

BasicNet[®]

2025 HALF-YEAR REPORT



jesus
jeans[®]

SUPERGA[®]

KWAY[®]

Sabell[®]

SEBAGO[®]

BRIKO[®]

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COMPANY INFORMATION

REGISTERED OFFICE

BasicNet S.p.A.
Largo Maurizio Vitale, 1
Turin 10152 - Italy
Tel. +39 011 26171

LEGAL INFORMATION

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

CORPORATE BOARDS**BOARD OF DIRECTORS**

Marco Daniele Boglione	Chairperson
Daniela Ovazza	Vice-Chairperson
Alessandro Boglione	Chief Executive Officer
Lorenzo Boglione	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
Marco Enrico	Executive Director
Cristiano Fiorio	Independent Director Control and Risks and Related Parties Committee
Monica Gamberoni	Executive Director
Carlo Pavesio	Chairperson of the Remuneration Committee
Federico Trono	Executive Director

BOARD OF STATUTORY AUDITORS

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

INDEPENDENT AUDIT FIRM

EY S.p.A.

DIRECTORS' REPORT

H1 2025 Key Performance Indicators:

- aggregate sales of Group brand products globally totalled Euro 567.1 million, increasing 4.3%, and were broken down as follows:

<i>(In Euro millions)</i>	H1 2025	H1 2024	Cge. %
Commercial licensee and direct sales	392.7	390.3	0.6%
Productive licensee sales	174.4	153.4	13.7%
Aggregate licensee and direct sales	567.1	543.7	4.3%

Commercial licensee and direct sales up 5.2% in Europe, a region accounting for 79.7% of aggregate sales. Sales in all other regions saw a decline: Asia and Oceania by 3.6%, the Middle East and Africa by 5.8%, and the Americas, where a new trading partner has taken over, by 33.3%.

- consolidated revenues of Euro 172.6 million (Euro 173.9 million in H1 2024, -0.7%), as follows:
 - royalties from commercial and productive licensees of Euro 34.6 million (Euro 29.7 million in H1 2024, +16.6%);
 - direct sales: Euro 137.3 million (Euro 143.4 million in 2024, -4.2%); The decrease stems from the conversion of a number of distribution contracts into licensing agreements.

In order to provide a more accurate representation of the Group's operating performance during the period, the indicators below have been prepared on the basis of pro-forma consolidated financial statements, which exclude the income statement impacts of non-recurring charges related to the conclusion of commercial relationships or the settlement of various disputes (for approx. Euro 2.3 million), in addition to the extraordinary income statement impacts of the divestment of approx. 40% of the stake held in K-Way S.p.A. and in particular the related costs (amounting to Euro 18.3 million). The gain from the sale, provisionally amounting to Euro 140.1 million, is only recognisable in the separate financial statements of BasicNet S.p.A.

- EBITDA***: Euro 15.1 million (Euro 17.6 million in H1 2024);
- EBIT***: Euro 4.4 million (Euro 8.7 million in H1 2024), after amortisation and depreciation of Euro 4.9 million and depreciation on the right-of-use for Euro 5.7 million, increasing due to the new openings (8 direct sales points), as part of retail segment development;
- net profit***: Euro 0.8 million (Euro 2.8 million in H1 2024);
- net financial position with banks**, including the effects of the sale of the stake in K-Way S.p.A., is positive for Euro 26.3 million (Euro -90.8 million at December 31, 2024), while the **net financial position**, including Euro 52.5 million of right-of-use payables, is Euro -32.6 million. (-142.0 million at December 31, 2024, including Euro 43.1 million of right-of-use payables).

The Debt/Equity Ratio improved significantly, from 0.83 in December 2024 to 0.11 at June 30, 2025.

* pro-forma net of a number of extraordinary and non-recurring costs, including the extraordinary effects from the sale of approx. 40% of the company's stake in K-Way S.p.A.

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 “Commercial licensees and direct aggregate sales” and “Aggregate sales of productive licensees”
Consolidated Revenues	the sum of royalties, sourcing commissions and sales of the BasicNet Group companies and real estate revenues from third parties.
EBITDA	“operating result” before “amortisation and depreciation”.
EBIT	“operating result”.
Contribution margin on direct sales	“gross margin”.
Debt/equity ratio	this is an indicator of the financial structure of the balance sheet and is calculated as the ratio of financial debt to shareholders' equity.
Net financial position	total of current and medium/long-term financial payables, less cash and cash equivalents and other current financial assets.
Net financial position with banks	the Net financial position, net of payables for rights-of-use and payables for the acquisition of company shares.

THE GROUP AND ITS ACTIVITIES

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

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

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

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

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

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

2025 SIGNIFICANT EVENTS

On February 28, 2025, after receiving clearance from the European Anti-trust Authority, Permira completed the undertaking of a stake in K-Way S.p.A..

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 May, the company BasicInvestments S.r.l. was established to develop future strategic investments for the Group, with the aim of providing a flexible but structured tool that also allows for industrial - in addition to financial - synergies. The initial investment of Euro 3 million involves the subscription of shares in the company Florence S.r.l., which holds a significant stake in LuisaViaRoma (LVR), one of the leading luxury e-tailers globally.

