12/2024	Short-term portion	Medium /long-term portion
Banco BPM Mortgage Loan (Real Estate)	27,563	(3,150)	-	24,413	3,150	21,263	
MPS loan (Sebago)	2,438	(2,438)	-	-	-	-	
Banco BPM Unsecured Loan (Kappa Japan brand)	4,125	(1,500)	-	2,625	1,500	1,125	
FCG Loan L.662/96 (BasicNet)	3,781	(1,375)	-	2,406	1,375	1,031	
FCG Loan L.662/96 (BasicItalia)	3,781	(1,375)	-	2,406	1,375	1,031	
FCG Loan L.662/96 (K-WayRetail)	3,025	(1,100)	-	1,925	1,100	825	
FCG Loan L.662/96 (Kappa Japan brand)	4,125	(1,375)	-	2,750	1,375	1,375	
BPI KE loan	668	(333)	-	334	333	1	
Abanca “Covid-19” subsidised loan	101	(67)	-	34	34	-	
KSI “Covid-19” subsidised loan	191	(142)	-	48	48	-	
Intesa KFF loan	400	(400)	-	-	-	-	
BNP Loan – La Baule	257	(57)	-	200	57	143	
BPI Loan – La Baule	286	(57)	-	229	57	171	
HSBC Loan – Montpellier	157	(46)	-	111	47	64	
BNP Loan – Nice	255	(79)	-	177	79	98	
SGE Loan – Lyon	191	(88)	-	103	89	15	
SGE Loan – Temple (restructuring)	63	(47)	-	16	16	-	
BNP Loan – Temple	85	(85)	-	-	-	-	
SGE Loan – Temple	89	(89)	-	-	-	-	
SGE Loan – Biarritz	154	(54)	-	100	55	45	
BPI Loan – Biarritz	150	(75)	-	75	56	19	
BNP Loan – PGE	291	(124)	-	167	125	42	
HSBC Loan – PGE	196	(84)	-	112	84	28	
SGE Loan – PGE	196	(84)	-	112	84	28	
BNP – Lyon	900	(106)	-	794	174	620	
Balance	53,467	(14,330)	-	39,136	11,214	27,922	

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

	December 31, 2024	December 31, 2023	Change
Medium/long term loans:			
- due within 5 years	22,410	30,474	(8,064)
- due beyond 5 years	5,513	8,663	(3,150)
<i>Total medium/long-term loans</i>	<i>27,922</i>	<i>39,136</i>	<i>(11,214)</i>
Finance lease payables	284	77	206
<i>Total leasing payables (maturity within 5 years)</i>	<i>284</i>	<i>77</i>	<i>206</i>
<b>Total loans</b>	<b>28,206</b>	<b>39,214</b>	<b>(11,008)</b>



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 46). 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”, now fully repaid, 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.

At December 31, 2024, the credit lines available from the banking system (bank overdrafts, commercial advances, medium/long-term loans, import financing, leasing and letters of credit), amount to Euro 387 million, broken down as follows:

(In Euro millions)	December 31, 2024	December 31, 2023
Cash facility	290.3	295.1
Factoring	12.7	14.2
Letters of credit and swaps	42.4	43.3
Medium/long term loans	39.1	55.6
Equipment leasing	2.5	1.0
<b>Total</b>	<b>387.0</b>	<b>409.2</b>

The average interest paid for the BasicNet Group in the year is reported in Note 36 below.

### 36. BANK PAYABLES

	December 31, 2024	December 31, 2023	Change
Bank payables due within one year:			
- short-term portion of medium/long-term loans	11,214	14,330	(3,116)
- bank overdrafts and bills	50,838	43,832	7,006
- import advances	28,729	27,189	1,540
<b>Total bank payables</b>	<b>90,780</b>	<b>85,351</b>	<b>5,429</b>

The portion of medium/long-term loans due within one year is included under short-term bank debt as described in Note 35.

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 December 31, 2024 is as follows:

	Interest Rate		Total
	Fixed	Variable	
Short-term	9,447	81,333	90,780
Medium/long term	12,962	15,244	28,206
<b>Total</b>	<b>22,410</b>	<b>96,577</b>	<b>118,986</b>

The average interest rate on medium/long term loans was 3.13%.

### 37. PAYABLES FOR RIGHT-OF-USE

	December 31, 2024	December 31, 2023	Change
Payables for rights-of-use	43,080	36,778	6,302
<b>Total payables for right-of-use</b>	<b>43,080</b>	<b>36,778</b>	<b>6,302</b>

Movements in the account are detailed below:

(In Euro millions)	<b>FY 2024</b>	<b>FY 2023</b>
<b>Opening balance</b>	<b>36.8</b>	<b>30.7</b>
New contracts	10.7	6.9
Renewals	5.1	6.2
ISTAT changes	0.7	1.3
Payments	(9.0)	(8.5)
Corrections, withdrawals and other changes	(1.1)	-
<b>Closing balance</b>	<b>43.1</b>	<b>36.8</b>
<i>of which: within 12 months</i>	<i>9.7</i>	<i>8.1</i>
<i>of which beyond 12 months</i>	<i>33.4</i>	<i>28.7</i>

### 38. OTHER FINANCIAL PAYABLES

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Change</b>
Other financial payables	6,432	8,146	(1,714)
<b>Other financial payables</b>	<b>6,432</b>	<b>8,146</b>	<b>(1,714)</b>

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 44).

### 39. EMPLOYEE AND DIRECTOR BENEFITS

The account includes the post-employment benefits for employees of Euro 3.1 million and the termination indemnities of Directors of Euro 1.3 million.

The changes in the year of the post-employment benefit liability were as follows:

	<b>December 31, 2024</b>			<b>December 31, 2023</b>		
	<b>Defined benefit plans</b>	<b>Defined contrib. plans</b>	<b>Total</b>	<b>Defined benefit plans</b>	<b>Defined contrib. plans</b>	<b>Total</b>
Change in the balance sheet:						
Net liabilities recognized at begin. of year	2,717	-	2,717	2,318	-	2,318
Change in consolidation scope	-	-	-	-	-	-
Interest	90	-	90	97	-	97
Pension cost, net of withholdings	85	1,517	1,602	412	1,350	1,762,425
Benefits paid	(177)	-	(177)	(173)	-	(173)
Payments to the INPS treasury fund	-	(1,185)	(1,185)	-	(1,050)	(1,050)
Payments to other supp. pension fund	-	(332)	(332)	-	(300)	(300)
Actuarial profits/(losses)	156	-	156	61	-	61
<b>Net liabilities recognised in the accounts</b>	<b>2,871</b>	<b>-</b>	<b>2,871</b>	<b>2,717</b>	<b>-</b>	<b>2,717</b>
Change in the income statement:						
Interest	90	-	90	97	-	97
Pension Cost	85	1,517	1,602	412	1,350	1,762
<b>Total charges/(income) for post-employment benefits</b>	<b>175</b>	<b>1,517</b>	<b>1,692</b>	<b>510</b>	<b>1,350</b>	<b>1,860</b>

The account "defined benefit plans" includes the present value of the liabilities in the Italian companies of the Group towards employees in accordance with Article 2120 of the Civil Code. Based on the regulatory changes

in 2007, the sums matured prior to January 1, 2007 to employees are recognised as defined benefit plans in accordance with IAS 19 – Employee benefits; those matured subsequent to this date are on the other hand recognised as defined contribution plans in accordance with the same standard.

Within the Group there are no other defined benefit plans.

The actuarial valuation of the Post-Employment Benefit is prepared based on the “matured benefits” method through the Projected Unit Credit Method in accordance with IAS 19. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation, without projecting the remuneration of the employee in accordance with the regulatory modifications introduced by the Pension Reform.

The revaluations of the amounts at the option date for all of the companies and the benefits matured and not allocated to complementary pension schemes for businesses with less than 50 employees are recorded under post-employment benefit. In accordance with IAS 19, this provision was recorded as a “Defined benefit plans”. The actuarial model for the measurement of the post-employment benefit is based on various assumptions of a demographic and financial nature.

The sensitivity analysis carried out on the basis of the following variables: 1) inflation rate +0.25%/-0.25%, 2) discount rate +0.25%/-0.25%, 3) turnover rate +1%/-1% shows non-material impacts of less than Euro 50 thousand.

The principal assumptions of the model concerning the actuarial valuations relating to personnel costs are:

	December 31, 2024	December 31, 2023
discount rate	3.41%	3.39%
inflation rate:	2.00%	2.00%
annual increase in post-employment benefit	3.00%	3.00%
annual increase in salaries	1.00%	1.00%
turnover rate	7.50%	7.50%

The change in the annual discount rate reflects the decrease in the yields of the “corporate bonds” of the basket utilised (Iboxx Eurozone Corporate) at the balance sheet date.

#### 40. DEFERRED TAX LIABILITIES

	December 31, 2024	December 31, 2023	Change
Deferred tax liabilities	9,507	7,690	1,817
<b>Total deferred tax liabilities</b>	<b>9,507</b>	<b>7,690</b>	<b>1,817</b>

The individual effects are reported in the table below:

	December 31, 2024			December 31, 2023		
	Temporary differences	Rate % (*)	Tax effect	Temporary differences	Rate % (*)	Tax effect
Deferred tax assets:						
- Excess doubtful debt provision not deductible	(15,599)	24.8%	(3,845)	(18,145)	24.2%	(4,384)
- Inventory obsolescence provision	(2,650)	27.8%	(737)	(3,300)	28.2%	(929)
- Prudent exchange differences, net	-	-	-	(110)	24.0%	(26)
- Effect IAS 19 – Employee Benefits	(61)	27.9%	(17)	60	22.0%	13
- Effect IFRS 16 - lease payables	(183)	29.0%	(53)	(396)	28.5%	(113)
<b>Total</b>	<b>(18,493)</b>		<b>(4,652)</b>	<b>(21,891)</b>		<b>(5,440)</b>
Deferred tax liabilities:						
Amortisation & depreciation tax basis	19,167	28.0%	5,349	16,052	27.8%	4,468
- Statutory-tax difference on amortisation, depreciation, and valuations	11,520	28.1%	3,220	12,403	28.1%	3,484
- Misc. charges temporarily non-deductible	229	20.5%	47	(1,767)	31.8%	(445)
- Effect IAS 37 – agents indemnity provision	515	24.0%	124	248	24.0%	59
- Effect IFRS 39 - financial instruments	3,053	22.8%	697	660	24.5%	162
- Amort. goodwill and other sundry	384	27.9%	107	384	27.9%	107
<b>Total</b>	<b>34,869</b>		<b>9,544</b>	<b>27,979</b>		<b>7,836</b>
Losses carried forward	(5,570)	25.0%	(1,394)	(13,054)	25.0%	(3,269)
Undistributed profits/reserves	-	-	-	30,000	1.2%	360
<b>Deferred tax liabilities (asset) net</b>	<b>10,806</b>		<b>3,498</b>	<b>23,034</b>		<b>(513)</b>
Of which:						
Deferred tax assets			6,008			8,203
Deferred tax liabilities			9,507			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 3.9 million) and non-deductible inventory obsolescence provisions (approx. Euro 0.7 million), in addition to Euro 1.4 million of unlimited loss carry forwards for Kappa Europe Group, recognised on 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 5.4 million), differences between statutory and fiscal amortisation (Euro 3.2 million) and goodwill amortisation fiscally deductible (Euro 107 thousand).

Deferred tax liabilities on temporary differences generated by undistributed earnings of subsidiaries, fully related to the reserves of K-Way France at the end of the previous year (Euro 360 thousand), were fully released in light of the revised distribution forecasts resulting from the transaction described in the section Subsequent Events of the Directors' Report.

**41. OTHER NON-CURRENT LIABILITIES**

	December 31, 2024	December 31, 2023	Change
Security deposits	1,684	2,225	(541)
Medium/long term tax payables	-	-	-
<b>Total other non-current liabilities</b>	<b>1,684</b>	<b>2,225</b>	<b>(541)</b>

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

**42. TRADE PAYABLES**

“Trade payables” are payable in the short-term and increased by approx. Euro 5.3 million compared to December 31, 2023, due to the further advances on the procurement of goods during the last quarter compared to the same period of the previous year, in addition to the reduction in purchases. At the date of these 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.

**43. TAX PAYABLES**

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

	December 31, 2024	December 31, 2023	Change
Tax payables:			
IRES	850	861	(11)
Employee contributions	829	675	154
Group VAT	3,242	6,056	(2,813)
Other	333	196	137
<b>Total tax payables</b>	<b>5,254</b>	<b>7,788</b>	<b>(2,534)</b>

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

**44. OTHER CURRENT LIABILITIES**

	December 31, 2024	December 31, 2023	Change
Payables for the purchase of equity investments	1,649	1,592	57
Payables to employees and directors	3,795	3,768	26
Social security institutions	3,277	2,884	393
Accrued expenses	1,408	1,270	138
Shareholder dividend account	3	2	1
Other liabilities	4,414	3,768	646
<b>Total other current liabilities</b>	<b>14,546</b>	<b>13,284</b>	<b>1,261</b>

“Payables for the purchase of equity investments” includes 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 December 31, 2024 principally concern royalty payments on account from licensees (Euro 173 thousand) and other miscellaneous amounts.

#### 45. DEFERRED INCOME

	December 31, 2024	December 31, 2023	Changes
Royalties	4,400	1,368	3,033
Sponsored goods revenues	3,778	3,890	(112)
Entry Fee	-	4,187	(4,187)
Other deferred income	469	609	(140)
<b>Total deferred income</b>	<b>8,648</b>	<b>10,055</b>	<b>(1,406)</b>

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.

#### 46. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2024	December 31, 2023	Changes
Derivative financial instruments	48	270	(222)
<b>Total</b>	<b>48</b>	<b>270</b>	<b>(222)</b>

The account includes the market value at December 31, 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 2025 and 2026, on the basis of the goods orders already sent to suppliers, or still to be made but included in the budget. At December 31, 2024, commitments were in place on estimated future purchases, for USD 31.2 million, broken down into 7 transactions with differing maturities: 2 transactions in the first half of 2025 (for USD 6.2 million), 5 transactions in the second half of 2025 (for USD 25 million) at variable exchange rates from USD 1.1025 per Euro to USD 1.1230 per Euro. An equity reserve was recorded of Euro 1.3 million, net of the tax effect. During 2024, forward purchase operations were utilised for approx. USD 33.8 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.



**47. GUARANTEES GIVEN/COMMITMENTS**

With reference to the guarantees and commitments of the Group with third parties reference should be made to Note 35.

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 December 31, 2024, the bank deposits of BasicItalia were restricted for Euro 2 thousand; guarantees were also provided on leasing amounting to Euro 60 thousand;
2. BasicNet S.p.A.: the company has commitments for guarantees in favour of store tenants in the interest of KappaRetail for Euro 354 thousand, of K-WayRetail for Euro 251 thousand, of SebagoRetail for Euro 72 thousand and of SupergaRetail for Euro 52 thousand;
3. Kappa S.r.l.: 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 9.6 million and VAT deposit guarantees for Euro 4.3 million;
4. 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 11.9 million and VAT deposit guarantees for Euro 2.5 million;
5. Superga S.r.l.: 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 2.5 million and VAT deposit guarantees for Euro 1.2 million;
6. 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 that the company has taken on commitments, by way of a number of banks, related to the opening of letters of credit for the importing of goods for a total amount of Euro 1.9 million and VAT deposit guarantees for Euro 636 thousand;
7. 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.

**48. 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 31.12.2024
	Income statement	Shareholders' Equity			
<b>Assets:</b>					
Equity invest. & other financial assets	-	-	-	1,980	<b>1,980</b>
Interests in joint ventures	-	-	-	175	<b>175</b>
Cash and cash equivalents	-	-	28,195	-	<b>28,195</b>
Trade receivables	-	-	84,073	-	<b>84,073</b>
Other current assets	-	-	10,985	-	<b>10,985</b>
Derivative financial instruments	-	3,101	-	-	<b>3,101</b>
<b>Liabilities:</b>					
Medium/long-term loans	-	-	28,206	-	<b>28,206</b>
Bank payables	-	-	90,780	-	<b>90,780</b>
Trade payables	-	-	82,294	-	<b>82,294</b>
Other current liabilities	-	-	14,546	-	<b>14,546</b>
Derivative financial instruments	-	48	-	-	<b>48</b>

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 in commodity prices relating to raw materials (wool, cotton, rubber, synthetic fibre etc.) incorporated in the finished products which BasicItalia S.r.l., K-Way S.p.A. and Kappa France Group 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 December 31, 2024, unrealised exchange gains were recorded of Euro 618 thousand, while unrealised exchange losses were recorded of Euro 415 thousand, for net unrealised exchange gains of Euro 203 thousand.

The account includes the market value at December 31, 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 2025 and 2026, on the basis of the goods orders already sent to suppliers, or still to be made but included in the budget.

At the reporting date, there were 7 hedge transactions on US Dollar fluctuations, totalling USD 31.2 million; the relative effects are illustrated in the account “Derivative financial instruments”, in Note 46.