REGIONAL COMMERCIAL PERFORMANCES

Commercial operations focused mainly on the renewal of expiring licensing contracts. New agreements were signed for the Kappa® brand in North America and Azerbaijan and for the Superga® brand in North America.

The main communication initiatives in the period concerned:

Kappa®, which is sponsoring the Peugeot TotalEnergies team in its third season and for the next two years in the FIA World Endurance Championship (WEC), will also, for the next four seasons, be an official technical partner alongside Briko® of the Italian Triathlon Federation, accompanying athletes all the way to the 2028 Olympic Games in Los Angeles. At the same time, the **Kappa®** Authentic brand, a Kappa® spin-off fashion brand, was relaunched.

In terms of collaborations, Kappa® launched two capsule collections, the first with Acne Studios and the second with 433, the world's largest digital football community; it also extended its collaboration with GO Fit, a well-known Spanish sports centre chain, to the Italian market. Kappa and ACF Fiorentina met with LuisaViaRoma, an international luxury fashion retailer, to unveil the team's fourth kit for the 2024-2025 season, while the Company teamed up with AS Monaco to collaborate with renowned Parisian fashion brand Koché.

K-Way®: in addition to the presentation of the R&D collection for the 2025-2026 autumn/winter season at the Milan and Paris Fashion Weeks, it sponsored the 1000 Miglia, the Terraforma cultural festival, and continued its collaboration with the nonprofit association "Coral Gardeners".

For 2025, renewed and new collaborations include Marcolin, which saw the debut of the K-Way® eyewear and sunglasses collection, and capsule collections developed with the Palace and Venice M'Art brands. The collaboration with the Italian Golf Federation, accompanied by the launch of a new collection of technical apparel, marks K-Way®'s entry into the golfing world.

K-Way® launched a new advertising campaign with Global Brand Ambassador Shownu, South Korean Gen Z idol, and also celebrated the brand's 60th birthday with the exhibition In Y/Our Life - The Hidden Side of Everyday Things in Milan and London, with its final stop in Paris still to come.

Superga® was on show at Paris Fashion Week, presenting its new line dedicated to rubber with a temporary showroom. It also presented at the Pitti show with an exhibition space at the Fortezza da Basso, where the focus was on celebrating the centenary of its iconic 2750.

Collaborative activities with other brands, including Armor-Lux, a historic Breton brand, continued with the development of a capsule collection of shoes and garments. Finally, Superga® was an official partner of Orticola di Lombardia, where it showcased its Gomma collection.

Sebago® presented its new collection at Paris Fashion Week and the Pitti show. It launched new collaborations with Essentiel Antwerp and developed a capsule collection with Weekend Max Mara®.

Briko® was once again the technical sponsor of the VF Group Bardiani - CSF Faizanè team at the Giro d'Italia, the 47th Kinder Joy of Moving Grand Prix for the very young, and the Title Sponsor of the Granfondo Internazionale. It also announced the launch of a collaboration as the official technical partner of the Italian Triathlon Federation and participated in the Prowinter and Sport Achat fairs.

Group brand sales points

At June 30, Kappa® and Robe di Kappa® monobrand stores and shop-in-shops globally numbered 1,173 (of which 89 in Italy and 2 in Spain), with Superga® monobrand stores and shop-in-shops totalling 144 (of which 41 in Italy and 1 in England), and there were 119 K-Way® sales points (of which 68 in France, 38 in Italy, 1 in Spain, 1 in England, 1 in Switzerland and 1 in Ireland) and 51 Sebago® sales points (of which 11 in Italy and 2 in Spain).

H1 2025 FINANCIAL PERFORMANCE OVERVIEW

THE GROUP

BasicNet Group Key Financial Highlights

The condensed income statement for the year is reported below:

<i>(Euro thousands)</i>	H1 2025	H1 2025 Pro forma	H1 2024	Changes Vs. Pro forma	%
Brand aggregate sales **	567,074	567,074	543,664	23,409	4.3%
Royalties and sourcing commissions	34,623	34,623	29,684	4,939	16.6%
Consolidated direct sales	137,335	137,335	143,373	(6,038)	(4.2%)
Contribution margin on direct sales	61,257	61,257	59,910	1,347	2.2%
EBITDA ***	(5,468)	15,102	17,611	(2,509)	(14.2%)
EBIT ***	(16,167)	4,404	8,667	(4,263)	(49.2%)
Group Net Result	(19,014)	835	2,820	(1,985)	-70.4%
Basic earnings/(loss) per ordinary share**	(0.4079)	0.0181	0.0572	(0.0392)	-(68.4%)
Diluted earnings/(loss) per ordinary share **	(0.4072)	0.0179	0.0572	(0.0393)	(68.8%)

** Data not audited

*** For the definition of the indicators reference should be made to pag. 5 of the present Report

Commercial and financial analysis

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

<i>(Euro thousands)</i>	H1 2025	H1 2024	Changes	
Brand aggregate sales**	Total	Total	Total	%
Commercial licensees and direct	392,662	390,260	2,402	0.6%
Productive Licensees (sourcing centers)	174,412	153,404	21,008	13.7%
Total	567,074	543,664	23,410	4.3%

** Data not audited

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

<i>(Euro thousands)</i>	H1 2025		H1 2024		Changes	
Group commercial licensee and direct aggregate sales**	Total	%	Total	%	Total	%
Europe	313,072	79.7%	297,712	76.3%	15,360	5.2%
The Americas	19,593	5.0%	29,370	7.5%	(9,777)	(33.3%)
Asia and Oceania	21,406	5.5%	22,199	5.7%	(793)	(3.6%)
Middle East and Africa	38,591	9.8%	40,979	10.5%	(2,388)	(5.8%)
Total	392,662	100.0%	390,260	100.0%	2,402	0.6%

** Data not audited

and of the productive licensees:

<i>(Euro thousands)</i>	H1 2025		H1 2024		Changes	
Group productive licensee and direct aggregate sales **	Total	%	Total	%	Total	%
Europe	14,258	8.2%	12,694	8.3%	1,564	12.3%
The Americas	11,930	6.8%	13,944	9.1%	(2,014)	(14.4%)
Asia and Oceania	145,311	83.3%	124,873	81.4%	20,437	16.4%
Middle East and Africa	2,914	1.7%	1,893	1.2%	1,021	53.9%
Total	174,412	100.0%	153,405	100.0%	21,007	13.7%

** Data not audited

Commercial licensee and direct aggregate sales of Euro 392.7 million increased 0.6%, from Euro 390.3 million in the same period of the previous year; continental level growth is commented upon in the introductory paragraphs to this Report.

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. The increase (13.7%) derives from the introduction of the new K-Way Le Vrai 4.0 line, the strengthening of the “never out of stock” programmes to ensure the usability of key items in directly operated stores, and in general from the increased sourcing of Group branded products in relation to the autumn/winter 2025 season.

Overall, **consolidated direct sales** were Euro 137.3 million (Euro 143.4 million in H1 2024) - a contraction of 4.2%. Against this backdrop, e-commerce - a sector in which the Group is investing to consolidate its development - reported growth of 0.9%.

The **contribution margin on sales** grew 2.2%, from Euro 59.9 million in 2024 to Euro 61.3 million in 2025. The margin was 44.6% (compared with 41.8% in 2024).

Other income of Euro 3.6 million decreased by approx. Euro 5.6 million on the first half of 2024, which included income from the early termination of a multi-year agreement.

Sponsorship and media spend of Euro 22.6 million compares to Euro 20.4 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.

As previously outlined, in order to facilitate comparison with the same period of the previous year, the following indicators are presented adjusted for a number of extraordinary and non-recurring costs, including the extraordinary effects from the sale of approx. 40% of the company's stake in K-Way S.p.A.

Personnel costs rose from Euro 24.4 million in 2024 to Euro 26.2 million in 2025, an increase of approx. Euro 2.2 million, due mainly to the expansion of strategic areas of the Group, the strengthening of the K-Way S.p.A. structure and the opening of new points of sale. The average number of employees in H1 2025 was 1,158, compared to 1,078 in 2024.

Overhead costs, i.e. **Selling and general and administrative costs and royalties expenses** increased from Euro 36.4 million in H1 2024 to Euro 35.6 million in H1 2025.

Pro-forma EBITDA: Euro 15.1 million (Euro 17.6 million in H1 2024, -14.2%).

Pro-forma EBIT: Euro 4.4 million (Euro 8.7 million in H1 2024), after amortisation and depreciation of Euro 4.9 million and depreciation on the right-of-use for Euro 5.7 million, increasing due to the new openings (8 direct sales points), as part of retail segment development.

Consolidated net financial charges/income, including exchange gains and losses, reported a charge of Euro 1.5 million, compared to Euro 2.4 million in the previous year.

The **pro-forma pre-tax profit** was Euro 2.9 million, compared to a Euro 6.3 million in H1 2024.

The *pro-forma net profit* of Euro 0.8 million compares to Euro 2.8 million in the previous year.

Balance sheet overview

The changes in the balance sheet are reported below:

<i>(Euro thousands)</i>	June 30, 2025	December 31, 2024	June 30, 2024
Property	38,919	39,781	38,341
Brands	59,235	59,174	59,169
Non-current assets	139,776	81,524	82,487
Rights-of-use	50,537	41,871	42,808
Current assets	300,910	245,356	242,016
Total assets	589,378	467,706	464,821
Group shareholders' equity	298,818	170,346	159,806
Non-current liabilities	68,269	95,791	103,211
Current liabilities	222,290	201,569	201,804
Total liabilities and shareholders' equity	589,378	467,706	464,821

With regard to the change in non-current assets, amortisation and depreciation increased by Euro 10.7 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 1.9 million). The increase in non-current assets also includes key money related to the opening of new outlets of Euro 0.6 million, including Euro 0.4 million in France, Euro 112 thousand in England and Euro 75 thousand in Spain, in addition to the balance of Euro 1.4 million arising from the acquisition of a franchisee of K-Way France.

Group shareholders' equity increased from Euro 170.3 million in December 2024 to Euro 298.8 million in H1 2025.