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 December 31, 2024 is shown below:

	December 31, 2024	%	December 31, 2023	%
Fixed rate	22,410	18.8%	31,992	25.7%
Variable rate	96,577	81.2%	92,573	74.3%
<b>Gross debt</b>	<b>118,986</b>	<b>100.0%</b>	<b>124,565</b>	<b>100.0%</b>

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 46. On the remaining part of the debt, the Group is exposed to fluctuation risks.

Where at December 31, 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 +139 thousand and Euro -139 thousand.

### Credit risk

The doubtful debt provision (Note 28) which includes provisions against specific credit positions and a general provision on an historical analysis of receivables, represents approx. 18.8% of trade receivables at December 31, 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 35).

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

	Book value	Future interest income/(expense)	Contractual cash flows	Within 1 year	From 1 to 5 years	Beyond 5 years
BPM Loan (Real Estate)	24,413	4,067	28,480	4,118	16,036	8,326
Banco BPM unsecured loan						
Kappa Japan brand	2,625	31	2,656	1,525	1,132	-
FGC 662/96 K-WayRetail Loan	1,925	19	1,944	1,115	829	-
FGC 662/96 loan BasicNet	2,406	26	2,432	1,395	1,037	-
FGC 662/96 Kappa Kapan brand loan	2,750	33	2,783	1,399	1,384	-
FGC 662/96 loan BasicItalia	2,406	26	2,432	1,395	1,037	-
BPI KE loan	333	8	341	174	-	-
Subsidised loan						
"Covid 19" Abanca	34	-	34	34	-	-
Subsidised loan						
"Covid 19" KSI	48	-	48	48	-	-
BNP – La Baule	200	7	207	61	147	-
BPI – La Baule	229	9	237	61	176	-
HSBC – Montpellier	111	2	113	48	64	-
BNP – Nice	177	3	180	81	99	-
SGE – Lyon	103	1	104	89	15	-
SGE – Temple (financement Travaux)	16	-	16	20	-	-
SGE – Biarritz	99	1	100	56	44	-
BPI – Biarritz	56	1	58	58	-	-
BNP – PGE	162	1	163	122	40	-
HSBC – PGE	112	-	112	84	28	-
SGE – PGE	112	-	112	84	28	-
BNP – Lyon	794	81	875	206	669	-
Lease payables	284	29	312	146	167	-
Payables for rights-of-use	43,080	3,865	46,945	10,782	31,379	4,784
<b>Total financial liabilities</b>	<b>82,476</b>	<b>8,209</b>	<b>90,685</b>	<b>23,101</b>	<b>54,311</b>	<b>13,110</b>

### 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.

## 49. 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 year ended December 31, 2024 are reported below:

	Investments	Trade receivables	Trade Payables	Other Income	Costs
Interests in joint ventures:					
- Fashion S.r.l.	175	-	-	-	-
Remuneration of Boards and Senior Executives and other related parties	-	-	-	-	7,433
<b>Total</b>	<b>175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,433</b>

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.

In relation to the other related parties, we highlight the legal consulting activities undertaken by Studio Legale Pavesio e Associati with Negri-Clementi, as part of a framework contract, of the Director Carlo Pavesio. These transactions, not material compared to the overall values, were at market conditions.

The collections owned by BasicNet S.p.A., which are utilised for media events, shows, press gatherings together with the Brands and/or products of the Group, are subject to a put and call agreement with Marco Boglione & Figli S.r.l.. The agreement is for a duration until July 30, 2026 and provides for an exercise price of the Call Option by Marco Boglione & Figli S.r.l. equal to the cost incurred by BasicNet for the purchase of the Collection, as resulting from the accounting entries of BasicNet, in addition to a financial interest charge equal to the average rate applied to BasicNet at the exercise option date.

## 50. SUBSEQUENT EVENTS

They are described in the Directors' Report.

## 51. 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.

## 52. 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

#### 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.

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.

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.

As they did not consider the arguments put forward by the Agency to be well-founded, the companies lodged appeals against all the tax assessments and requests for provisional suspension of the executive effects of the assessments.

The Turin Provincial Tax Commission, 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 for the years from 2011 to 2014.

In June 2020, the Tax Agency appealed against the Provincial Tax Commission's decision.

In January 2023, the Turin First Instance Tax Court communicated acceptance of the appeal filed by the Group Companies and cancelled the assessment notices issued by the Tax Agency for the year 2015.

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, for the years from 2011 to 2014 and sentencing the Office to pay legal fees.

In June 2023, the first level judgement of the Tax Court fully accepted the appeals and cancelled the tax assessments issued by the Tax Agency in relation to fiscal year 2016.

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

In 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.

In February 2025, the Piedmont Second Instance Tax Court rejected the Tax Agency's grounds of appeal, upholding the first instance decision favourable to the Group, for the year 2016 and sentencing the Office to pay legal fees.

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 all the years, except 2015, whose hearing will be held in April.

## **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 Basic Italia 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, 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.

In a ruling published on September 17, 2024, the Milan Court of Appeals did not uphold the first instance ruling and declared that BasicItalia's acceptance of the proposal received from FISI in application of the right of first refusal would not have established a contract between BasicItalia and FISI.

BasicItalia is considering what steps to take to protect rights and ensure a just resolution of the matter.

On behalf of the Board of Directors

**The Chairperson**

Marco Daniele Boglione



## ATTACHMENT 1

DISCLOSURE PURSUANT TO ARTICLE 149 *DUODECIES* OF THE CONSOB ISSUER'S REGULATION

Type of service	Service provider	Company	Fees for 2024
Audit	EY S.p.A.	Parent BasicNet S.p.A.	59,000
		Subsidiaries	165,000
	Network EY	Subsidiaries	157,000
Certification services	EY S.p.A.	Parent BasicNet S.p.A.	-
		Subsidiaries	-
Other services	EY S.p.A.	Parent BasicNet S.p.A.	40,000
		Subsidiaries	59,200
Total			480,200

## 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 2**  
**Page 2 of 3**

	Registered Office	Corporate purpose	Share capital		Parent company Holding (%)
<b>Indirectly held subsidiaries (cont.):</b>					
<b>- through Kappa S.r.l.</b>					
- 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
<b>- through Kappa France S.a.s.</b>					
- Kappa Retail Monaco S.a.r.l.	Monaco	Company that manages the store in Monaco.	EURO	15,000	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
<b>- through BasicNet S.p.A.</b>					
- 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
<b>- through Sebago S.r.l.</b>					
- 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
<b>- through Superga S.r.l.</b>					
- 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 <sup>(2)</sup>

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

**ATTACHMENT 3****DECLARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS  
PARAGRAPH 3 AND 4-BIS OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998 "FINANCIAL  
INTERMEDIATION ACT"**

The undersigned Marco Daniele Boglione as Executive Chairman, Federico Trono as Chief Executive Officer and Paola Bruschi as Executive Officer for Financial Reporting of BasicNet S.p.A., affirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

the adequacy for company operations and the effective application, of the administrative and accounting procedures for the preparation of the 2024 consolidated financial statements.

In addition, we declare that the consolidated 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 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.

Marco Daniele Boglione  
**Chairperson**

Federico Trono  
**Chief Executive Officer**

Paola Bruschi  
**Executive Officer for Financial Reporting**

# BasicNet S.p.A.

Consolidated financial statements as at December 31, 2024

Independent auditor's report pursuant to article 14 of  
Legislative Decree n. 39, dated 27 January 2010, and article  
10 of EU Regulation n. 537/2014

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014  
(Translation from the original Italian text)

To the Shareholders of  
BasicNet S.p.A.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of BasicNet Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of BasicNet S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of Trademarks and Goodwill	
<p>At December 31, 2024 trademarks and goodwill amounted to € 59,1 million and € 43,7 million, respectively. Intangible Assets with indefinite useful life have been allocated to the Cash Generating Units (CGU) related to the Group's trademarks.</p> <p>The processes and methods used to evaluate and determine the recoverable amount of each CGU, in terms of value in use, are based on assumptions that might be complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to the forecasting of future cash flows and the determination of the long-term growth and discount rates applied to the future cash flow forecasts.</p> <p>Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of trademarks and goodwill, we assessed that this area represents a key audit matter.</p> <p>Disclosures related to the valuation of trademarks and goodwill are provided in note 20 – "Intangible Assets", in note 22 "Goodwill" and in note 5 – "Accounting policies".</p>	<p>Our audit procedures in response to this key audit matter included, among others:</p> <ul style="list-style-type: none"> <li>the assessment of the processes implemented by the company in relation to the criteria and methodology of the impairment test;</li> <li>the evaluation of the CGUs identified and the allocation of assets and liabilities to the carrying value of each CGU;</li> <li>the assessment of the future cash flow forecasts, including comparisons to industry forecasts and sector data;</li> <li>the assessment of the consistency of the cash flow forecasts for each CGU as compared to the Group's business plan;</li> <li>the evaluation of historical accuracy of the forecasts by comparison to actual results;</li> <li>the assessment of the long-term growth rates and discount rates.</li> </ul> <p>In performing our analysis, we involved our specialists in valuation techniques, who have performed independent calculations and sensitivity analyses of the key assumptions in order to determine which changes could materially affect the valuation of the recoverable amount.</p> <p>Lastly, we reviewed the adequacy of the disclosures provided in the explanatory notes in respect to the valuation of trademarks and goodwill.</p>

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company BasicNet S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

### Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of BasicNet S.p.A., in the general meeting held on 27 April 2017, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

## Report on compliance with other legal and regulatory requirements

### Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of BasicNet S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the “Delegated Regulation”) to the consolidated financial statements as of December 31, 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at December 31, 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of BasicNet S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Group BasicNet as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the consolidated financial statements of BasicNet Group as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Turin, 26 March 2025

EY S.p.A.

Signed by: Massimiliano Vercellotti, Auditor

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

**FINANCIAL STATEMENTS AND  
EXPLANATORY NOTES OF BASICNET S.P.A.  
AT DECEMBER 31, 2024**

**FINANCIAL STATEMENTS AND EXPLANATORY NOTES****BASICNET S.p.A. – INCOME STATEMENT**

<i>(In Euro)</i>	<i>Note</i>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Changes</b>
Services to group companies	(7)	13,856,409	14,634,685	(778,276)
Royalties and sourcing commissions	(8)	8,786,030	2,197,639	6,588,391
Direct sales	(9)	12,350	160,545	(148,195)
Cost of sales	(10)	(183,136)	(244,283)	61,147
Other income	(11)	1,194,077	1,147,676	46,402
Sponsorship and media costs	(12)	(250,704)	(268,307)	17,603
Personnel costs	(13)	(9,182,521)	(11,075,046)	1,892,524
Selling, general and administrative costs, royalties expenses	(14)	(13,019,600)	(13,197,171)	177,572
Amortisation & depreciation	(15)	(4,021,212)	(3,967,682)	(53,530)
<b>EBIT</b>		<b>(2,808,307)</b>	<b>(10,611,945)</b>	<b>(7,803,638)</b>
Net financial income (charges)	(16)	(620,780)	(208,387)	(412,393)
Dividends	(17)	10,568,074	3,000,000	7,568,074
Investment income (charges)		-	25,578,604	(25,578,604)
<b>PROFIT BEFORE TAXES</b>		<b>7,138,987</b>	<b>17,758,272</b>	<b>(10,619,285)</b>
Income taxes	(18)	820,448	2,318,741	(1,498,293)
<b>NET PROFIT FOR THE YEAR</b>		<b>7,959,435</b>	<b>20,077,014</b>	<b>(12,117,579)</b>

**BASICNET S.p.A. – COMPREHENSIVE INCOME STATEMENT**

<i>(In Euro)</i>	<i>Note</i>	<b>FY 2024</b>	<b>FY 2023</b>	<b>Changes</b>
<b><i>Profit for the year (A)</i></b>		<b>7,959,435</b>	<b>20,077,014</b>	<b>(12,117,579)</b>
Re-measurement of post-employment benefits (IAS 19) (*)		(52,315)	(12,792)	(39,523)
Tax effect on other profits/(losses)		12,556	3,070	9,486
<b><i>Total other gains/(losses), net of tax effect (B)</i></b>	<i>(30)</i>	<b>(39,759)</b>	<b>(9,722)</b>	<b>(30,037)</b>
<b>Total Comprehensive Profit (A)+(B)</b>		<b>7,919,676</b>	<b>20,067,292</b>	<b>(12,147,616)</b>

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



**BASICNET S.p.A. – BALANCE SHEET**

<i>(In Euro)</i>	<i>Note</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Intangible assets	(19)	4,816,729	4,227,329
Rights-of-use	(20)	2,401,035	3,564,117
Plant, machinery and other assets	(21)	1,991,752	1,822,148
Equity invest. & other financial assets	(22)	138,322,357	137,834,060
Deferred tax assets	(23)	350,894	1,403,510
<b>Total non-current assets</b>		<b>147,882,767</b>	<b>148,851,163</b>
Net inventories	(24)	-	-
Trade receivables	(25)	3,689,777	2,154,889
Other current assets	(26)	46,553,851	75,150,808
Prepayments	(27)	731,832	652,806
Cash and cash equivalents	(28)	1,213,280	1,525,834
<b>Total current assets</b>		<b>52,188,740</b>	<b>79,484,336</b>
<b>TOTAL ASSETS</b>		<b>200,071,507</b>	<b>228,335,499</b>
<i>(In Euro)</i>	<i>Note</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Share capital		31,716,673	31,716,673
Treasury shares		(30,861,084)	(16,442,464)
Other reserves		132,662,588	120,048,939
Net Profit		7,959,435	20,077,014
<b>TOTAL SHAREHOLDERS' EQUITY</b>	(29)	<b>141,477,612</b>	<b>155,400,162</b>
Provision for risks and charges	(30)	45,569	45,569
Loans	(31)	1,314,389	2,426,994
Payables for rights-of-use	(33)	2,498,453	3,670,479
Employee and Director benefits	(34)	2,306,980	1,750,460
<b>Total non-current liabilities</b>		<b>6,165,392</b>	<b>7,893,502</b>
Bank payables	(32)	35,903,328	26,152,370
Trade payables	(35)	3,762,896	3,983,092
Tax payables	(36)	1,602,700	3,554,607
Other current liabilities	(37)	11,109,663	31,276,550
Accrued expenses	(38)	49,916	75,217
<b>Total current liabilities</b>		<b>52,428,504</b>	<b>65,041,835</b>
<b>TOTAL LIABILITIES</b>		<b>58,593,895</b>	<b>72,935,337</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>200,071,507</b>	<b>228,335,499</b>

**BASICNET S.p.A. – CASH FLOW STATEMENT**

<i>(In Euro)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>A) OPENING SHORT-TERM NET BANK DEBT</b>	<b>(20,814,035)</b>	<b>536,445</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss) for the year	7,959,435	20,077,014
Amortisation & depreciation	4,021,212	3,967,682
Reversal of impairment losses	-	(25,578,604)
Changes in working capital:		
- (increase) decrease in trade receivables	(1,534,888)	1,307,790
- (increase) decrease in inventories	-	-
- (increase) decrease in other receivables	8,976,609	(19,412,724)
- increase (decrease) in trade payables	(220,196)	(1,562,071)
- increase (decrease) in other payables	(2,513,893)	3,605,199
Net changes in employee and director benefits	516,761	522,722
Others, net	-	-
	<b>17,205,041</b>	<b>(17,072,993)</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in fixed assets:		
- tangible assets	(692,087)	(384,878)
- intangible assets	(2,774,561)	(2,219,698)
- financial assets	(488,297)	(5,000)
Realisable value for fixed asset disposals:		
- tangible assets	3,640	15,818
- intangible assets	-	-
- financial assets	-	-
	<b>(3,951,305)</b>	<b>(2,593,759)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net change in inter-company payables/receivables	963,733	15,099,883
Reimbursement of finance leases	262,395	(45,721)
Medium/long term loans (repayments)	-	-
Repayments of medium/long term loans	(3,812,500)	(3,812,500)
Repayment of debts for rights-of-use	(1,326,151)	(1,438,678)
Acquisition of treasury shares	(14,418,620)	(2,487,595)
Distribution of dividends	(7,423,604)	(8,999,118)
	<b>(25,754,748)</b>	<b>(1,683,728)</b>
<b>E) CASH FLOW IN THE YEAR</b>	<b>(12,501,013)</b>	<b>(21,350,480)</b>
<b>F) CLOSING SHORT-TERM NET BANK DEBT</b>	<b>(33,315,048)</b>	<b>(20,814,035)</b>

Interest paid for the year amounts to respectively Euro 1 million in 2024 and Euro 233 thousand in 2023, while income taxes paid in the year amounted to Euro 265 thousand in 2024 and Euro 2.0 million in 2023.

**BASICNET S.p.A. - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

<i>(In Euro)</i>	Share capital	Treasury shares	Legal Reserve	Treasury shares in portfolio reserve	Remeasurement Reserve IAS19	Conferment reserve	Merger reserve	Retained earnings (losses)	Net profit	Total
<b>Balance at December 31, 2022</b>	<b>31,716,673</b>	<b>(13,954,869)</b>	<b>6,343,334</b>	<b>13,954,869</b>	<b>(56,104)</b>	<b>60,903,373</b>	<b>264,495</b>	<b>36,492,316</b>	<b>11,155,496</b>	<b>146,819,583</b>
Allocation of result as per Shareholders' AGM resolution of 13/04/2023										-
- Legal reserve		-	-	-	-	-	-	-	-	-
Unrealised exchange gains reserve		-	-	-	-	-	-	-	-	-
- Retained earnings		-	-	-	-	-	-	2,140,646	(2,140,646)	-
- Distribution of dividends		-	-	-	-	-	-	15,731	(9,014,850)	(8,999,119)
- Conferment reserve		-	-	-	-	-	-	-	-	-
Acquisition of treasury shares		(2,487,595)	-	2,487,595	-	-	-	(2,487,595)	-	(2,487,595)
Result December 31, 2023		-	-	-	-	-	-	-	20,077,014	20,077,014
Other comprehensive income statement items:										
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	-	-	-
- Gains/(losses) recorded directly to equity for IAS 19 re-measurement		-	-	-	(9,722)	-	-	-	-	(9,722)
<i>Total comprehensive income</i>		-	-	-	(9,722)	-	-	-	20,077,014	20,067,292
<b>Balance at December 31, 2023</b>	<b>31,716,673</b>	<b>(16,442,464)</b>	<b>6,343,335</b>	<b>16,442,464</b>	<b>(65,826)</b>	<b>60,903,373</b>	<b>264,495</b>	<b>36,161,099</b>	<b>20,077,014</b>	<b>155,400,162</b>
Allocation of result as per Shareholders' AGM resolution of 16/04/2024										-
- Legal reserve		-	-	-	-	-	-	-	-	-
Unrealised exchange gains reserve		-	-	-	-	-	-	-	-	-
- Retained earnings		-	-	-	-	-	-	12,636,744	(12,636,744)	-
- Distribution of dividends		-	-	-	-	-	-	16,666	(7,440,270)	(7,423,604)
- Conferment reserve		-	-	-	-	-	-	-	-	-
Acquisition of treasury shares		(14,418,620)	-	14,418,620	-	-	-	(14,418,620)	-	(14,418,620)
Result December 31, 2024		-	-	-	-	-	-	-	7,959,435	7,959,435
Other comprehensive income statement items:										
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	-	-	-
- Gains/(losses) recorded directly to equity for IAS 19 re-measurement		-	-	-	(39,759)	-	-	-	-	(39,759)
<i>Total comprehensive income</i>		-	-	-	(39,759)			-	7,959,435	7,919,676
<b>Balance at December 31, 2024</b>	<b>31,716,673</b>	<b>(30,861,084)</b>	<b>6,343,335</b>	<b>30,861,084</b>	<b>(105,586)</b>	<b>60,903,373</b>	<b>264,495</b>	<b>34,395,888</b>	<b>7,959,435</b>	<b>141,477,612</b>

**BASICNET S.p.A. – NET FINANCIAL POSITION**

<i>(In Euro)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	1,213,280	1,525,834
Bank overdrafts and bills	(34,528,328)	(22,339,870)
<i>Sub-total net liquidity available</i>	<i>(33,315,048)</i>	<i>(20,814,036)</i>
Short-term portion of medium/long-term loans	(1,375,000)	(3,812,500)
<b>Short-term net financial position – third parties</b>	<b>(34,690,048)</b>	<b>(24,626,536)</b>
“Intesa Loan - FCG”	(1,031,250)	(2,406,250)
Payables for rights-of-use	(2,498,453)	(3,670,479)
Medium/long lease payables	(283,139)	(20,744)
<i>Sub-total loans and leasing – third parties</i>	<i>(3,812,842)</i>	<i>(6,097,473)</i>
<b>Net financial position – third parties</b>	<b>(38,502,890)</b>	<b>(30,724,009)</b>
Group financial receivables / (payables)	20,285,360	21,249,093
<b>Net Financial Position – Group</b>	<b>20,285,360</b>	<b>21,249,093</b>
<b>Total net financial position</b>	<b>(18,217,530)</b>	<b>(9,474,916)</b>

The following table shows the composition of the Group's net debt as of December 31, 2024 and December 31, 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>(In Euro)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
A. Cash	7,870	7,265
B. Other cash equivalents	1,205,410	1,518,569
C. Securities held for trading	-	-
<b>D. Cash &amp; cash equivalents (A)+(B)+(C)</b>	<b>1,213,280</b>	<b>1,525,834</b>
<b>E. Current financial receivables</b>	<b>-</b>	<b>-</b>
F. Current bank payables	(34,528,328)	(22,339,870)
G. Current portion of non-current debt	(1,375,000)	(3,812,500)
H. Other Group financial receivables/ (payables)	20,285,360	21,249,093
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>(15,617,968)</b>	<b>(4,903,277)</b>
<b>J. Net current financial debt (I)-(E)-(D)</b>	<b>(14,404,688)</b>	<b>(3,377,443)</b>
K. Non-current bank payables	(1,314,389)	(2,426,994)
L. Bonds issued	-	-
M. Other non-current financial payables	(2,498,453)	(3,670,479)
NO. Trade payables and other non-current payables	-	-
<b>O. Non-current financial debt (K) + (L) + (M) + (N)</b>	<b>(3,812,842)</b>	<b>(6,097,473)</b>
<b>P. Net financial debt (J) + (O)</b>	<b>(18,217,530)</b>	<b>(9,474,916)</b>

**BASICNET S.P.A. STATEMENT OF CHANGES IN NET FINANCIAL POSITION**

<i>(In Euro)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>A) OPENING NET FINANCIAL POSITION</b>	<b>(9,474,916)</b>	<b>19,663,619</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit (loss) for the year	7,959,435	20,077,014
Amortisation & depreciation	4,021,212	3,967,682
Reversal of impairment losses	-	(25,578,604)
Changes in working capital	4,707,632	(16,061,806)
Net changes in employee and director benefits	516,761	522,722
Others, net	-	-
	<b>17,205,041</b>	<b>(17,072,993)</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed asset investments	(3,954,946)	(2,609,577)
Realisable value for fixed asset disposals	3,640	15,818
	<b>(3,951,305)</b>	<b>(2,593,759)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Assumption (Reduction) payables for rights-of-use	(154,126)	2,014,930
Acquisition of treasury shares	(14,418,620)	(2,487,595)
Dividend payments	(7,423,604)	(8,999,118)
	<b>(21,996,350)</b>	<b>(9,471,783)</b>
<b>E) CASH FLOW IN THE YEAR</b>	<b>(8,742,615)</b>	<b>(29,138,535)</b>
<b>F) CLOSING NET FINANCIAL POSITION</b>	<b>(18,217,531)</b>	<b>(9,474,916)</b>

**BASICNET S.p.A. - 2024 INCOME STATEMENT PREPARED AS PER CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006**

<i>(In Euro)</i>	<b>FY 2024</b>	<i>Of which related parties Note 42</i>	<b>FY 2023</b>	<i>Of which related parties</i>
Services to group companies	13,856,409	13,856,409	14,634,685	14,634,685
Royalties and sourcing commissions	8,726,030	60,000	2,197,639	30,000
Direct sales	12,350	1,350	160,545	81,768
Cost of sales	(183,136)	-	(244,283)	-
Other income	1,194,077	-	1,147,676	-
Sponsorship and media costs	(250,704)	(153,545)	268,307	(148,916)
Personnel costs	(9,182,521)	-	(11,075,046)	-
Selling, general and administrative costs, royalties expenses	(13,019,600)	(1,993,450)	(13,197,171)	(2,093,734)
Amortisation & depreciation	(4,021,212)	(1,278,218)	(3,967,682)	(1,415,719)
<b>EBIT</b>	<b>(2,808,307)</b>		<b>(10,611,945)</b>	
Net financial income (charges)	(620,780)	917,702	(208,387)	913,884
Dividends	10,568,074	10,568,074	3,000,000	3,000,000
Investment income (charges)	-	-	25,578,604	25,578,604
<b>PROFIT BEFORE TAXES</b>	<b>7,138,987</b>		<b>17,758,272</b>	
Income taxes	820,448		2,318,741	
<b>NET PROFIT FOR THE YEAR</b>	<b>7,959,435</b>		<b>20,077,014</b>	

**BASICNET S.p.A. – BALANCE SHEET AS AT DECEMBER 31, 2024 PREPARED AS PER CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006**

<i>(In Euro)</i>	<b>December 31, 2024</b>	<i>Of which Related parties Notes 21 &amp; 27</i>	<b>December 31, 2023</b>	<i>Of which Related parties</i>
Intangible assets	4,816,729		4,227,329	
Rights-of-use	2,401,035	2,328,991	3,564,117	3,453,083
Plant, machinery and other assets	1,991,752		1,822,148	
Equity invest. & other financial assets	138,322,357	137,811,949	137,834,060	137,801,949
Deferred tax assets	350,894		1,403,510	
<b>Total non-current assets</b>	<b>147,882,767</b>		<b>148,851,163</b>	
Net inventories	-		-	
Trade receivables	3,689,777		2,154,889	
Other current assets	46,553,851	44,199,061	75,150,808	73,282,089
Prepayments	731,832		652,806	
Cash and cash equivalents	1,213,280		1,525,834	
<b>Total current assets</b>	<b>52,188,740</b>		<b>79,484,336</b>	
<b>TOTAL ASSETS</b>	<b>200,071,507</b>		<b>228,335,499</b>	

<i>(In Euro)</i>	<b>December 31, 2024</b>	<i>Of which Related parties Notes 34 &amp; 38</i>	<b>December 31, 2023</b>	<i>Of which Related parties</i>
Share capital	31,716,673		31,716,673	
Treasury shares	(30,861,084)		(16,442,464)	
Other reserves	132,662,588		120,048,939	
Net Profit	7,959,435		20,077,014	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>141,477,612</b>		<b>155,400,162</b>	
Provisions for risks and charges	45,569		45,569	
Loans	1,314,389		2,426,994	
Payables for rights-of-use	2,498,453	2,432,301	3,670,479	3,564,760
Employee and Director benefits	2,306,980		1,750,460	
<b>Total non-current liabilities</b>	<b>6,165,392</b>		<b>7,893,502</b>	
Bank payables	35,903,328		26,152,370	
Trade payables	3,762,896		3,983,092	
Tax payables	1,602,700		3,554,607	
Other current liabilities	11,109,663	9,059,294	31,276,550	29,191,763
Accrued expenses	49,916		75,217	
<b>Total current liabilities</b>	<b>52,428,504</b>		<b>65,041,835</b>	
<b>TOTAL LIABILITIES</b>	<b>58,593,895</b>		<b>72,935,337</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>200,071,507</b>		<b>228,335,499</b>	

**BASICNET S.p.A. – CASH FLOW STATEMENT AS AT DECEMBER 31, 2024 PREPARED AS PER CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006**

<i>(In Euro)</i>	<b>December 31, 2024</b>		<b>December 31, 2023</b>	
		<i>Of which related parties</i>		<i>Of which related parties</i>
<b>A) OPENING SHORT-TERM NET BANK DEBT</b>	<b>(20,814,035)</b>		<b>536,445</b>	
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit (Loss) for the year	7,955,700		20,077,014	
Amortisation & depreciation	4,021,212		3,967,682	
Reversal of impairment losses	-		(25,578,604)	(25,578,604)
Changes in working capital:				
- (increase) decrease in trade receivables	(1,534,888)		1,307,790	
- (increase) decrease in inventories	-		-	
- (increase) decrease in other receivables	8,976,609	8,364,073	(19,412,724)	(22,302,623)
- increase (decrease) in trade payables	(220,196)		(1,562,071)	
- increase (decrease) in other payables	(2,513,893)		3,605,199	
Net changes in employee and director benefits	516,761		522,722	
Others, net	-		-	
	<b>17,205,041</b>		<b>(17,072,993)</b>	
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in fixed assets:				
- tangible assets	(692,087)		(384,878)	
- intangible assets	(2,774,561)		(2,219,698)	
- financial assets	(488,297)		(5,000)	
Realisable value for fixed asset disposals:				
- tangible assets	3,640		15,818	
- intangible assets	-		-	
- financial assets	-		-	
	<b>(3,951,305)</b>		<b>(2,593,759)</b>	
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net change in inter-company payables/receivables	963,733	963,733	15,099,883	15,099,883
Undertaking of finance leases				
Reimbursement of finance leases	262,395		(45,721)	
New medium/long term loans				
Repayments of medium/long term loans	(3,812,500)		(3,812,500)	
Repayment of loans for rights-of-use	(1,326,151)		(1,438,678)	
Acquisition of treasury shares	(14,418,620)		(2,487,595)	
Distribution of dividends	(7,423,604)	(7,423,604)	(8,999,118)	(8,999,118)
	<b>(25,754,748)</b>		<b>(1,683,728)</b>	
<b>E) CASH FLOW IN THE YEAR</b>	<b>(12,501,013)</b>		<b>(21,350,480)</b>	
<b>F) CLOSING SHORT-TERM NET BANK DEBT</b>	<b>(33,315,048)</b>		<b>(20,814,035)</b>	



The undersigned herewith declares that the present financial statements reflect the underlying accounting entries.

On behalf of the Board of Directors

**The Chairperson**

Marco Daniele Boglione

## EXPLANATORY NOTES

### 1. GENERAL INFORMATION

BasicNet S.p.A. – with registered office in Turin (Italy), listed on the Italian Stock Exchange since November 17, 1999, in addition to its main function of Parent Company, provides to its subsidiaries the “Powered by” services, overseeing the continuous and progressive development of the IT platform which enables communication between the various network licensees, as well as undertaking activities of conception, development and communication and the Groups’ Information Technology systems. The Company coordinates and provides subsidiaries with administration, finance and control, legal and payroll management services.

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

The publication of the financial statements of BasicNet S.p.A. for the year ended December 31, 2024 was approved by the Board of Directors on March 7, 2025. The final approval of the accounts is the responsibility of the Shareholders’ AGM.

### 2. ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements for the year 2024 were prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and approved by the European Union at the date of the present document. IFRS refers to all the revised International Accounting Standards (IAS), and all of the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) - previously known as the Standing Interpretations Committee (“SIC”).

The financial statements are prepared under the historical cost convention, modified where applicable for the measurement of certain financial instruments, as well as on the going concern assumption.

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

##### **Amendment to IFRS 16. Lease Liability in a Sale and Leaseback**

The amendments to IFRS 16 specify the requirements that a seller-lessor uses in determining the lease liability arising from a sale and lease back transaction, to ensure that the seller-lessor does not account for a gain or loss that relates to the right-of-use retained by them.

This amendment had no impact on the Company financial statements.

##### **Amendments to IAS 1 – Classification of Liabilities as current or non-current**

The amendments to IAS 1 specify the requirements for classifying a liability 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.

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.

The changes had no impact on the Company's classification of liabilities.

**Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)**

The amendments to *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments: Disclosures* clarify the characteristics of supply finance arrangements and require additional disclosure of these arrangements. The disclosure requirements introduced are intended to assist users of financial statements in understanding the effects of supply finance arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

These amendments did not have any impact on the Company financial statements.

**3. FORMAT OF THE FINANCIAL STATEMENTS**

BasicNet S.p.A. presents its income statement by nature of cost items; the assets and liabilities are classified between current and non-current. The statement of cash flows was prepared applying the indirect method. The format of the 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.

**4. ACCOUNTING POLICIES**

The present financial statements were prepared on the going concern basis, and in accordance with the accruals principle. The financial statements are presented in Euro and all values are rounded into thousands of Euro.

The main accounting policies adopted in the preparation of the financial statements at December 31, 2024 are disclosed below:

**Revenue recognition**

Revenues derive from Company operations in the ordinary course of business and comprise revenues from sales and services. Revenues are recognised net of sales tax, returns and discounts.

Revenues from contracts with customers are recognised when the control of the goods and services is transferred to the client for an amount which reflects the consideration that the Company expects to receive in exchange for these goods and services. The Company has concluded that generally it acts as the Principal for the agreements from which it receives revenues, as usually it controls the goods and services before their transfer to the customer. In calculating the sales transaction price for goods, the Company considers the effects from variable fees, significant financial components and non-monetary fees. Where the fee concluded in the contract includes a variable amount, such as that connected to a right of return, the Company estimates the amount of the fee to which it will be entitled in exchange for the transfer of the goods to the customer.

Royalties and sourcing commissions, including the minimum guaranteed component, are recognised on an accruals basis in accordance with the underlying contracts and consistent with the state of advancement of the sales or the production of the licensees.

**Recognition of costs and expenses**

Costs and expenses are recognised in accordance with the accruals principle.

**Interest income and expenses, and income and charges**

Interest income and expenses and other income and expenses are recorded and shown in the financial statements on the accrual basis.

In accordance with IAS 23 – *Borrowing costs*, the financial charges directly attributable to the purchase, construction and production of the asset which requires a significant amount of time before use or sale are capitalised together with the value of the asset. Such an event has not arisen up to the present moment for the company. If these conditions are not met the financial charges are expensed directly to the income statement.

**Dividends****Dividends received**

Dividends from investees are recognised in the income statement when the right to receive the dividend is established.

**Dividends distributed**

Dividends distributed are represented as changes in shareholders' equity in the year in which the Shareholders' AGM approves the distribution and payment.

**Translation of balances in foreign currencies**

The receivables and payables originally expressed in foreign currencies are translated into Euro at the exchange rate when the transaction originated. Exchange differences arising on collections and payments in foreign currencies are recorded in the income statement.