Financial position

<i>(Euro thousands)</i>	June 30, 2025	December 31, 2024	June 30, 2024	Changes vs December 31, 2024	Changes vs June 30, 2024
Net financial position – Short-term	(21,797)	(62,585)	(59,281)	40,788	37,484
Financial investments – Medium to long-term	50,100	-	-	50,100	50,100
Financial payables – Medium-term	(1,753)	(27,922)	(33,471)	26,169	31,718
Finance leases	(242)	(284)	(369)	41	126
Net financial position with banks	26,308	(90,791)	(93,121)	117,099	119,428
Payables for purchase of investments beyond one year	(6,432)	(8,081)	(8,081)	1,649	1,649
Payables for rights-of-use	(52,462)	(43,080)	(43,633)	(9,382)	(8,828)
Net Financial Position	(32,586)	(141,952)	(144,835)	109,366	112,249
Debt/equity ratio	0.11	0.83	0.91	(0.72)	(0.80)

The **net financial position** improved from a net debt of Euro -142.0 million at December 31, 2024 to Euro -32.6 million at June 30, 2025; the **net financial position with banks** was a debt of Euro 26.3 million, compared to Euro -90.8 million at December 31, 2024, and with Euro -93.1 million at June 30, 2024. Dividends of Euro 7.4 million were paid and treasury shares acquired for Euro 7.9 million, while the property loan undertaken by BasicVillage was settled early.

Earnout payables include the best estimate of the variable price component still due to the former shareholders of K-Way France, which will be defined on the basis of the subsidiary's performance over the three-year period 2023-25. The total payable at the reporting date was estimated at Euro 6.4 million, fully payable in 2026.

Right-of-use payables rose Euro 9.4 million compared to December 31, 2024, due to new shop openings and the renewal of expired or maturing lease contracts, in addition to the assumption of leases for K-Way France's franchisee stores in Normandy (for Euro 0.6 million).

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 2025 and 2024 are reported in the following table:

<i>(In Euro)</i>	June 30, 2025	December 31, 2024	June 30, 2024
Earnings/(loss) per share	(0.4079)	0.5354	0.0572
Diluted earnings/(loss) per share	(0.4072)	0.5354	0.0572
Price at period end	7.91	7.86	3.45
Maximum price in the period	8.87	8.14	5.00
Minimum price in the period	6.70	2.84	3.40
Stock market capitalisation (in thousands of Euro)	427,140	424,440	186,300
Total number of shares	54,000,000	54,000,000	54,000,000
No. Shares outstanding	46,185,000	47,185,500	49,262,300

At June 30, 2025, there were stock grant rights assigned to certain Group managers and employees, granted on the basis of the Plan approved by the Shareholders' Meeting of April 16, 2024, whose potentially dilutive is reflected in the Diluted earnings per ordinary share.

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 79,406,212.

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

Shareholder	% held of share capital (1)	% of voting rights (2)	Note
Marco Boglione	37.996%	49.657%	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.
BasicNet S.p.A.	14.472%	9.842%	Treasury shares in portfolio
Francesco Boglione	6.926%	9.086%	Part-owned directly and indirectly through Francesco Boglione S.r.l.
Helikon Investments Limited	11.730%	7.977%	Held by way of discretionary asset management. The company in addition holds “cash settled equity swaps” financial instruments on BasicNet shares equal to 1.080% of voting rights

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

²⁾ Calculated on 79,406,212 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 2024 Non-Financial Report.

Licensee network operating risks

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

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

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

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

Risks related to BasicNet Group production

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

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

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

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

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

Currency risk

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

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

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

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

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

Credit risk

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

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

Sourcing commission receivables are covered by the payables of the subsidiaries Kappa S.r.l., K-Way S.p.A., 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 European footwear and apparel retailers within the subsidiaries are monitored continually by the credit department of the company alongside specialised legal recovery firms and partners throughout the country, commencing from the customer order. Receivables from the brand stores under franchises are paid weekly, related to their sales and do not present substantial insolvency risks.

Liquidity risk

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

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

Interest rate risk

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

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.

Risks relating to legal and tax disputes

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

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

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

Tax disputes

Alleged tax inversion Basic Properties America

Between 2018 and 2022, the Tax Agency challenged various Group foreign companies for unpaid taxes in Italy between 2011 and 2016, for a total of approx. Euro 6 million in direct taxes and VAT, plus interest and penalties. The disputes relate specifically to the alleged requalification of the US company as a tax resident in Italy and the consequent VAT treatment of royalties paid by it to the Group's other foreign companies. 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 Group companies have had their claims recognised in the first and second instance for all the years in dispute.

As of today's date:

- for the years 2011-2014, the scheduling of the hearing before the Court of Cassation is still awaited. On August 27, 2024, through the State Attorney General's Office, the Tax Agency appealed the second instance judgement No. 60/2023 (which combined the appeals from 2011 to 2014 for all the companies involved); on October 11, 2024, the Group companies filed a counter-appeal pursuant to Article 370 of the Code of Civil Procedure;
- for FYs 2015 and 2016, the deadline for the Agency to appeal to the Court of Cassation expires at the end of 2025.

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.

On July 20, 2023, FISI's request for a stay of the enforceability of the first instance ruling was granted by the Court of Appeals.