Revenues and income, costs and charges related to currency transactions are recorded at the exchange rate at the transaction date.

At the end of the period, the assets and liabilities valued in foreign currencies, with the exception of fixed assets, are recorded at the exchange rates at the balance sheet date and the relative gains or losses on exchange are recorded in the income statement.

**Income taxes**

Income taxes include all the taxes calculated on the assessable income of the Company. Taxes on income are recognised in profit and loss, except where they relate to items charged or credited directly to equity, in which case the tax effect is also recognised directly in equity.

Other taxes not related to income, such as taxes on property and share capital, are included under operating charges.

Deferred taxes are calculated on all the temporary differences arising between the assessable income of an asset or liability and the relative book value in the financial statements, with the exception of the goodwill not fiscally deductible and of those differences deriving from investments in subsidiaries for which a write-down is not expected in the future.

Deferred tax assets on fiscal losses and unutilised tax credits carried forward are recognised only for those amounts for which it is probable there will be future assessable income to recover the amounts. The deferred tax assets and liabilities are offset when the income tax is applied by the same fiscal authority and when there is a legal right of compensation.

They are measured at the tax rates that are expected to apply to the period when the temporary difference is reversed.

The Company adhered to the tax consolidation in accordance with Article 117 and thereafter of the CFA – Presidential Decree No. 917 of December 22, 1986 together with all of the wholly-owned Italian subsidiary companies. BasicNet S.p.A. acts as the consolidating company and calculates a single assessable base for the Group of companies adhering to the national tax consolidation and therefore benefits from the possibility of offsetting assessable income with assessable losses in a single tax declaration.

On September 30, 2019, the Company filed for the renewal of the Patent Box Agreement (2015-2019) in relation to the indirect use of intangible assets (designs) within the scope of intercompany transactions for the period 2020-2024. At the same time, the Company is taking advantage of the "Patent Box" benefit for the indirect use of intangible assets (designs and models and copyrighted software) as part of transactions with third parties, pursuant to the regulations of Article 1, paragraphs 37 - 45 of Law No. 190/2014 and Ministerial Decree 28.11.2017 for the period 2020-2024.

**Earnings per share/Diluted earnings per share**

In accordance with paragraph 4 of IAS 33 – *Earnings per share*, this latter is only presented at consolidated financial statement level.

**Provisions and contingent liabilities**

BasicNet S.p.A. 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 certainty any future payments required. In addition, the Company has instigated legal disputes for the protection of its Trademarks, and of its products, against counterfeit products. The cases and disputes against the Company 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 on legal matters.

The Company 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 contingent liabilities are not recorded in the financial statements, but are reported as a disclosure in the Notes unless the probability is remote. In accordance with paragraph 10 of *IAS 37 – Provisions, contingent liabilities and contingent assets* a contingent liability is (a) a possible obligation which derives from past events and whose existence will be confirmed only on the occurrence or otherwise of one or more future uncertain events, not entirely under the control of the enterprise, or (b) a current obligation which derives from past events but which cannot be recorded in the financial statements as the payment is improbable or cannot be reliably estimated.

**Use of estimates**

The preparation of the financial statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the financial statements and on the information relating to the assets and contingent liabilities at the balance sheet date. The actual results may differ from such estimates.

Estimates are utilised to measure intangible and tangible assets subject to impairment tests, in addition to recognise provisions on doubtful debts, inventory obsolescence, amortisation and depreciation, the write-down of assets, employee benefits and income taxes.

The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognised in the income statement.

**Intangible Assets**

An intangible asset is a non-monetary asset, identifiable and without physical substance, controllable and capable of generating future economic benefits. Intangible assets are recognised at purchase and/or production cost, including the costs of bringing the asset to its current use net of accumulated amortisation and any loss in value. Amortisation begins when the asset is available for use and is recognised on a straight-line basis over the residual estimated useful life of the asset.

**Software development**

Software acquired and IT programmes developed internally are amortised over five years, while the costs incurred to maintain or upgrade the original operational standard are expensed in the year and are not capitalised.

**Concessions, brands and similar rights**

The patent rights are amortised over ten years.

**Plant, machinery and other assets**

Plant and equipment are recorded at purchase or production costs, including accessory charges and direct and indirect costs, for the amount reasonably attributable to the assets.

Subsequent expenditures are only capitalised where they increase the future economic benefits of the asset to which they relate. All other costs are expensed as incurred.

Plant and equipment are amortised on a straight-line basis over the estimated useful life of each asset. The depreciation rates by asset category are shown below:

<b>Description</b>	<b>Estimated useful life years</b>
Plant & machinery	4-8
Furniture and furnishings	5-8
Motor vehicles	4
EDP	5-8

Fixed assets which at the balance sheet date are lower than the book value are recorded at this lower value, which however may not be maintained at this value in subsequent periods if the reasons for the adjustment no longer exist.

Ordinary maintenance costs are fully charged to the income statement.

Advances and costs for property, plant and equipment in progress which are not yet utilised in the operating activities are reported separately.

### **Leased assets**

#### **Usage right assets**

The Company recognises the usage right assets at the initial leasing date (i.e. the date on which the underlying asset is available for use). The usage right assets are measured at cost, net of accumulated amortisation and impairments, adjusted for any remeasurement of the lease liabilities.

The cost of the usage right assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the payment of leases at the commencement date or before, net of any incentives received. Unless the Company does not have the reasonable certainty of obtaining ownership of the leased asset on conclusion of the leasing contract, the usage right assets are amortised on a straight-line basis for a period covering the lesser between the estimated useful life and the lease duration.

Right-of-use assets are subject to impairment.

#### **Lease liabilities**

At the lease commencement date, the Company recognises the lease liabilities measuring them at the present value of the payments due for the lease not yet settled at that date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Company and the lease termination penalty payments, where its duration takes account of the exercise by the Company of the termination option on the lease.

The variable lease payments not depending on an index or a rate are recognised as costs in the period in which the event or the condition generating the payment occurs. In calculating the present value of the payments due, the Company uses the incremental borrowing rate at the commencement date where the implicit interest rate cannot be readily determined.

After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease payables is restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the fixed payments in substance; it is in addition restated amid changes to the valuation of the acquisition of the underlying asset.

**Short-term leases and low value asset leases**

The Company applies the exception for the recognition of short-term leases for machinery and equipment (i.e. leasing with a duration of 12 months or less from the commencement date and not containing a purchase option). The Company has also applied the exception for leases concerning assets of a modest value with regards to the leasing contracts on office equipment whose value is considered low (i.e. below Euro 5,000).

The short-term lease charges and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

**Impairments**

The carrying value of the assets of the Company are measured at each reporting date to determine whether there has been a loss in value, in which case an estimate is made of the recoverable value of the asset. A loss in value (impairment) is recorded in the income statement when the carrying value of an asset or a cash-generating unit exceeds its recoverable value.

The indefinite intangible assets (including goodwill) are tested annually and whenever there is an indication of a possible loss, in order to determine whether a loss in value has occurred.

**Measuring recoverable amount**

The recoverable value of a non-financial asset is the higher of the fair value less costs to sell and the value in use. For the determination of the value in use, the future cash flows are discounted utilising a rate which reflects the current market value of money and of the related risks of the activity. In the case of activities which do not generate cash flows sufficiently independent, it is necessary to calculate the recoverable value of the cash-generating unit to which the asset belongs.

**Write-back of value**

The value is recovered when changes take place in the valuations to determine the recoverable value. The recoverable value is recorded in the income statement adjusting the book value of the asset to its recoverable value. This latter must not be above the value which would have been determined, net of depreciation, if no loss in value of the asset had been recorded in previous years.

**Equity invest. & other financial assets****Investments in subsidiaries, associates and joint ventures**

In the separate financial statements of BasicNet S.p.A. the investments in subsidiaries, associates and joint ventures are recorded at cost, adjusted for any loss in value; the cost includes any directly attributable accessory charges. The positive difference, arising on purchase, between the acquisition cost and the share of net equity of the investment of the Company is, therefore, included in the carrying value of the investment.

Where there is an indication of a loss, the carrying value of the investment must be compared with the recoverable value, represented by the higher between the fair value, net of selling costs, and the value in use. For non-listed investments, the fair value is determined with reference to binding sales agreement. The value in use is determined discounting the expected cash flows from the investment at the weighted average cost of capital, net of the financial debt. The cash flows are determined on the basis of reasonable and identifiable assumptions, represented by the best estimates of the future economic conditions.

Where an impairment loss exists, it is recognised immediately through the income statement. Where the reasons for the write-down no longer exist, the value of the investment is restored within the limit of the original cost through the income statement.

Where the share of losses pertaining to the company in the investment exceeds the carrying value of the investment, the value of the investment is written down and the share of further losses is recorded as a provision under liabilities if the Company has the obligation to cover such losses.

#### Other investments

Investments other than those in subsidiaries, associated companies and joint ventures are recognised under non-current assets or current assets if held within the equity of the Company for a period, respectively, of greater than, or not greater than, 12 months.

On acquisition, they are classified to the following categories:

- “financial assets available-for-sale” within non-current or current assets;
- “fair value assets with changes to the book value to the income statement”, within current assets if held-for-trading.

The other investments classified as “financial assets available-for-sale” are measured at fair value; the change to the values of these investments are recognised to a net equity reserve through the other comprehensive income statement items, which will be reversed to the income statement on sale or impairment.

Other non-listed investments classified as “financial assets available-for-sale” for which the fair value may not be reliably estimated are valued at cost, adjusted for impairments to the income statement, according to *IAS 39 – financial instruments: recognition and measurement*.

The reduction in value of other investments classified as “financial assets available-for-sale” may not be subsequently reversed.

Changes in the value of other investments classified as “financial assets at fair value with changes recorded in the income statement” are recognised directly to the Income Statement.

#### Other financial assets

Financial assets consist of loans are recorded at their estimated realisable value.

#### Net inventories

Inventory is valued under the average weighted cost method.

Inventories are measured at the lower of purchase or production cost and their net realisable value.

Inventories include incidental charges and direct and indirect costs that can be reasonably allocated. Obsolete and slow-moving inventories are written down in relation to their possible utilisation or realisable value. When in future periods the reasons for the write-down no longer exist, they are restored to the original value.

#### Receivables and other current assets

Receivables recorded under current assets are stated at their nominal value, which substantially coincides with the amortised cost. The initial value is subsequently adjusted to take account of any write-downs, which reflects the bad debt estimate. The Company applies the simplified approach to calculating expected losses, fully recognising the expected loss at the reporting date according to historic information supplemented by forward looking considerations. Medium/long-term receivables which include an implicit interest component are discounted utilising an appropriate market rate. Receivables transferred without recourse, in which all the risks and benefits are substantially transferred by the owner of the financial assets to the factoring company, are reversed in the financial statements at their nominal value.



**Cash and cash equivalents**

The liquid assets principally relate to current bank accounts and cash. They are recorded for amounts effectively available at year end.

The cash equivalents are invested in highly liquid temporary financial instruments.

**Accruals and prepayments**

The account includes amounts related to two accounting periods, in accordance with the accruals concept.

**Treasury Shares**

Treasury shares are recognised as a deduction from equity. The original cost of the treasury shares and the revenues deriving from any subsequent sale are recognised as equity movements.

**Provisions for risks and charges**

Provisions for risks and charges are recorded in the balance sheet only when a legal or implicit obligation exists deriving from a past event that determines the commitment of resources to produce economic benefits for their compliance and a reliable estimate of the amount can be determined.

**Employee benefits**

The Post-Employment Benefit in accordance with Italian legislation is quantified as a defined benefit plan and is measured in accordance with the "Projected Unit Credit Method".

From January 1, 2007, this liability refers exclusively to the portion of the Post-Employment Benefit, matured up to December 31, 2006, which following the complementary pension reform (Legislative Decree No. 252 of December 5, 2005) continues to constitute an obligation of the company. Following the entry into force of the above-mentioned reform as enacted by Law No. 296 of December 27, 2006 (2007 Finance Law), the liability, as concerning services already completely matured, was restated without applying the pro-rata of the employment service and without considering, in the actuarial calculation, the components relating to future salary increases.

On June 16, 2011, the IASB issued an amendment to IAS 19 *Employee Benefits*. The new version of IAS 19 requires, in particular, for post-employment benefits, the recognition of the changes of the actuarial gains/losses under other items of the Comprehensive Income Statement. The cost relating to employment services, as well as the interest on the "time value" component in the actuarial calculations remain in the profit and loss account.

The portion of the Post-Employment Benefit paid to a supplementary pension fund is considered a defined contribution plan as the obligation of the company towards the employee ceases with the payment of the amount matured to the funds. Also the portion of the Post-Employment Benefit paid to the INPS Treasury fund is recorded as a defined contribution plan.

**Payables**

Financial payables are recorded at their nominal value which approximates the amortised cost. The book value of the trade and other payables at the balance sheet date approximates their fair value. The book value of the trade and other payables at the balance sheet date approximates their fair value.

**Cash flow hedges and accounting of relative operations**

It is recalled that the BasicNet S.p.A. does not undertake contracts for speculative purposes.

These instruments are initially recorded at their fair value, and subsequently measured according to whether they are "hedged" or "not hedged" as per IFRS 9.

It is recalled that BasicNet S.p.A. does not undertake derivative contracts for speculative purposes.

The hedging may be of two types:

- Fair value hedges;
- Cash flow hedges.

BasicNet S.p.A., before signing a hedge contract, undertakes a close examination of the relationship between the hedge instrument and the item hedged, in view of the objectives to reduce the risk, also evaluating the existence and the continuation over the life of the derivative financial instrument of the effectiveness requirements, necessary for the hedge accounting.

The Company does not utilise fair value hedge instruments.

a) Fair value hedges

The changes in their fair value are recognised in the income statement, together with the changes in the fair value of the relative assets and liabilities hedged.

The Company does not utilise fair value hedge instruments.

b) Cash flow hedges

The part of the profit or loss of the hedge instrument, considered effective, is recorded directly in the comprehensive income statement; the non-effective part is however recorded immediately in the income statement. The accumulated amounts in the comprehensive income statement are recorded in the income statement in the year in which the scheduled hedge operation matures or the instrument hedged is sold, or when the effectiveness requirements for hedge accounting no longer exist.

c) Derivative financial instruments which do not have the effectiveness requirements for hedge accounting

The derivative financial instruments which do not comply with the requirements of IFRS 9 for the identification of the hedge, where present, are classified in the category of financial assets and liabilities measured at fair value through the profit and loss account.

Hierarchy of Fair Value according to IFRS 7

IFRS 7 requires that the classification of financial instruments measured at fair value is determined based on the quality of the input sources used in the valuation.

The IFRS 7 classification implies the following hierarchy:

- *level 1*: determination of fair value based on prices listed ("unadjusted") in active markets for identical assets or liabilities;
- *level 2*: determination of fair value based on other inputs than the listed prices included in "level 1" but which are directly or indirectly observable. This category includes the instruments with which the Company mitigates the risk deriving from fluctuations in interest rates and currencies;
- *level 3*: determination of fair value based on valuation models whose input is not based on observable market data ("unobservable inputs").

## 5. OTHER INFORMATION

The subsequent events to the end of the year 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 Company has not received any grants from public bodies in excess of Euro 10 thousand.

## EXPLANATORY NOTES TO THE INCOME STATEMENT

### 6. DISCLOSURE BY OPERATING SEGMENT

As the Company simultaneously publishes the separate and consolidated financial statements, the operating segment information is provided only for the consolidated financial statements in accordance with IFRS 8 – *Operating segments*.

### 7. SERVICES TO GROUP COMPANIES

The “revenues for assistant services to Group companies” of Euro 13.9 million and originates from assistance and consultancy in administration and finance, payroll, commercial contract agreements and IT services provided by the Parent Company to the subsidiaries and include in addition the fees for the “Powered by” services.

### 8. ROYALTIES AND SOURCING COMMISSIONS

The breakdown of royalties and sourcing commissions by geographic area is reported below.

	FY 2024	FY 2023
Europe	1,432,875	320,217
The Americas	619,701	216,119
Asia and Oceania	6,530,395	1,571,166
Middle East and Africa	203,059	90,137
<b>Total</b>	<b>8,786,030</b>	<b>2,197,639</b>

Royalty income comprises fees on licenses for know-how and the development of the Group brand collections, in addition to royalties for the use of the K-Way brand.

Sourcing commissions stem from usage rights of the know-how and are charged to the licensee producers on the sales made by them to the licensees of the Network.

The increase in the item in the year mainly resulted from the reorganisation of contractual and operational management relationships of the sourcing centers between BasicNet and its subsidiaries.

### 9. DIRECT SALES

The direct sales of products undertaken by the Company refer only to samples of clothing and footwear to licensees. The breakdown of sample sales is as follows:

	FY 2024	FY 2023
Net sales to third parties	12,350	78,777
Net sales to subsidiaries	-	81,768
<b>Total direct sales</b>	<b>12,350</b>	<b>160,545</b>

Sales to subsidiaries are detailed in Note 42.

**10. COST OF SALES**

The breakdown of the cost of sales is as follows:

	<b>FY 2024</b>	<b>FY 2023</b>
Samples purchased	-	142,498
Freight charges and accessory purchasing cost	92,911	41,198
Change in inventory of raw materials, ancillary, consumables and goods	-	-
Prototypes purchases and development	79,921	51,305
Others	10,304	9,281
<b>Total cost of sales</b>	<b>183,136</b>	<b>244,283</b>

Sample purchases were made by BasicNet S.p.A. for the exclusive resale to the licensees.

**11. OTHER INCOME**

	<b>FY 2024</b>	<b>FY 2023</b>
Reversal of doubtful debts provision	-	794,835
Other income	1,194,077	352,841
<b>Total other income</b>	<b>1,194,077</b>	<b>1,147,676</b>

Other income includes prior year accruals' reversals and other minor items.

**12. SPONSORSHIP AND MEDIA COSTS**

	<b>FY 2024</b>	<b>FY 2023</b>
Promotional expenses	192,303	196,370
Advertising	58,401	71,937
<b>Total sponsorship and media costs</b>	<b>250,704</b>	<b>268,307</b>

**13. PERSONNEL COSTS**

	<b>FY 2024</b>	<b>FY 2023</b>
Wages and salaries	6,468,621	7,644,986
Social security charges	2,187,523	2,890,846
Post-employment benefits	526,377	539,114
<b>Total</b>	<b>9,182,521</b>	<b>11,075,046</b>

Personnel costs include all charges relating to the provision of employment services of BasicNet S.p.A.. It should be noted that during the year, in order to improve the presentation of data, a reclassification was made from General and Administrative Expenses to Personnel Costs, consequently changing the representation of the previous year's data and increasing 2023 costs by approximately Euro 319 thousand. The changes in the headcount during the year were as follows:

Category	Human resources at December 31, 2024				Human resources at December 31, 2023			
	Number		Average age		Number		Average age	
	Male/ Female	Total	Male/ Female	Age.	Male/ Female	Total	Male/ Female	Age.
Executives	15 / 5	20	51 / 55	53	15 / 5	20	50 / 54	51
White-collar	38 / 96	133	39 / 41	40	34 / 92	126	41 / 40	40
Blue-collar	1 / 1	2	44 / 49	46	1 / 1	2	43 / 48	45
<b>Total</b>	<b>54 / 102</b>	<b>155</b>	<b>42 / 45</b>	<b>50</b>	<b>50 / 98</b>	<b>148</b>	<b>44 / 41</b>	<b>42</b>

The average number of Employees in 2024 was 155, comprising 20 executives, 133 white-collar employees and 2 blue-collar employees.

**14. SELLING, GENERAL AND ADMINISTRATIVE COSTS AND ROYALTIES EXPENSES**

The breakdown of service costs is presented in the table below:

	<b>FY 2024</b>	<b>FY 2023</b>
Commercial expenses	681,274	1,603,931
Rental, accessory and utility expenses	4,084,496	4,030,473
Directors and Statutory Auditors emoluments	2,572,275	2,517,351
Doubtful debt provision	678,763	-
Sales services	39,766	115,922
Professional consultants	1,506,290	1,178,770
Other general expenses	3,456,737	3,750,726
<b>Total selling, general and administrative costs, and royalties</b>	<b>13,019,600</b>	<b>13,197,171</b>

“Commercial expenses” include costs related to the commercial activities, travel expenses and consulting costs for stylistic and graphic material.

"Rental, accessory and utility expenses" principally relate to the variable charges of the offices of the company, owned by the subsidiary Basic Village S.p.A.

The company's remuneration policy, as well as Directors and Statutory Auditors emoluments for the offices held, pursuant to Article 78 of Consob Regulation No. 11971/99 and thereafter are reported in the Remuneration Report pursuant to Article 123-ter of the CFA (reported net of tax charges) which is available on the company's website [www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp](http://www.basicnet.com/contenuti/datifinanziari/assembleeazionisti.asp), to which reference should be made.

"Professional consultants" refers to charges from legal consultants, professional fees related to reorganisation activities, as well as legal audit and tax assistance services.

"Other general expenses" includes bank charges, other taxes, consumption materials, hire charges, and corporate and other minor expenses.

It should be noted that during the year, in order to improve the presentation of data, a reclassification was made from General and Administrative Expenses to Personnel Costs, consequently changing the representation of the previous year's data and reducing 2023 costs by approximately Euro 319 thousand.

## 15. AMORTISATION & DEPRECIATION

	FY 2024	FY 2023
Intangible assets	2,185,162	1,961,418
Rights-of-use	1,317,207	1,493,097
Property, plant and equipment	518,842	513,167
<b>Total amortisation &amp; depreciation</b>	<b>4,021,212</b>	<b>3,967,682</b>

With regard to depreciation related to the "right-of-use", reference is made to Note 20.

## 16. NET FINANCIAL INCOME/(CHARGES)

	FY 2024	FY 2023
Interest on bank deposits	3,830	8,235
Intercompany interest income	1,291,992	1,400,471
Bank interest charges	(1,218,384)	(332,967)
Interest on medium/long term loans	(69,494)	(224,244)
Medium/long term loan charges	0	(6,286)
Intercompany interest charges	(374,290)	(486,588)
Interest IFRS 16	(30,581)	(50,086)
IAS 19 interest	(30,642)	(36,800)
Commissions on loans and bank accounts	(65,837)	(53,540)
Other interest charges	(32,169)	(52,214)
<b>Total financial income and charges</b>	<b>(525,574)</b>	<b>165,981</b>
Exchange gains	273,847	248,407
Exchange losses	(369,052)	(622,775)
<b>Net exchange gains/(losses)</b>	<b>(95,206)</b>	<b>(374,368)</b>
<b>Total financial income/(charges)</b>	<b>(620,780)</b>	<b>(208,387)</b>

“Intercompany interest income and charges” derives from operations during the year and regulated through intercompany accounts, remunerated at market rates.

“Interest on medium/long-term loans” refers to the “Intesa Loan - FCG” and the “MPS Loan”, which has been fully repaid, as described at Note 32.

“Exchange gains realised” in 2024 amounted to Euro 158 thousand and “exchange losses realised” amounted to Euro 272 thousand. The translation of credit and debit balances at year-end resulted in the recognition of “unrealised exchange gains” of Euro 116 thousand and “unrealised exchange losses” of Euro 97 thousand.

## 17. DIVIDENDS

During fiscal year 2024, the company received the following dividends of Euro 10,568,074, broken down as follows

	FY 2024
K-Way S.p.A. with sole shareholder	5,000,000
Kappa S.r.l.	4,000,000
Superga S.r.l. with sole shareholder	1,000,000
Basic Properties America	568,074
<b>Total dividends</b>	<b>10,568,074</b>

## 18. INCOME TAXES

The balance of taxes is positive and amounted to Euro 820 thousand, and comprises the effect of IRES, the taxable amount of which is transferred to the Tax Consolidation for Euro 1.3 million, deferred tax assets ascertained in previous years on temporary differences of Euro 1 million, taxes relating to previous years of Euro 40 thousand and the positive effect of the application of the Patent Box benefit of Euro 529 thousand

The reconciliation between the theoretical and actual rate is shown below:

	FY 2024	FY 2023
Profit before taxes	7,138,987	17,758,272
Income tax rate	24%	24%
<b>THEORETICAL IRES</b>	<b>(1,713,357)</b>	<b>(4,261,985)</b>
Permanent tax differences effect	2,099,400	6,676,068
Prior year taxes	(39,953)	(44,191)
Patent Box benefit	529,194	207,177
IRAP	(83,843)	-
Other changes	29,007	(258,328)
<b>EFFECTIVE TAX CHARGE</b>	<b>820,448</b>	<b>2,318,741</b>
<b>Effective tax rate</b>	<b>11.5%</b>	<b>13.1%</b>

## EXPLANATORY NOTES TO THE BALANCE SHEET

## 19. INTANGIBLE ASSETS

The breakdown of intangible assets at December 31, 2024 compared to the previous year-end and the movements during the year are reported in the table below:

	December 31, 2024	December 31, 2023	Changes
Concessions, brands and similar rights	239,706	298,635	(58,929)
Other intangible assets	4,545,550	3,886,651	658,899
Industrial patents & intellectual property rights	31,473	42,043	(10,570)
<b>Total intangible assets</b>	<b>4,816,729</b>	<b>4,227,329</b>	<b>589,400</b>

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

	Concessions, brands, similar rights	Other intangible assets	Industrial patents	Total
<b>Historic cost at 1.1.2023</b>	<b>5,262,015</b>	<b>39,638,268</b>	<b>169,508</b>	<b>45,069,791</b>
<i>Investments</i>	138,844	2,080,855	-	2,219,698
<i>Divestments</i>	-	-	-	-
<i>Intercompany sales</i>	-	-	-	-
<b>Historic cost at 31.12.2023</b>	<b>5,400,858</b>	<b>41,719,122</b>	<b>169,509</b>	<b>47,289,489</b>
<i>Investments</i>	43,958	2,730,603	-	2,774,561
<i>Divestments</i>	-	-	-	-
<i>Corporate transactions</i>	-	-	-	-
<b>Historic cost as at 31.12.2024</b>	<b>5,444,816</b>	<b>44,449,725</b>	<b>169,509</b>	<b>50,064,050</b>

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

	Concessions, brands, similar rights	Other intangible assets	Industrial patents	Total
<b>Acc. Amort. at 1.1.2023</b>	<b>(4,990,275)</b>	<b>(35,993,571)</b>	<b>(116,896)</b>	<b>(41,100,742)</b>
<i>Amortisation</i>	(111,949)	(1,838,900)	(10,570)	(1,961,418)
<i>Intercompany sales</i>	-	-	-	-
<b>Acc. Amort. at 31.12.2023</b>	<b>(5,102,223)</b>	<b>(37,832,471)</b>	<b>(127,466)</b>	<b>(43,062,159)</b>
<i>Amortisation</i>	(102,888)	(2,071,704)	(10,570)	(2,185,162)
<i>Corporate transactions</i>	-	-	-	-
<b>Acc. Amort. as at 31.12.2024</b>	<b>(5,205,111)</b>	<b>(39,904,175)</b>	<b>(138,036)</b>	<b>(45,247,321)</b>



The changes in intangible assets during 2024 are shown in the table below:

	<b>Concessions, brands, similar rights</b>	<b>Other intangible assets</b>	<b>Industrial patents</b>	<b>Total</b>
<b>Book value at 1.1.2023</b>	<b>271,739</b>	<b>3,644,696</b>	<b>52,613</b>	<b>3,969,049</b>
<i>Investments</i>	<i>138,844</i>	<i>2,080,855</i>	<i>-</i>	<i>2,219,698</i>
<i>Divestments</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Intercompany sales</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Amortisation</i>	<i>(111,949)</i>	<i>(1,838,900)</i>	<i>(10,570)</i>	<i>(1,961,418)</i>
<b>Book value at 31.12.2023</b>	<b>298,635</b>	<b>3,886,651</b>	<b>42,043</b>	<b>4,227,330</b>
<i>Investments</i>	<i>43,958</i>	<i>2,730,603</i>	<i>-</i>	<i>2,774,561</i>
<i>Divestments</i>				
<i>Corporate transactions</i>				
<i>Amortisation</i>	<i>(102,888)</i>	<i>(2,071,704)</i>	<i>(10,570)</i>	<i>(2,185,162)</i>
<b>Book value at 31.12.2024</b>	<b>239,705</b>	<b>4,545,550</b>	<b>31,473</b>	<b>4,816,729</b>

At December 31, 2024, the intangible assets report investments of Euro 2.8 million and amortisation of Euro 2.2 million.

The investments in “concessions, brands and similar rights” are due to the purchase of software licenses.

The breakdown of “other intangible assets” is as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Changes</b>
Software development	4,542,865	3,883,476	659,389
Other intangible assets	2,685	3,175	(490)
<b>Total other intangible assets</b>	<b>4,545,550</b>	<b>3,886,651</b>	<b>658,899</b>

The account increased Euro 2.7 million, principally due to the implementation of new software programmes realised internally and decreased Euro 2.1 million due to the amortisation for the year.

## 20. RIGHT-OF-USE

The Company adopted IFRS 16 and utilised the exceptions under the standard on leasing contracts which, at the date of initial application, 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”).

	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Changes</b>
Rights-of-use	2,401,035	3,564,117	1,163,082
<b>Total right-of-use</b>	<b>2,401,035</b>	<b>3,564,117</b>	<b>1,163,082</b>

The carrying amount of the Intercompany Right-of-use, net of the related accumulated depreciation, is as follows:

	December 31, 2024	December 31, 2023	Changes
Intercompany Right-of-use	2,328,991	3,453,083	1,124,093
<b>Total Intercompany Right-of-use</b>	<b>2,328,991</b>	<b>3,453,083</b>	<b>1,124,093</b>

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

	Historic cost	Accumulated depreciation	Net value Book
<b>Values at 1.1.2023</b>	<b>11,030,080</b>	<b>(3,957,936)</b>	<b>7,072,144</b>
<i>Investments</i>	-	-	-
<i>Disposals and other changes</i>	<i>(2,014,930)</i>	-	<i>(2,014,930)</i>
<i>Depreciation</i>	-	<i>(1,493,097)</i>	<i>(1,493,097)</i>
<b>Values at 31.12.2023</b>	<b>9,015,150</b>	<b>(5,451,034)</b>	<b>3,564,116</b>
<i>Investments</i>	<i>154,126</i>		<i>154,126</i>
<i>Disposals and other changes</i>			
<i>Depreciation</i>		<i>(1,317,207)</i>	<i>(1,317,207)</i>
<b>Values as at 31.12.2024</b>	<b>9,169,276</b>	<b>(6,768,241)</b>	<b>2,401,035</b>

## 21. PLANT, MACHINERY AND OTHER ASSETS

The breakdown of plant, machinery and other assets at December 31, 2024 compared to the previous year is shown in the table below:

	December 31, 2024	December 31, 2023	Changes
Plant & machinery	10,212	7,000	3,213
Industrial & commercial equipment	99,426	112,137	(12,711)
Other assets	1,882,114	1,703,011	179,102
<b>Total plant, machinery and other assets</b>	<b>1,991,752</b>	<b>1,822,148</b>	<b>169,604</b>

The changes in the original costs were as follows:

	Plant and machinery	Industrial and commercial equipment	Other assets	Total
<b>Historic cost at 1.1.2023</b>	<b>282,615</b>	<b>524,433</b>	<b>9,378,953</b>	<b>10,186,001</b>
<i>Investments</i>	-	29,756	355,123	384,878
<i>Divestments</i>	-	-	(117,701)	(117,701)
<b>Historic cost at 31.12.2023</b>	<b>282,615</b>	<b>554,189</b>	<b>9,616,374</b>	<b>10,453,178</b>
<i>Investments</i>	6,400	19,112	666,575	692,087
<i>Divestments</i>	-	-	(53,999)	(53,999)
<i>Conferments</i>	-	-	-	-
<b>Historic cost at 31.12.2024</b>	<b>289,015</b>	<b>573,301</b>	<b>10,228,950</b>	<b>11,091,266</b>

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

	Plant and machinery	Industrial and commercial equipment	Other assets	Total
<b>Acc. Deprec. at 1.1.2023</b>	<b>(270,638)</b>	<b>(411,348)</b>	<b>(7,537,760)</b>	<b>(8,219,746)</b>
<i>Depreciation</i>	(4,978)	(30,704)	(477,485)	(513,167)
<i>Divestments</i>	-	-	101,883	101,883
<b>Acc. Deprec. at 31.12.2023</b>	<b>(275,615)</b>	<b>(442,052)</b>	<b>(7,913,363)</b>	<b>(8,631,030)</b>
<i>Depreciation</i>	(3,187)	(31,823)	(483,832)	(518,842)
<i>Divestments</i>			50,359	50,359
<i>Conferments</i>				
<b>Acc. Deprec. at 31.12.2024</b>	<b>(278,803)</b>	<b>(473,875)</b>	<b>(8,346,836)</b>	<b>(9,099,514)</b>

	Plant and machinery	Industrial and commercial equipment	Other assets	Total
<b>Book value at 1.1.2023</b>	<b>11,978</b>	<b>113,085</b>	<b>1,841,191</b>	<b>1,966,254</b>
<i>Investments</i>	-	29,756	355,123	384,878
<i>Divestments</i>	-	-	(15,818)	(15,818)
<i>Depreciation</i>	(4,978)	(30,704)	(477,485)	(513,167)
<b>Book value at 31.12.2023</b>	<b>7,000</b>	<b>112,137</b>	<b>1,703,011</b>	<b>1,822,148</b>
<i>Investments</i>	6,400	19,112	666,575	692,087
<i>Divestments</i>			(3,640)	(3,640)
<i>Depreciation</i>	(3,187)	(31,823)	(483,832)	(518,842)
<i>Conferments</i>				
<b>Book value at 31.12.2024</b>	<b>10,212</b>	<b>99,426</b>	<b>1,882,114</b>	<b>1,991,752</b>

This account “other assets” consist of:

	December 31, 2024	December 31, 2023	Changes
EDP	908,953	729,202	179,751
Furniture and fittings	306,300	350,510	(44,210)
Motor vehicles	106,674	18,187	88,486
Other assets	560,187	605,111	(44,924)
<b>Total other assets</b>	<b>1,882,114</b>	<b>1,703,011</b>	<b>179,102</b>

Investments in the year relates to the acquisition of EDP for Euro 495 thousand, motor vehicles for Euro 114 thousand, furniture and fittings for Euro 39 thousand and other minor assets.