In a ruling published on September 17, 2024, the Milan Court of Appeals did not uphold the first instance ruling regarding BasicItalia's demands 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 appealed the ruling in the Court of Cassation, notifying FISI on March 17, 2025, while FISI filed a counter-appeal on April 28, 2025. A date for the Council Chamber meeting is still awaited, following which the Court of Cassation will rule. The Court of Cassation will grant a deadline to the Public Prosecutor at least 20 days before the Council Chamber meeting and a deadline to the parties at least 10 days before the meeting to file briefs.

TREASURY SHARES

Under the treasury share buy-back programme, authorised by the Shareholders' Meeting of April 17, 2025 and concluding at the date of the Shareholders' AGM for the approval of the 2025 Annual Accounts, at the date of this report 415,700 treasury shares had been acquired (0.77% of the Share Capital) at an average price of Euro 8.16, for a total outlay of Euro 3.4 million.

At June 30, 2025, BasicNet held a total of 7,815,000 treasury shares (equal to 14.472% of the Share Capital and 9.842% of voting rights), for an investment of approx. Euro 38.7 million.

HUMAN RESOURCES

At June 30, 2025, the Group headcount was 1,158, as follows:

Category	Human Resources at June 30, 2025	Human Resources at June 30, 2024
Executives	39	37
Managers	6	-
White-collar	1,090	1,023
Blue-collar	23	22
Total	1,158	1,082

SUBSEQUENT EVENTS TO THE PERIOD-END AND OUTLOOK

Outlook

Against an uncertain geopolitical and macroeconomic backdrop, the Group remains focused on sustainable growth and brand enhancement over the medium to long term through a flexible and responsive approach.

* * *

Turin, July 31, 2025

For the Board of Directors

The Chairperson

Marco Daniele Boglione

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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

BASICNET GROUP CONSOLIDATED INCOME STATEMENT

<i>(Euro thousands)</i>	<i>Note</i>	H1 2025		H1 2024		Changes	
Consolidated direct sales	(7)	137,335	100.00	143,373	100.00	(6,038)	(4.21)
Cost of sales	(8)	(76,078)	(55.40)	(83,463)	(58.21)	7,385	8.85
GROSS MARGIN		61,257	44.60	59,910	41.79	1,347	2.25
Royalties and sourcing commissions	(9)	34,623	25.21	29,684	20.70	4,939	16.64
Other income	(10)	3,590	2.61	9,173	6.40	(5,583)	(60.87)
Sponsorship and media costs	(11)	(22,638)	(16.48)	(20,383)	(14.22)	(2,255)	(11.06)
Personnel costs	(12)	(27,704)	(20.17)	(24,382)	(17.01)	(3,322)	(13.63)
Selling, general and administrative costs, royalties expenses	(13)	(54,595)	(39.75)	(36,391)	(25.38)	(18,204)	(50.02)
Amortisation & depreciation	(14)	(10,698)	(7.79)	(8,944)	(6.24)	(1,754)	(19.61)
EBIT		(16,167)	(11.77)	8,667	6.05	(24,834)	(286.53)
Net financial income (charges)	(15)	(1,514)	(1.10)	(2,379)	(1.66)	865	36.37
Management of equity investments	(16)	(3)	(0.00)	(3)	(0.00)	-	-
PROFIT/(LOSS) BEFORE TAXES		(17,684)	(12.88)	6,285	4.38	(23,968)	(381.41)
Income taxes	(17)	(1,330)	(0.97)	(3,465)	(2.42)	2,135	61.62
NET PROFIT/(LOSS)		(19,014)	(13.84)	2,820	1.97	(21,833)	(774.35)
Attributable to:	(18)						
- Shareholders of the company		(16,624)	(12.10)	-	-	(16,624)	n/a
- Minority shareholders		(2,390)	(1.74)	-	-	(2,390)	n/a
Earnings per share:	(18)						
Basic		(0.4079)		0.0572		(0.465)	(812.63)
Diluted		(0.4072)		0.0572		(0.464)	(811.37)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

<i>(Euro thousands)</i>	<i>Note</i>	H1 2025	H1 2024	Changes
<i>Profit/(loss) for the period (A)</i>		(19,014)	2,820	(21,833)
<i>Profit/(loss) from previous years (B)</i>		-	-	-
Effective portion of the gains/(losses) on cash flow hedges		66	510	(444)
Effective part of the Gains/(losses) on cash flow instruments generated in the year ("interest rate hedges")		(8,662)	296	(8,959)
Effective portion of the gains/(losses) on cash flow hedges		(8,597)	806	(9,403)
Re-measurement of post-employment benefits (IAS 19) (*)		(36)	27	(63)
Gains/(losses) recorded directly to Stock Grant reserve (IFRS 2)		161	-	161
Gains/(losses) from translation of accounts of foreign subsidiaries		(666)	385	(1,052)
Tax effect on other profits/(losses)		1,671	(163)	1,833
<i>Total other gains/(losses), net of tax effect (C)</i>	<i>(32)</i>	(7,467)	1,056	(8,523)
Total Comprehensive Profit/(loss) (A)+(B)+(C)		(26,481)	3,876	(30,357)