The account “other assets” includes the purchase cost of an IT collection comprising rare pieces which represents significant elements and representative of the IT revolution, in the 1970's and 1980's with the advent of the new personal computer. This collection is utilised in many events related to the promotion of the brands and logos of the Group.

The net book value of property, plant and equipment acquired according to the finance lease formula is reported below:

	Net value at December 31, 2024	Net value at December 31, 2023	Changes
EDP	303,000	50,300	252,700
Motor vehicles	72,972	8,092	64,880
<b>Total</b>	<b>375,972</b>	<b>58,391</b>	<b>317,581</b>

The net book value at December 31, 2024 of property, plant and equipment acquired according to the finance lease formula relates to EDP for approx. Euro 303 thousand and motor vehicles for approx. Euro 73 thousand.

## 22. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

Reference should be made to Attachment 2 for information on the book value of the investments in subsidiaries and changes in the year and the relative portion of shareholders' equity.

	December 31, 2024	December 31, 2023	Changes
Investments in:			
- Subsidiaries	137,811,949	137,801,949	10,000
- Other companies	127	127	0
<b>Total investments</b>	<b>137,812,077</b>	<b>137,802,077</b>	<b>10,000</b>
Receivables:			
- Other receivables	510,280	31,983	478,297
<b>Total financial receivables</b>	<b>510,280</b>	<b>31,983</b>	<b>478,297</b>
<b>Total investments &amp; other financial assets</b>	<b>138,322,357</b>	<b>137,834,060</b>	<b>488,297</b>

In line with the practice adopted by other large listed groups in Italy, BasicNet S.p.A. identifies in the negative differential between the share of net equity held in the subsidiary and its book value an indicator of an impairment for the investments of control in its financial statements. In such cases, the company verifies for additional indicators of impairment and investigates their possible origin, undertaking an impairment test where appropriate. At December 31, 2024, it was not necessary to carry out an impairment test of a number of investments held.

Other receivables refer to guarantee deposits.

## 23. DEFERRED TAX ASSETS

The breakdown is shown below:

	December 31, 2024	December 31, 2023	Changes
Deferred tax assets	350,894	1,403,510	(1,052,615)
<b>Total deferred tax assets</b>	<b>350,894</b>	<b>1,403,510</b>	<b>(1,052,615)</b>

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 deferred tax assets and liabilities recognised and their impact are reported in the table below:

(In Euro thousands)	December 31, 2024			December 31, 2023		
	Temporary differences	Rate %	Tax effect	Temporary differences	Rate %	Tax effect
<i>Deferred tax assets:</i>						
- Excess doubtful debt provision not deductible	(1,041)	24.0%	(250)	(5,338)	24.0%	(1,281)
- Inventory obsolescence provision	(288)	29.57%	(85)	(288)	29.57%	(85)
- Misc. charges temporarily non-deductible	(53)	24.0%	(13)	(66)	24.0%	(16)
- Prudent exchange differences, net	-	24.0%	-	(176)	24.0%	(42)
- Effect IAS 19 – Post-employment benefits provision	(14)	24.0%	(3)	87	24.0%	21
<b>Total</b>	<b>(1,396)</b>		<b>(351)</b>	<b>(5,781)</b>		<b>(1,403)</b>
<b>Deferred tax liabilities (asset) as per financial statements</b>						<b>(1,403)</b>
Of which deferred tax assets			(351)			(1,403)
Deferred tax liabilities			-			-

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 250 thousand) and other minor items (approx. Euro 101 thousand).

## 24. NET INVENTORIES

The composition of the item is as follows:

	December 31, 2024	December 31, 2023	Changes
Finished products and goods	286,156	286,156	-
<b>Gross value</b>	<b>286,156</b>	<b>286,156</b>	-
Inventory obsolescence provision	286,156	(286,156)	-
<b>Total net inventories</b>	<b>-</b>	<b>-</b>	<b>-</b>

“Inventories” include old season samples originally to be sold to licensees. At December 31, 2024, they were fully written down.

There were no changes in the provision in the year.

**25. TRADE RECEIVABLES**

	December 31, 2024	December 31, 2023	Changes
Trade receivables - Italy	147,556	63,448	84,108
Trade receivables - Abroad	5,115,194	7,826,892	(2,711,699)
Doubtful debt provision	(1,572,973)	(5,735,452)	4,162,479
<b>Total trade receivables</b>	<b>3,689,777</b>	<b>2,154,889</b>	<b>1,534,888</b>

In particular, the breakdown of foreign receivables is as follows:

	December 31, 2024	December 31, 2023	Changes
Asia and Oceania	1,156,940	6,419,761	(5,262,821)
The Americas	3,162,742	967,371	2,195,371
Europe	644,639	334,653	309,986
Middle East and Africa	150,872	105,108	45,764
<b>Total</b>	<b>5,115,194</b>	<b>7,826,892</b>	<b>(2,711,699)</b>

“Trade receivables” were written down to their realisable value through the doubtful debt provision, although the majority of the receivables are secured by bank guarantees.

The provision at the end of the year represents a prudent estimate of the risk. The movements in the doubtful debt provision during the year were as follows:

	FY 2024	FY 2023
<b>Doubtful debt provision at 01.01</b>	<b>5,735,452</b>	<b>6,572,775</b>
Utilization for administration procedures and other losses	(4,860,816)	(42,488)
Release to contingency	-	(794,835)
Adjustment of provision on foreign currency receivables	19,574	-
Provisions in the year	678,763	-
<b>Doubtful debt provision at 31.12</b>	<b>1,572,973</b>	<b>5,735,452</b>

The utilisation of the provision relates to the write-off made on the certainty of the receivable irrecoverability and consequent tax deductibility of the loss.

The book value of receivables, all due within one year, is in line with their fair value.

**26. OTHER CURRENT ASSETS**

	December 31, 2024	December 31, 2023	Changes
Receivables from Group companies	44,199,061	73,282,089	(29,083,028)
Tax receivables	507,815	494,736	(13,079)
Other receivables	1,846,975	1,373,983	472,992
<b>Total other current assets</b>	<b>46,553,851</b>	<b>75,150,808</b>	<b>(28,596,957)</b>

The breakdown of “receivables from Group companies” is as follows:

	December 31, 2024	December 31, 2023	Changes
<i>Trade receivables</i>			
Basic Village S.p.A.. with sole shareholder	239,833	596,256	(356,423)
BasicAir S.r.l. with sole shareholder	14,421	32,579	(18,158)
BasicItalia S.p.A.. with sole shareholder	1,992,254	1,365,830	626,424
BasicNet Asia Company Ltd. (Vietnam)	67,954	66,249	1,705
Fashion SRL	329	297	32
Jesus Jeans S.r.l. with sole shareholder	-	19,728	(19,728)
Kappa France	3,064,912	3,044,912	20,000
Kappa S.r.l.	4,646,844	10,330,780	(5,683,936)
KappaRetail S.r.l. with sole shareholder	577,103	789,381	(212,277)
K-Way France S.a.s.	5,603	6,611	(1,008)
K-Way S.p.A. with sole shareholder	5,780,852	7,946,951	(2,166,099)
K-WayRetail S.r.l. with sole shareholder	1,854,322	3,009,980	(1,155,658)
Sebago Retail S.r.l.	73,712	1,712	72,000
Sebago S.r.l. with sole shareholder	1,656,906	1,011,666	645,240
Superga Retail S.r.l.	87,482	8,351	79,131
Superga S.r.l. with sole shareholder	1,517,335	1,837,672	(320,338)
<b>Total trade receivables</b>	<b>21,759,864</b>	<b>30,068,956</b>	<b>(8,489,092)</b>
<i>Financial receivables</i>			
Basic Village S.p.A.. with sole shareholder	8,637,194	8,078,483	558,711
BasicItalia S.r.l. with sole shareholder	-	11,536,000	(11,536,000)
KappaRetail S.r.l. with sole shareholder	1,325,470	9,645	1,315,825
K-Way S.p.A. with sole shareholder	430,225	6,024,828	(5,594,604)
K-WayRetail S.r.l. with sole shareholder	-	4,161,547	(4,161,547)
Sebago S.r.l. with sole shareholder	9,313,842	9,234,003	79,839
Superga S.r.l. with sole shareholder	2,912,467	4,168,627	(1,256,161)
<b>Total financial receivables</b>	<b>22,619,197</b>	<b>43,213,133</b>	<b>(20,593,936)</b>
<b>Total</b>	<b>44,199,061</b>	<b>73,282,089</b>	<b>(29,083,028)</b>

Financial receivables originate from loans and advances for the cash needs of the subsidiaries within the centralised treasury management; these receivables are at market interest rates and vary in accordance with the financial cash flow needs within the Group.

No receivables have a residual duration of above 5 years.

The account “tax receivables” includes mainly withholdings on royalties totalling Euro 72 thousand and the IRAP receivables for Euro 233 thousand.

The account “other receivables” for Euro 1.5 million includes the premium paid to the insurance company against the Directors Termination Indemnities for the Chairman of the Board of Directors of Euro 1.5 million, as approved by the Shareholders’ Meeting for the 2022-2024 three-year mandate, as described in the Remuneration Report to which reference should be made and other minor amounts.

## 27. PREPAYMENTS

The table below shows the breakdown of the account:

	December 31, 2024	December 31, 2023	Changes
Rentals, leases, hire and other	5,180	7,411	(2,231)
Assistance and maintenance contract	480,114	441,455	38,659
Others	246,538	203,940	42,598
<b>Total prepayments</b>	<b>731,832</b>	<b>652,806</b>	<b>79,027</b>

## 28. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023	Changes
Bank and postal deposits	1,205,410	1,518,569	(313,160)
Cash in hand and similar	7,870	7,265	606
<b>Total cash and cash equivalents</b>	<b>1,213,280</b>	<b>1,525,834</b>	<b>(312,554)</b>

“Bank deposits” refer to temporary current account balances principally due to receipts from clients.



**29. SHAREHOLDERS' EQUITY**

	December 31, 2024	December 31, 2023	Changes
Share capital	31,716,673	31,716,673	-
Treasury shares	(30,861,084)	(16,442,464)	(14,418,620)
Legal Reserve	6,343,335	6,343,335	-
Treasury Shares in portfolio reserve	30,861,084	16,442,464	14,418,620
Other reserves			
- cash flow hedge reserve	-	-	-
- remeasurement reserve for defined benefit plans (IAS 19)	(105,586)	(65,826)	(39,759)
- conferment reserve	60,903,373	60,903,373	-
- merger reserve	264,495	264,495	-
- retained earnings	34,395,888	36,161,100	(1,765,212)
- unrealised exchange gains reserve	-	-	-
Net profit/(loss)	7,959,435	20,077,014	(12,117,579)
<b>Total Shareholders' Equity</b>	<b>141,477,612</b>	<b>155,400,162</b>	<b>(13,922,550)</b>

The account includes:

- the *"share capital"*, which amounts to Euro 31,716,673, comprising 54,000,000 ordinary shares without par value;
- the *"legal reserve"*, amounting to approx. Euro 6.3 million, did not record further increases in the year;
- The *"reserve for treasury shares in portfolio"*, amounting to Euro 30.9 million, which equates to the carrying value of the BasicNet shares held in portfolio at year-end, and was set up through utilisation of the *"Retained earnings"* following the Shareholders' AGM resolution, which authorised the purchase of treasury shares;
- The *"re-measurement reserve for employee defined benefit plans (IAS 19)"* refers to the changes in the actuarial gains/losses (*"re-measurement"*). The valuation is shown net of the tax effect. This reserve is not available for distribution;
- The *"retained earnings"*, which decreased compared to the end of 2023 following the allocation of the result for the previous year, as approved by the Shareholders' AGM of April 16, 2024;
- the *"conferment reserve"*, amounting to approx. Euro 61 million, did not record further changes in the year;
- the *"merger reserve"*, amounting to approx. Euro 0.3 million, did not record further changes in the year;

Pursuant to Article 110 of Legislative Decree No. 104/2020, which allowed for the partial realignment of the tax value of the brands then the portfolio to the higher value recorded in the financial statements, the Company in 2020 tied up its reserves subject to tax suspension for an amount of Euro 5.2 million equal to the higher values realigned.

In April 2024, 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.

During the year 2,441,000 treasury shares were acquired in accordance with Shareholders' Meetings motions, which together with the 4,373,500 shares held at the end of the previous year, totalled 6,814,500 at December 31, 2024 (12.62% of the Share Capital).

The other gains and losses recorded directly in equity in accordance with IAS 1 are reported below and recognised to the Comprehensive Income Statement.

<i>(Euro thousands)</i>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Changes</b>
Re-measurement of post-employment benefits (IAS 19) (*)	(52)	(13)	(40)
Tax effect relating to the Other items of the comprehensive income statement	13	3	10
<b>Total other gains/(losses), net of tax effect</b>	<b>(40)</b>	<b>(10)</b>	<b>(30)</b>

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

The tax effect relating to "Other gain/losses" is as follows:

<i>(Euro thousands)</i>	<b>December 31, 2024</b>			<b>December 31, 2023</b>		
	<b>Gross value</b>	<b>Tax effect</b>	<b>Net value</b>	<b>Gross value</b>	<b>Tax effect</b>	<b>Net value</b>
Re-measurement of post-employment benefits (IAS 19) (*)	(52)	13	(40)	(13)	3	10
<b>Total other gains/(losses), net of tax effect</b>	<b>(52)</b>	<b>13</b>	<b>(40)</b>	<b>(13)</b>	<b>3</b>	<b>10</b>

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

The statement on the availability of the reserves at December 31, 2024 is shown below:

**STATEMENT ON UTILISATION AND DISTRIBUTION OF RESERVES AS PER ART. 2427 OF THE C.C.  
NO.7-BIS**

		<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Changes</b>
Share capital		31,716,673	31,716,673	-
Treasury shares		(30,861,084)	(16,442,464)	(14,418,620)
Share premium reserve		-	-	-
Legal Reserve	B	6,343,335	6,343,335	-
IAS adjustment reserve		-	-	-
Reserve for treasury shares in portfolio		30,861,084	16,442,464	14,418,620
Ordinary reserve		-	-	-
Extraordinary reserve		-	-	-
Other reserves				
Cash Flow Hedge Reserve	D	-	-	-
Re-measurement reserve of post-employment benefits (IAS 19)	D	(105,586)	(65,826)	(39,759)
Conferment reserve	A, B	60,903,373	60,903,373	-
Merger reserve	A, B	264,495	264,495	-
Retained earnings	A,B,C	34,395,888	36,161,100	(1,765,212)
Exchange gains reserve		-	-	-
Profit/(loss) for the period		7,959,435	20,077,014	(12,117,579)
<b>Total</b>		<b>141,477,612</b>	<b>155,400,162</b>	<b>(13,922,550)</b>

**Key: A: for share capital increase, B: for coverage of losses - C: for distribution to shareholders - D: non utilisable**

**30. PROVISION FOR RISKS AND CHARGES**

	December 31, 2024	December 31, 2023	Changes
Provision for contractual risks	45,569	45,569	-
<b>Total Provision for risks and charges</b>	<b>45,569</b>	<b>45,569</b>	<b>-</b>

The account includes the "Provision for contractual risks", which reflects the provisions set aside for commercial disputes whose risk of occurrence is considered at least probable.

**31. LOANS**

The changes in the medium/long-term loans during the year are shown below:

<i>(Euro thousands)</i>	31/12/2023	New loans	Repay.	31/12/2024	Current portion	Medium/long-term portion
"Intesa Loan - FCG"	3,781	-	(1,375)	2,406	1,375	1,031
"MPS Loan"	2,438	-	(2,438)	-	-	-
<b>Balance</b>	<b>6,219</b>	<b>-</b>	<b>(3,813)</b>	<b>2,406</b>	<b>1,375</b>	<b>1,031</b>

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

	December 31, 2024	December 31, 2023	Changes
Loans:			
- "Intesa Loan - FCG"	1,031,250	2,406,250	(1,375,000)
<b>Total medium/long-term loans</b>	<b>1,031,250</b>	<b>2,406,250</b>	<b>(1,375,000)</b>
- Other lenders	283,139	20,744	262,395
<b>Total other financial payables</b>	<b>283,139</b>	<b>20,744</b>	<b>262,395</b>
<b>Total loans</b>	<b>1,314,389</b>	<b>2,426,994</b>	<b>(1,112,605)</b>

The "Intesa Loan - FCG" was disbursed in October 2020 for Euro 5.5 million, has a duration of six years, including a two-year grace period, and is repayable in quarterly instalments, starting from September 2022, at a contractual rate of 1.05% per quarter. The use is restricted to payments for the purchase of services and salary payments to BasicNet employees. The contractual conditions do not include financial covenants and the loan is directly guaranteed by the SME Guarantee Fund (90% of the capital).

"Payables to other lenders" relate to the accounting of the capital line of finance leases recorded in the accounts.

For completeness of information we provide details of the medium/long-term loans by maturity.

	December 31, 2024	December 31, 2023	Changes
Medium/long term loans:			
- due within 5 years	1,031,250	2,406,250	1,375,000
- due beyond 5 years	0	0	0
<b>Total medium/long term loans</b>	<b>1,031,250</b>	<b>2,406,250</b>	<b>(1,375,000)</b>
Leasing payables	283,139	20,744	262,395
<b>Total leasing payables (maturity within 5 years)</b>	<b>283,139</b>	<b>20,744</b>	<b>262,395</b>
<b>Total loans</b>	<b>1,314,389</b>	<b>2,426,994</b>	<b>(1,112,605)</b>

### 32. BANK PAYABLES

	December 31, 2024	December 31, 2023	Changes
Bank payables due within one year:			
- short-term portion of medium/long-term loans	1,375,000	3,812,500	(2,437,500)
- bank overdrafts and bills	34,000,000	22,000,000	12,000,000
- interest expense on loans	528,328	339,870	188,458
<b>Total bank payables</b>	<b>35,903,328</b>	<b>26,152,370</b>	<b>9,750,958</b>

The average interest rates for BasicNet S.p.A. were:

	December 31, 2024	December 31, 2023
cash advances	3.32%	4.32%
medium-term loan	3.13%	3.40%

“Bank payables” include the short-term portion of loans, outlined at Note 31 and the relative interest matured and to be settled the following January.

Reference should be made to the Directors’ Report for the changes in the net financial positions.

### 33. PAYABLES FOR RIGHT-OF-USE

	December 31, 2024	December 31, 2023	Changes
Payables for rights-of-use	2,498,453	3,670,479	(1,172,026)
<b>Total payables for right-of-use</b>	<b>2,498,453</b>	<b>3,670,479</b>	<b>(1,172,026)</b>

Payables for right-of-use are recognised from 2024 in accordance with IFRS 16. During the year, payables for Euro 1.2 million were settled.

**34. EMPLOYEE AND DIRECTOR BENEFITS**

The account includes the post-employment benefits for employees of Euro 974 thousand and the termination indemnities of Directors of Euro 1.3 million.

The changes in the year of the post-employment benefit liability were as follows:

	December 31, 2024			December 31, 2023		
	Defined benefit plans	Defined contrib. plans	Total	Defined benefit plans	Defined contrib. plans	Total
<b>Change in the balance sheet:</b>						
Net liabilities recognized at begin. of year	917,126	-	917,126	884,683	-	884,683
Interest	30,642	-	30,642	36,800	-	36,800
Pension cost, net of withholdings	-	442,592	442,592	-	382,479	382,479
Benefits paid	(35,396)	-	(35,396)	(19,983)	-	(19,983)
Payments to the INPS treasury fund	-	(281,482)	(281,482)	-	(235,822)	(235,822)
Payments to other supp. pension fund	-	(161,110)	(161,110)	-	(146,657)	(146,657)
- Actuarial gains/(losses)	52,315	-	52,315	(12,792)	-	(12,792)
Internal transfers to the Group	8,960	-	8,960	28,417	-	28,417
<b>Net liabilities recognised in the accounts</b>	<b>973,647</b>	<b>-</b>	<b>973,647</b>	<b>917,126</b>	<b>-</b>	<b>917,126</b>
<b>Change in the income statement:</b>						
Interest	30,642	-	30,642	36,800	-	36,800
Pension Cost	-	442,592	442,592	-	382,479	382,479
<b>Total charges/(income) for post-employment benefits</b>	<b>30,642</b>	<b>442,592</b>	<b>473,234</b>	<b>36,800</b>	<b>382,479</b>	<b>419,280</b>

The account “employee benefits” includes the present value of the liabilities of the company in accordance with Article 2120 of the Civil Code. Based on the regulatory changes in 2007, the sums matured prior to January 1, 2007 to employees are recognised as defined benefit plans in accordance with *IAS 19 – Employee benefits*; those matured subsequent to this date are on the other hand recognised as defined contribution plans in accordance with the same standard.

Within the Company there are no other plans other than defined benefit plans. The actuarial valuation of the Post-Employment Benefit is prepared based on the “matured benefits” method through the Projected Unit Credit Method in accordance with IAS 19. Under this method the valuation is based on the average present value of the pension obligations matured based on the employment service up to the time of the valuation, without projecting the remuneration of the employee in accordance with the regulatory modifications introduced by the Pension Reform.

The actuarial model for the measurement of the post-employment benefit is based on various assumptions of a demographic and financial nature. The principal assumptions of the model concerning the actuarial valuations relating to personnel costs are:

	December 31, 2024	December 31, 2023
discount rate	3.41%	3.39%
inflation rate	2.00%	2.00%
annual increase in post-employment benefit	3.00%	3.00%
annual increase in salaries	1.00%	1.00%

The change in the annual discount rate reflects the decrease in the yields of the “corporate bonds” of the basket utilised (Iboxx Eurozone Corporate) at the balance sheet date.

The sensitivity analysis carried out on the basis of the following variables: 1) inflation rate +0.25%/-0.25%, 2) discount rate +0.25%/-0.25%, 3) turnover rate +1%/-1% shows non-material impacts of less than Euro 50 thousand.

### 35. TRADE PAYABLES

	December 31, 2024	December 31, 2023	Changes
Trade payables - Italy	3,380,122	3,505,858	(125,736)
Trade payables - Foreign	382,774	477,234	(94,460)
<b>Total trade payables</b>	<b>3,762,896</b>	<b>3,983,092</b>	<b>(220,196)</b>

“Trade payables” are all due in the short-term period.

In particular, the breakdown of foreign suppliers is as follows:

	December 31, 2024	December 31, 2023	Changes
Europe	9,686	63,358	(53,672)
The Americas	21,818	199,731	(177,913)
Asia and Oceania	305,385	188,343	117,043
Middle East and Africa	45,885	25,804	20,081
<b>Total</b>	<b>382,774</b>	<b>477,234</b>	<b>(94,460)</b>

At the date of the present report there are no initiatives for the suspension of supplies, payment injunctions or executive actions by creditors against BasicNet S.p.A.. No interest is charged on trade payables which are normally settled between 30 and 120 days. The carrying value of trade payables approximates their fair value.

### 36. TAX PAYABLES

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

	December 31, 2024	December 31, 2023	Changes
Tax payables:			
VAT	1,249,775	3,285,235	(2,035,461)
Withholding taxes	20,599	3,091	17,508
Employee contributions	318,785	264,362	54,423
Other tax payables	13,541	1,919	11,623
<b>Total tax payables</b>	<b>1,602,700</b>	<b>3,554,607</b>	<b>(1,951,907)</b>

The VAT payable is consequent of the transfers of balances by the companies within the Group VAT consolidation.

**37. OTHER CURRENT LIABILITIES**

	December 31, 2024	December 31, 2023	Changes
Payables to group companies	9,059,294	29,191,763	(20,132,470)
Other liabilities	1,754,127	1,813,565	(59,438)
Accrued expenses	296,242	271,221	25,021
<b>Total other current liabilities</b>	<b>11,109,663</b>	<b>31,276,550</b>	<b>(20,166,887)</b>

“Other payables” at December 31, 2024 principally include payables to social security institutions of Euro 485 thousand for the year 2024 and paid in 2025, employee, consultant and director payables of approx. Euro 1.2 million, which include vacation days matured at December 31, 2024 and other items of Euro 54 thousand and were fully repaid during the year. All payables are due within one year.

The “accrued expenses” refer to employee costs for the 14th month of the year.

The breakdown of “Payables to Group companies” are shown below:

	December 31, 2024	December 31, 2023	Changes
<i><u>Trade payables:</u></i>			
Superga S.r.l. with sole shareholder	1,765,083	468,352	1,296,731
Kappa S.r.l.	1,568,292	2,623,066	(1,054,774)
Basic Properties America INC	958,130	893,224	64,906
BasicItalia S.p.A.. with sole shareholder	605,235	1,321,545	(716,310)
Sebago S.r.l. with sole shareholder	527,335	141,558	385,777
Basic Village S.p.A.. with sole shareholder	498,508	958,740	(460,232)
BasicNet Asia Ltd.	338,680	276,879	61,801
K-Way S.p.A. with sole shareholder	246,800	383,574	(136,774)
Superga Retail S.r.l.	74,877	523	74,354
KappaRetail S.r.l. with sole shareholder	75,749	42,335	33,414
Jesus Jeans S.r.l. with sole shareholder	23,559	36,523	(12,964)
BasicAir S.r.l. with sole shareholder	23,103	20,996	2,107
SebagoRetail S.r.l.	16,966	8,721	8,245
Kappa France	1,746	1,746	-
K-WayRetail S.r.l. with sole shareholder	779	49,535	(48,756)
K-Way Iberia S.L.	615	405	210
<b>Trade payables</b>	<b>6,725,457</b>	<b>7,227,723</b>	<b>(502,266)</b>
<i><u>Financial payables</u></i>			
Kappa S.r.l.	154,229	21,682,990	(21,528,761)
Superga Retail S.r.l.	886,213	-	886,213
BasicItalia S.r.l. with sole shareholder	822,599	-	822,599
BasicAir S.r.l. with sole shareholder	454,971	281,051	173,920
SebagoRetail S.r.l.	15,825	-	15,825
<b>Total financial payables</b>	<b>2,333,837</b>	<b>21,964,041</b>	<b>(19,630,203)</b>
<b>Total</b>	<b>9,059,294</b>	<b>29,191,763</b>	<b>(20,132,470)</b>

**38. DEFERRED INCOME**

	December 31, 2024	December 31, 2023	Changes
Deferrals on operating grants	49,916	75,217	(25,300)
<b>Total deferred income</b>	<b>49,916</b>	<b>75,217</b>	<b>(25,300)</b>

**39. GUARANTEES GIVEN AND OTHER CONTINGENT ASSETS**

The details of the guarantees given are as follows:

	December 31, 2024	December 31, 2023	Changes
- Guarantees to: subsidiaries	168,004,853	165,798,725	2,206,128
<b>Total</b>	<b>168,004,853</b>	<b>165,798,725</b>	<b>2,206,128</b>

- Sureties given on behalf of subsidiaries

The sureties provided, amounting to Euro 168 million, concern guarantees provided in favour of BasicItalia S.r.l., Kappa France, Kappa S.r.l. and of K-Way S.p.A., K-Way Retail, Sebago S.r.l. and Superga S.r.l. to various credit institutions, to guarantee commercial credit lines.

Finally, the shares of Sebago S.r.l. 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.

**40. CLASSIFICATION OF THE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The principal risks and uncertainties of the activities of the Company and of the Group and the activities undertaken to reduce them or avoid them, which are undertaken at Group level, are described in the Directors' Report.

The financial instruments of BasicNet S.p.A. include:

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

It is recalled that the Company and 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:

(Euro thousands)	Financial instruments at fair value recorded through:		Financial instruments at amortised cost	Non-listed investments valued at cost	Book value at 31.12.2024	Fair value As at 31.12.2024
	Income statement	Shareholders' Equity				
<b>Assets:</b>						
Equity invest. & other financial assets	-	-	-	138,322	138,322	138,322
Cash and cash equivalents	-	-	1,213	-	1,213	1,213
Trade receivables	-	-	3,690	-	3,690	3,690
Other current assets	-	-	46,554	-	46,554	46,554
Derivative financial instruments	-	-	-	-	-	-
<b>Liabilities:</b>						
Medium/long-term loans	-	-	1,314	-	1,314	1,314
Bank payables	-	-	35,903	-	35,903	35,903
Trade payables	-	-	3,763	-	3,763	3,763
Other current liabilities	-	-	11,110	-	11,110	11,110
Derivative financial instruments	-	-	-	-	-	-

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: currency, interest rates and price:
  - a. the risk that the fair value or the future cash flows of a financial instrument fluctuate following changes in currency prices ("*currency risk*");
  - b. 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*");
  - c. 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*");
- 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 Company is exposed to the risk of fluctuations of commodity prices relating to raw materials (wool, cotton, rubber, synthetic fibre etc.) incorporated in the sample collections acquired on international markets, for resale to the licensees.

The Company does not hedge these risks as not directly dealing with raw materials but only finished products and the fluctuations can be transferred on to the final sales price.

### **Currency risk**

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

In 2024, exchange losses were recorded of Euro 95 thousand, while unrealised exchange gains were recorded of Euro 19 thousand, for a net realised exchange loss of Euro 114 thousand (Note 16).

The Company undertakes hedging of the currency risks at Group level.

### **Interest rate risk**

The composition of the gross financial debt between fixed and variable interest rates at December 31, 2024 is shown below:

	<b>December 31, 2024</b>	<b>%</b>	<b>December 31, 2023</b>	<b>%</b>
Fixed rate	2,934,578	7.9%	4,121,120	14.4%
Variable rate	34,283,139	92.1%	24,458,244	85.6%
<b>Gross debt</b>	<b>37,217,717</b>	<b>100.0%</b>	<b>28,579,364</b>	<b>100.0%</b>

Where at December 31, 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 +130 thousand and Euro -130 thousand.

### **Credit risk**

The doubtful debt provision (Note 25) which includes provisions against specific credit positions and a general provision on receivables not covered by guarantees, represents approx. 30% of trade receivables at December 31, 2024.

### **Liquidity risk**

Reference should to the Explanatory Notes of the consolidated financial statements.

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

<i>(Euro thousands)</i>	<b>Book value</b>	<b>Future interest income/ (expense)</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>From 1 to 5 years</b>	<b>Beyond 5 years</b>
"Intesa Loan - FCG"	2,406	26	2,432	1,395	1,037	-
Lease payables	283	29	312	145	167	-
Payables for rights-of-use	2,498	23	2,522	1,341	1,181	-
<b>Total financial liabilities</b>	<b>5,188</b>	<b>77</b>	<b>5,265</b>	<b>2,881</b>	<b>2,384</b>	<b>-</b>

**Default and debt covenant risk**

The risk that the loans within the company 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.

There are no covenants on the loans in place.

**41. TRANSACTIONS WITH HOLDING COMPANIES, ASSOCIATES, OTHER INVESTMENTS AND RELATED PARTIES**

The transactions undertaken by BasicNet S.p.A. with the companies belonging to the Group in the ordinary management and regulated at market conditions were:

- Organisational, commercial, IT, and administrative services in accordance with specific contracts;
- Financial support for the management of the centralised treasury, relations with credit institutions, granting of sureties;
- the provision of *Powered by* services to K-Way S.p.A., Kappa S.r.l., Superga S.r.l. and Sebago S.r.l.;
- Commercial assistance, principally relating to the sale of clothing samples, catalogues and payment of commissions;
- Building rental for commercial use by Basic Village S.p.A.;
- Purchase of products by BasicItalia S.r.l. for gifts and promotional expenses;
- Financial income and charges matured on loans within the treasury centralised management system, at market rates.

The income statement effects deriving from these transactions are summarised as follows:

**REVENUES**

BasicNet Group companies	Other income	Royalty income	Direct sales	Financial income	Dividends	Total
Kappa S.r.l. with sole shareholder	7,952,838	60,000	-	104,067	4,000,000	12,116,905
Kappa France S.a.s.	20,000	-	-	-	-	20,000
Sebago S.r.l. with sole shareholder	1,030,812	-	1,350	393,550	-	1,425,712
Basic Village S.p.A.. with sole shareholder	20,000	-	-	269,156	-	289,156
Jesus Jeans S.r.l. with sole shareholder	6,000	-	-	-	-	6,000
K-Way S.p.A. with sole shareholder	2,759,094	-	-	31,805	5,000,000	7,790,899
K-WayRetail S.r.l. with sole shareholder	250,000	-	-	285,895	-	535,895
KappaRetail S.r.l. with sole shareholder	290,000	-	-	173	-	290,173
BasicAir S.r.l. with sole shareholder	10,000	-	-	-	-	10,000
Superga S.r.l. with sole shareholder	1,197,264	-	-	66,816	1,000,000	2,264,080
SupergaRetail S.r.l. with sole shareholder	70,000	-	-	-	-	70,000
SebagoRetail S.r.l. with sole shareholder	40,000	-	-	-	-	40,000
BasicItalia S.r.l. with sole shareholder	210,400	-	-	140,531	-	350,931
Basic Properties America	-	-	-	-	568,074	568,074
<b>Total sales</b>	<b>13,856,409</b>	<b>60,000</b>	<b>1,350</b>	<b>1,291,992</b>	<b>10,568,074</b>	<b>25,777,825</b>

**COSTS**

BasicNet Group companies	Cost of sponsorship	Selling, general and administrative costs, royalties expenses	Financial charges	Depreciation	Total
Kappa S.r.l. with sole shareholder	(24,963)	-	(215,424)	-	(240,387)
Kappa France S.a.s.	-	-	-	-	-
Sebago S.r.l. with sole shareholder	(16,343)	-	-	-	(16,343)
Basic Village S.p.A.. with sole shareholder	-	(586,772)	-	(1,278,218)	(1,864,990)
BasicNet Asia Company Limited (Vietnam) Ltd	-	(411,708)	-	-	(411,708)
Jesus Jeans S.r.l. with sole shareholder	-	(12,000)	-	-	(12,000)
K-Way S.p.A. with sole shareholder	(40,097)	-	(92,081)	-	(132,178)
K-WayRetail S.r.l. with sole shareholder	(18,361)	-	(779)	-	(19,140)
KappaRetail S.r.l. with sole shareholder	(37,958)	-	(29,617)	-	(67,575)
BasicAir S.r.l. with sole shareholder	-	-	(12,664)	-	(12,664)
Superga S.r.l. with sole shareholder	(3,940)	-	(11,480)	-	(15,419)
SupergaRetail S.r.l. with sole shareholder	(1,481)	-	-	-	(1,481)
SebagoRetail S.r.l. with sole shareholder	(10,589)	-	-	-	(10,589)
BasicItalia S.r.l. with sole shareholder	397	-	(12,245)	-	(11,849)
BasicNet Asia	-	(982,970)	-	-	(982,970)
K-Way Iberia	(210)	-	-	-	(210)
<b>Total Costs</b>	<b>(153,545)</b>	<b>(1,993,450)</b>	<b>(374,290)</b>	<b>(1,278,218)</b>	<b>(3,799,503)</b>

A breakdown of the transactions with related parties with reference to the note to which they refer for the year 2024 is shown below:

	Investments (Note 22)	Assets (Note 25)	Payables (Note 37)	Revenues (Note 41)	Costs (Note 41)
Subsidiaries	137,812,077	44,199,061	9,059,294	25,777,825	3,799,503
Interests in joint ventures:					
Remuneration of Boards and Senior Executives and other related parties					3,978,886
<b>Total</b>	<b>137,812,077</b>	<b>44,199,061</b>	<b>9,059,294</b>	<b>25,777,825</b>	<b>7,778,389</b>

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.