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

BASICNET GROUP CONSOLIDATED BALANCE SHEET

<i>(Euro thousands)</i>	<i>Note</i>	June 30, 2025	December 31, 2024	June 30, 2024
Intangible assets	(19)	73,816	71,834	70,732
Rights-of-use	(20)	50,537	41,871	42,808
Goodwill	(21)	45,732	43,719	43,687
Property, plant and equipment	(22)	56,106	56,763	56,974
Equity invest. & other financial assets	(23)	55,439	1,980	1,246
Interests in joint ventures	(24)	172	175	185
Deferred tax assets	(25)	6,666	6,008	7,173
Total non-current assets		288,468	222,350	222,805
Net inventories	(26)	142,654	108,357	123,707
Trade receivables	(27)	66,809	84,073	72,885
Other current assets	(28)	56,562	10,985	14,385
Prepayments	(29)	9,373	10,645	9,900
Cash and cash equivalents	(30)	25,442	28,195	19,349
Derivative financial instruments	(31)	70	3,101	1,790
Total current assets		300,910	245,356	242,016
TOTAL ASSETS		589,378	467,706	464,821

<i>(Euro thousands)</i>	<i>Note</i>	June 30, 2025	December 31, 2024	June 30, 2024
Share capital		31,717	31,717	31,717
Reserve for treasury shares in portfolio		(38,730)	(30,861)	(17,876)
Other reserves		324,845	144,226	143,145
Net Profit /(loss) for the period		(19,014)	25,264	2,820
TOTAL GROUP SHAREHOLDERS' EQUITY	(32)	298,818	170,346	159,806
NON-CONTROLLING INTERESTS	(32)	36,943	-	-
Provisions for risks and charges	(33)	2,169	2,440	4,552
Loans	(34)	1,995	28,206	33,839
Payables for rights-of-use	(36)	52,462	43,080	43,633
Other financial payables	(37)	-	6,432	6,432
Employee and Director benefits	(38)	3,344	4,443	4,131
Deferred tax liabilities	(39)	6,722	9,507	8,397
Other non-current liabilities	(40)	1,576	1,684	2,227
Total non-current liabilities		68,268	95,791	103,211
Bank payables	(35)	87,239	90,780	78,630
Trade payables	(41)	96,881	82,294	96,762
Tax payables	(42)	5,701	5,254	6,181
Other current liabilities	(43)	21,413	14,546	13,447
Accrued expenses	(44)	3,890	8,648	6,510
Derivative financial instruments	(45)	7,166	48	274
Total current liabilities		222,290	201,569	201,804
TOTAL LIABILITIES		290,560	297,360	305,015
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		589,378	467,706	464,821

CONSOLIDATED CASH FLOW STATEMENT OF THE BASICNET GROUP

<i>(Euro thousands)</i>	June 30, 2025	June 30, 2024
A) OPENING SHORT-TERM NET BANK DEBT	(51,371)	(39,059)
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(loss)	(19,014)	2,820
Amortisation & depreciation	10,698	8,944
Management of equity investments	3	3
Changes in working capital:		
- (increase) decrease of trade receivables	17,259	3,444
- (increase) decrease of inventories	(34,298)	(11,467)
- (increase) decrease of other receivables	(3,326)	2,930
- increase (decrease) of trade payables	14,542	19,804
- increase (decrease) of other payables	(4,671)	(4,328)
Net changes in employee and director benefits	(1,099)	260
Others, net	14	293
	(19,702)	22,703
C) CASH FLOW FROM INVESTING ACTIVITIES		
Investments in fixed assets:		
- tangible assets	(1,765)	(4,271)
- Intangible assets	(4,677)	(4,302)
- Financial assets	(3,010)	-
- Acquisition K-Way France franchisee	(1,727)	-
- Acquisition K-Way France	(1,649)	(1,657)
Realisable value for fixed asset disposals:		
- intangible assets	115	561
- financial assets	-	(294)
	(12,713)	(9,962)
D) CASH FLOW FROM FINANCING ACTIVITIES		
Undertaking of medium/long-term loans	41	308
Loan repayments	(32,173)	(8,169)
Repayment of loans for rights-of-use	(5,059)	(4,403)
Contribution from the sale of the stake in K-Way S.p.A.	170,389	-
Acquisition of treasury shares	(7,869)	(1,434)
Dividend payments	(7,449)	(7,421)
	117,880	(21,119)
E) CASH FLOW IN THE PERIOD	85,465	(8,378)
F) CLOSING SHORT-TERM NET BANK DEBT	34,094	(47,437)

Interest paid amounts to respectively Euro 2.1 million in 2025 and Euro 2.5 million in 2024.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Euro thousands)

	Share Capital	Treas. shares	Reserve s & Ret. earnings	Translatio n reserve	Remeas. reserve IAS 19	IFRS 16 Reserve	IAS37 Reserve	IFRS2 Reserve	Cash flow hedge reserve	Result	Total Group Net Equity
Balance at January 1, 2024	31,717	(16,442)	123,066	1,245	134	-	188	-	503	24,376	164,787
Allocation of 2023 result as per Shareholders' Meeting motion of April 16, 2024:											
- Reserves & Retained earnings		-	16,955	-	-	-	-	-	-	(16,955)	-
- Dividends distributed		-	-	-	-	-	-	-	-	(7,421)	(7,421)
Acquisition of treasury shares		(1,434)	-	-	-	-	-	-	-	-	(1,434)
H1 2024 Result		-	-	-	-	-	-	-	-	2,820	2,820
Other comprehensive income statement items:											
- Gains/(losses) recorded directly to translation reserve		-	-	385	-	-	-	-	-	-	385
- Gains/(losses) recorded directly to equity for IAS 19 remeasurement		-	-	-	22	-	-	-	-	-	22
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	-	648	-	648
- Gains/(losses) recorded directly to IFRS 37 reserve		-	-	-	-	-	-	-	-	-	-
<i>Total comprehensive income</i>				385	22	-	-	-	648	2,820	3,876
Balance at June 30, 2024	31,717	(17,876)	140,021	1,630	156	-	188	-	1,151	2,820	159,806
	Share Capital	Treas. shares	Reserve s & Ret. earnings	Translatio n reserve	Remeas. reserve IAS 19	IFRS 16 Reserve	IAS37 Reserve	IFRS2 Reserve	Cash flow hedge reserve	Result	Total Group Net Equity
Balance at January 1, 2025	31,717	(30,861)	140,022	2,486	15	-	391		1,312	25,264	170,346
Allocation of 2024 result as per Shareholders' Meeting resolution of April 17, 2025:											
- Reserves & Retained earnings		-	17,815	-	-	-	-	-	-	(17,815)	-
- Dividends distributed		-	-	-	-	-	-	-	-	(7,449)	(7,449)
Acquisition of treasury shares		(7,869)	-	-	-	-	-	-	-	-	(7,869)
H1 2025 Result		-	-	-	-	-	-	-	-	(19,014)	(19,014)
Other comprehensive income statement items:											
- Gains/(losses) recorded directly to translation reserve		-	(119)	(666)	-	-	-	-	-	-	(786)
- Gain (loss) recognised directly to reserves for contribution from the sale of the stake in K-Way S.p.A.		-	170,389	-	-	-	-	-	-	-	170,389
- Gains/(losses) recorded directly to equity for IAS 19 remeasurement		-	-	-	(29)	-	-	-	-	-	(29)
- Gains/(losses) recorded directly to IFRS 2 reserve		-	-	-	-	-	-	161	-	-	161
- Gains/(losses) recorded directly to cash flow hedge reserve		-	-	-	-	-	-	-	(6,933)	-	(6,933)
<i>Total comprehensive income</i>				(666)	(29)	-	-	161	(6,933)	(19,014)	(26,481)
Balance at June 30, 2025	31,717	(38,730)	328,108	1,819	(14)	-	391	161	(5,621)	(19,014)	298,818

CONSOLIDATED NET FINANCIAL POSITION

<i>(Euro thousands)</i>	June 30, 2025	December 31, 2024	June 30, 2024
Cash and cash equivalents	25,442	28,196	19,349
Current financial investments	40,000	-	-
Bank overdrafts and bills	(71,355)	(50,838)	(42,263)
Import advances	(10,093)	(28,729)	(24,523)
<i>Sub-total net liquidity available</i>	<i>(16,005)</i>	<i>(51,370)</i>	<i>(47,437)</i>
Short-term portion of medium/long-term loans	(5,792)	(11,214)	(11,844)
Payables for the purchase of equity investments	-	(1,649)	(1,649)
Short-term net financial position	(21,797)	(64,234)	(60,930)
Financial investments – Medium to long-term	50,100	-	-
Medium/long term loans	(1,753)	(27,922)	(33,471)
Payables for rights-of-use	(52,462)	(43,080)	(43,633)
Payables for purchase of equity investments beyond one year	(6,432)	(6,432)	(6,432)
Finance lease payables	(242)	(284)	(369)
<i>Sub-total loans and leasing</i>	<i>(10,789)</i>	<i>(77,718)</i>	<i>(83,905)</i>
Consolidated Net Financial Position	(32,586)	(141,952)	(144,835)

The following table shows the composition of the Group's net debt at June 30, 2025 compared with the same figure for December 31, 2024 and June 30, 2024, determined in accordance with the "Guidelines on disclosure requirements under the Prospectus Regulation" issued by ESMA (European Securities & Markets Authority) on March 4, 2021 (ESMA32-382-1138) and implemented by Consob with Attention Reminder No. 5/21 of April 29, 2021.

<i>(Euro thousands)</i>	June 30, 2025	Dec. 31, 2024	June 30, 2024
A. Cash	837	138	128
B. Other cash equivalents	24,605	28,057	19,221
C. Securities held for trading	-	-	-
D. Cash & cash equivalents (A)+(B)+(C)	25,442	28,196	19,349
E. Current financial receivables	40,000	-	-
F. Current bank borrowings	(81,447)	(81,216)	(68,435)
G. Current portion of non-current debt	(5,792)	(11,214)	(11,844)
H. Other current financial payables	-	-	-
I. Current financial debt (F)+(G)+(H)	(87,239)	(92,430)	(80,279)
J. Net current financial debt (I)-(E)-(D)	(21,797)	(64,234)	(60,930)
K. Non-current bank payables	(60,889)	(77,718)	(83,904)
L. Bonds issued	-	-	-
M. Other non-current financial payables	(7,096)	3,053	1,517
N. Trade payables and other non-current payables	-	-	-
O. Non-current financial debt (K)+(L)+(M)	(67,985)	(74,664)	(82,387)
P. Net financial debt (J) + (O)	(89,782)	(138,898)	(143,317)

The net financial debt differs from the consolidated net financial position for the fair value of the interest and currency hedging operations - cash flow hedges (Notes 31 and 45) and for the amount of financial investments whose natural maturity is beyond one year (Note 23).