In relation to the other related parties, we highlight the legal consulting activities undertaken by Studio Legale Pavesio e Associati with Negri-Clementi and Studio Legale Cappetti Associazione Professionale, as part of a framework contract, of the Director Carlo Pavesio. These transactions, not material compared to the overall values, were at market conditions.

The collections owned by BasicNet S.p.A., which are utilised for media events, shows, press gatherings together with the Brands and/or products of the Group, are subject to a put and call agreement with Marco Boglione & Figli S.r.l.. The agreement shall run until June 30, 2026. The exercise price of the Call Option by Marco Boglione & Figli shall be equal to the cost incurred by BasicNet for the purchase of the Collection, as resulting from the accounting entries of BasicNet, in addition to a financial interest charge equal to the average rate applied to BasicNet at the exercise option date. The agreement was signed based on the eventual interest of BasicNet S.p.A. to sell the collection to guarantee the complete recovery of the costs incurred, including financial charges, utilising in the meantime the benefits which derive from such communication instruments for their brands and/or products.

#### **42. 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.

#### **43. 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.

Other disputes are described in the Explanatory Notes in the consolidated financial statements (Note 53).

**PROPOSAL TO THE SHAREHOLDERS' AGM TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR**

Dear Shareholders,

We submit the following:

**MOTION**

the Shareholders' Meeting of BasicNet S.p.A., having reviewed the 2024 results, the Directors' Report and having noted the Board of Statutory Auditors' Report and that of the Independent Audit Firm EY S.p.A.,

**RESOLVES**

to approve the Directors' Report and the Financial Statements at December 31, 2024, in relation to each individual part and in its entirety.

**PROPOSAL FOR THE ALLOCATION OF NET PROFIT FOR THE YEAR 2024 AND DIVIDEND DISTRIBUTION. RESOLUTIONS THEREON.**

Dear Shareholders,

We propose the allocation of the net profit of Euro 7,959,435 as follows:

- |   |      |              |
|---|------|--------------|
| ▪ to each of the 46,967,000 ordinary shares in circulation (excluding the 7,033,000 treasury shares held at March 7, 2025), a dividend of Euro 0.16 before withholding taxes for an amount of | Euro | 7,514,720.00 |
| ▪ to unrealised exchange gains reserves, for a total of   | Euro | 115,801.16   |
| ▪ to retained earnings the residual amount, for a total of  | Euro | 328,913.84   |

The dividend will be paid from April 30, 2025, with record date of April 29, 2025 and coupon date (No. 18) of April 28, 2025.

We also propose that, if at the dividend coupon date the number of shares with dividend rights is lower than indicated above due to any share buy-backs by the company, the relative dividend will be allocated to retained earnings, as will any rounding made on payment.

We propose therefore the following:

**MOTION**

the BasicNet S.p.A. Ordinary Shareholders' Meeting

## RESOLVES

to approve the proposed allocation of the net profit for the year of Euro 7,959,435, as presented above, and the proposed payment of a dividend of Euro 0.16 to each of the ordinary shares in circulation and entitled to receive dividends on the coupon date.

Turin, March 7, 2025

for the Board of Directors

**The Chairperson**

Marco Daniele Boglione

ATTACHMENT 1

DISCLOSURE PURSUANT TO ARTICLE 149 *DUODECIES* OF THE CONSOB ISSUER'S REGULATION

Type of service	Service provider	Company	Fees for 2024
Audit	EY S.p.A.	Parent BasicNet S.p.A.	59,000
Certification services	EY S.p.A.	Parent BasicNet S.p.A.	-
Other services	EY S.p.A.	Parent BasicNet S.p.A.	40,000
Total			99,000



**ATTACHMENT 2**  
**Page 1 of 4**

**LIST OF INVESTMENTS AT DECEMBER 31, 2024**

(In Euro)

Name/Registered office/Share capital	Share capital	Amount of the net equity	Profit (loss) for the year	Quota held directly	Quota held indirectly	Pro quota net equity	Book value
<u>SUBSIDIARY COMPANIES</u>							
<b>BASIC AIR S.r.l.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Largo Maurizio Vitale, 1 10152 TURIN</i>							
Share capital Euro 3,000,000	3,000,000	2,201,331	6,593	100.00	-	2,201,331	3,000,000
<b>BASIC ITALIA S.r.l.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Strada della Cebrosa, 106 10156 TURIN</i>							
Share capital Euro 100,000	100,000	4,068,191	(804,337)	100.00	-	4,068,191	2,122,099
<b>BASICNET ASIA LTD.</b>							
<i>Unit 808B, 8/F, Tower B, Manulife Financial Centre, No. 223-231 Wai Yip Street, Kwun Tong. HONG KONG</i>							
Share capital HKD 10,000.	1,239	483,471	3,655	100.00	-	483,471	927
<b>BASICNET ASIA COMPANY LIMITED (VIETNAM) Ltd..</b>							
<i>Room 1002-1003, 10th Floor, Diamond Plaza Building 34 Le Duan Street, Ben Nghe Ward, District 1 - Ho Chi Minh City VIETNAM</i>							
Share capital DONG 462,600,000	17,579	85,497	17,772	100.00	-	85,497	18,135
<b>BASIC PROPERTIES AMERICA, INC.</b>							
<i>c/o National Registered Agents, Inc. 4701 Cox Road, Suite 285 - Glen Allen VA 23060-0000 - U.S.A.</i>							
Share capital USD 2,000	1,925	6,724,835	(1,430,879)	100.00	-	6,724,835	1
<b>BASIC VILLAGE S.p.A.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Largo Maurizio Vitale, 1 10152 TURIN</i>							
Share capital Euro 412,800	412,800	8,091,800	(530,607)	100.00	-	8,091,800	2,591,980
<b>JESUS JEANS S.r.l.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Largo Maurizio Vitale, 1 10152 TURIN</i>							
Share capital Euro 10,000	10,000	25,219	1,175	100.00	-	25,219	81,375
<b>KAPPA S.r.l.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Largo Maurizio Vitale, 1 10152 TURIN</i>							
Share capital Euro 1,300,000	1,300,000	56,007,591	7,414,887	100.00	-	56,007,591	8,063,145
<b>KAPPA FRANCE S.A.S.</b>							
<i>41 Rue Bobby Sands 44800 St Herblain Cedex - FRANCE</i>							
Share capital Euro 2,207,600	2,207,600	8,676,004	1,534,253	-	100.00	-	-

ATTACHMENT 2  
Page 2 of 4

Name/Registered office/Share capital	Share capital	Amount of the net equity	Profit (loss) for the year	Quota held directly	Quota held indirectly	Pro quota net equity	Book value
<u>SUBSIDIARY COMPANIES</u>							
<b>KAPPARETAIL S.r.l.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Strada della Cebrosa, 106</i>							
<i>10156 TURIN</i>							
Share capital Euro 10,000	10,000	1,268,870	(45,795)	-	100.00	-	-
<b>KAPPA RETAIL MONACO S.a.r.l.</b>							
<i>1, Promenade Honoré II</i>							
<i>98000 Monaco</i>							
Share capital Euro 15,000	15,000	2,016,031	(461,660)	-	100.00	-	-
<b>KAPPA SPORT IBERIA S.L.</b>							
<i>Vía de las Dos Castillas 9-A</i>							
<i>28224 Pozuelo De Alarcón-Madrid</i>							
<i>SPAIN</i>							
Share Capital Euro 505,588	505,588	1,381,056	42,221	-	100.00	-	-
<b>K-WAY S.p.A.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Via dell'Aprica, 12</i>							
<i>20158 MILAN</i>							
Share capital Euro 10,050,000	10,050,000	87,741,042	15,269,349	100.00	-	87,741,042	117,678,035
<b>K-WAY FRANCE S.A.S.</b>							
<i>2 Rue Gabriel Vicaire</i>							
<i>75003 PARIS - FRANCE</i>							
Share capital Euro 150,000	150,000	41,023,979	10,916,191	-	100.00	-	-
<b>K-WAY IBERIA S.L.</b>							
<i>Vía de las Dos Castillas 9-A</i>							
<i>28224 Pozuelo De Alarcón-Madrid</i>							
<i>SPAIN</i>							
Share capital Euro 3,000	3,000	(148,002)	85,427	-	100.00	-	-
<b>K-WAYRETAIL S.r.l.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>Strada della Cebrosa, 106</i>							
<i>10156 TURIN</i>							
Share capital Euro 10,000	10,000	6,377,450	3,577,825	-	100.00	-	-
<b>K-WAYRETAIL IRELAND LTD.</b>							
<b>WITH SOLE SHAREHOLDER</b>							
<i>6th Floor, South Bank House,</i>							
<i>Barrow Street, Dublin 4</i>							
<i>IRELAND</i>							
Share capital Euro 1,000	1,000	(315,141)	(316,141)	-	100.00	-	-
<b>K-WAYRETAIL SUISSE S.A.</b>							
<i>Via Franco Zorzi, 18</i>							
<i>6850 MENDRISIO - SWITZERLAND</i>							
Share capital CHF 100,000.	106,247	118,625	67,031	-	100.00	-	-

ATTACHMENT 2  
Page 3 of 4

Name/Registered office/Share capital	Share capital	Amount of the net equity	Profit (loss) for the year	Quota held directly	Quota held indirectly	Pro quota net equity	Book value
<u>SUBSIDIARY COMPANIES</u>							
<b>SEBAGO S.r.l.</b> <b>WITH SOLE SHAREHOLDER</b> <i>Largo Maurizio Vitale, 1</i> <i>10152 Turin</i>							
Share capital 50,000	50,000	3,645,647	(493,481)	100%	-	3,645,647	1,389,519
<b>SEBAGORETAIL S.r.l.</b> <b>WITH SOLE SHAREHOLDER</b> <i>Strada della Cebrosa, 106</i> <i>10156 Turin</i>							
Share capital Euro 10,000	10,000	386,707	(37,598)	-	100.00	-	-
<b>SEBAGO IBERIA S.L.</b> <i>Vía de las Dos Castillas 9-A</i> <i>28224 Pozuelo De Alarcón-Madrid</i> <i>SPAIN</i>							
Share capital Euro 3,000	3,000	(120,785)	(123,785)	-	100.00	-	-
<b>SPORT FASHION RETAIL S.a.r.l.</b> <i>41 Rue Bobby Sands</i> <i>44800 St Herblain Cedex - FRANCE</i>							
Share capital Euro 5,000	5,000	(411,996)	(30,930)	-	100.00	-	-
<b>SUPERGA S.r.l.</b> <b>WITH SOLE SHAREHOLDER</b> <i>Largo Maurizio Vitale, 1</i> <i>10152 Turin</i>							
Share capital 50,000	50,000	22,796,128	(1,999,698)	100.00	-	22,796,128	2,661,012
<b>SUPERGARETAIL S.r.l.</b> <b>WITH SOLE SHAREHOLDER</b> <i>Strada della Cebrosa, 106</i> <i>10156 Turin</i>							
Share capital Euro 10,000	10,000	12,988	(181,052)	-	100.00	-	-
<u>JOINT VENTURES</u>							
<b>FASHION S.r.l.</b> <i>C.so Stati Uniti, 41</i> <i>10129 TURIN</i>							
Share capital Euro 100,000	100,000	101,152	(26,704)	-	50.00	-	-

- 1) shares subject to a pledge with the Group required to maintain full ownership of the company, in guarantee of the loan issued by MPS Capital Services Banca per le Imprese S.p.A. in July 2017.

**ATTACHMENT 2**  
**Page 4 of 4**

**LIST OF INVESTMENTS AT DECEMBER 31, 2023**

Name/Registered office/Share capital	31/12/2023 Book value	Acquisitions/Incorporations /Conferments	Capital payments to cover losses	Impairments investments	Spin-off	31/12/2024 Book value	% held Parent
<u><b>HOLDINGS IN SUBSIDIARY COMPANIES</b></u>							
BasicRetail S.r.l. with sole shareholder	3,000,000	-	-	-	-	3,000,000	100%
BasicItalia S.r.l. with sole shareholder	2,122,099	-	-	-	-	2,122,099	100%
BasicNet Asia Ltd.	927	-	-	-	-	927	100%
BasicNet Asia Company Limited (Vietnam) Ltd.	18,135	-	-	-	-	18,135	100%
Basic Properties America Inc.	1	-	-	-	-	1	100%
Basic Village S.p.A. with sole shareholder	2,591,980	-	-	-	-	2,591,980	100%
Fashion S.r.l. with sole shareholder	195,720	-	-	-	-	195,720	50%
Jesus Jeans S.r.l. with sole shareholder	81,375	-	-	-	-	81,375	100%
Kappa S.r.l. with sole shareholder	8,063,145	-	-	-	-	8,063,145	100%
K-Way S.p.A. with sole shareholder	117,678,035	-	-	-	-	117,678,035	100%
Sebago S.r.l. with sole shareholder	1,389,519	-	-	-	-	1,389,519	100%
Superga S.r.l. with sole shareholder	2,661,012	-	-	-	-	2,661,012	100%
K-Way TopCo S.r.l.	-	10,000	-	-	-	10,000	100%
<b>TOTAL SUBSIDIARY COMPANIES</b>	<b>137,801,949</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,811,949</b>	
<u><b>HOLDINGS IN OTHER COMPANIES</b></u>							
Consortiums & other minor	127	-	-	-	-	127	
<b>TOTAL OTHER COMPANIES</b>	<b>127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127</b>	
<b>TOTAL INVESTMENTS</b>	<b>137,802,076</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,812,076</b>	
<u><b>FINANCIAL RECEIVABLES</b></u>							
Other receivables (guarantees)	31,983	478,297	-	-	-	510,280	-
<b>TOTAL RECEIVABLES</b>	<b>31,983</b>	<b>478,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>510,280</b>	
<b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>	<b>137,834,060</b>	<b>488,297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,322,357</b>	

## ATTACHMENT 3

**DECLARATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS PARAGRAPH 3 AND 4-BIS OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998 "FINANCIAL INTERMEDIATION ACT"**

The undersigned Marco Daniele Boglione as Executive Chairman, Federico Trono as Chief Executive Officer and Paola Bruschi as Executive Officer for Financial Reporting of BasicNet S.p.A., affirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

the adequacy for company operations and the effective application, of the administrative and accounting procedures for the preparation of the 2024 financial statements.

In addition, we certify that the 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 38/2005 and provide a true and fair representation of the balance sheet, financial position and results of the Issuer;
- c) the 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.

Marco Daniele Boglione  
**Chairperson**

Federico Trono  
**Chief Executive Officer**

Paola Bruschi  
**Executive Officer for Financial Reporting**

# BasicNet S.p.A.

Financial statements as at December 31, 2024

Independent auditor's report pursuant to article 14 of  
Legislative Decree n. 39, dated 27 January 2010, and article  
10 of EU Regulation n. 537/2014

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014  
(Translation from the original Italian text)

To the Shareholders of  
BasicNet S.p.A.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BasicNet S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2024, and statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Company’s financial reporting process.

## Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.



## Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of BasicNet S.p.A., in the general meeting held on 27 April 2017, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

## Report on compliance with other legal and regulatory requirements

### Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of BasicNet S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the “Delegated Regulation”) to the financial statements as of December 31, 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at December 31, 2024 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in the XHTML format and have been marked-up, in all material aspects, in compliance with the provisions of the Delegated Regulation.

### Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), *e-bis*) and *e-ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of BasicNet S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of BasicNet S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate Governance

and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;

- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the financial statements of BasicNet S.p.A. as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Turin, 26 March 2025

EY S.p.A.

Signed by: Massimiliano Vercellotti, Auditor

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*