CHANGES IN NET FINANCIAL POSITION

<i>(Euro thousands)</i>	June 30, 2025	June 30, 2024
A) OPENING NET FINANCIAL POSITION	(141,952)	(139,119)
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(loss)	(19,014)	2,820
Amortisation & depreciation	10,698	8,944
Management of equity investments	3	3
Changes in working capital	(10,494)	10,167
Net changes in employee and director benefits	(1,099)	260
Others, net	200	509
	(19,702)	22,703
C) CASH FLOW FROM INVESTING ACTIVITIES		
Fixed asset investments	(6,442)	(8,572)
Acquisition K-Way Normandy franchisee	(2,810)	-
Acquisition of financial assets	(3,010)	(294)
Realisable value for disposals of property, plant and equipment	115	561
	(12,147)	(8,305)
D) CASH FLOW FROM FINANCING ACTIVITIES		
Registration payables for Right-of-use	(13,855)	(11,259)
Contribution from the sale of the stake in K-Way S.p.A.	170,389	-
Acquisition of treasury shares	(7,869)	(1,434)
Dividend payments	(7,449)	(7,421)
	141,216	(20,114)
E) CASH FLOW IN THE PERIOD	109,366	(5,716)
F) CLOSING NET FINANCIAL POSITION	(32,586)	(144,835)

EXPLANATORY NOTES

1. GENERAL INFORMATION

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

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

The consolidated financial statements in this document were approved by the Board of Directors of BasicNet S.p.A. on July 31, 2025. The present document is subject to limited audit.

2. FORM AND CONTENT

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

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

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

The Group consolidated half-year financial statements include the financial statements at June 30, 2025 of BasicNet S.p.A. and all the Italian and foreign companies in which the Parent Company holds control - directly or indirectly. For the financial statements of the US, Asian, Spanish, English, Swiss, Irish and French subsidiaries, which utilise local accounting standards, as not obliged to adopt IAS/IFRS, the appropriate adjustments were made for the preparation of the consolidated financial statements in accordance with international accounting standards.

The accounting policies utilised for the preparation of the Condensed Consolidated Half-Year Financial Statements at June 30, 2025 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, 2025

Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates

The amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should consider whether a currency is convertible and how it should determine the spot exchange rate when it is not convertible. The amendments also require disclosures that enable users of the financial statements to understand how the non-convertible currency affects, or is expected to affect, the entity's operating results, balance sheet, financial position and cash flows.

On November 12, 2024, Regulation (EU) No. 2024/2862 was issued, implementing certain amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates. The amendments enter into force from fiscal years beginning on or after January 1, 2025. In applying the changes, the entity may not restate comparative information.

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 half-year financial statements applied the provisions of Consob Resolution No. 15519 of July 27, 2006 and Notice No. 6064293 of July 28, 2006 on financial disclosure requirements. With reference to Consob Resolution No. 15519 of July 27, 2006, transactions with related parties are described in Note 48.

4. CONSOLIDATION PRINCIPLES

The consolidated half-year financial statements were prepared including the Financial Statements at June 30, 2025 of the Group companies included in the consolidation scope, appropriately adjusted in accordance with the accounting policies adopted by the Parent Company.

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

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

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

Currency	June 30, 2025		December 31, 2024		June 30, 2024	
	Average	At period end	Average	At period end	Average	At period end
US Dollar	1.1009	1.1720	1.0808	1.0389	1.0792	1.0705
HK Dollar	8.5874	9.2001	8.4315	8.0686	8.4385	8.3594
Japanese Yen	162.3933	169.1700	164.0558	163.0600	166.1500	171.9400
UK Sterling	0.8410	0.8555	0.8450	0.8292	0.8535	0.8464
Swiss Franc	0.9409	0.9347	0.9534	0.9412	0.9648	0.9634
Vietnamese Dong	28,329	30,583	27,103	26,478	26,996	27,250

The criteria adopted for the consolidation were as follows:

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

As illustrated in Attachment 1, at June 30, 2025 the Group is composed solely of subsidiaries owned directly or indirectly by the Parent Company BasicNet S.p.A., or jointly controlled; there are no associated companies or investments in structured entities.

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

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

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

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

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

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

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

Consolidation scope

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

Information by business segment and geographic area

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

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

5. OTHER INFORMATION

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

K-Way transaction

On February 28, 2025, having received clearance from the European Antitrust Authority, the Group completed Permira's undertaking of a stake in K-Way S.p.A.. The transaction comprised a number of transfers, following which the share capital of K-Way is now indirectly held approx. 60% by BasicNet and for approx. 40% by Permira through its Permira Growth Opportunities II fund, and for a stake of less than 0.5% by a number of key managers of K-Way S.p.A:

- BasicNet established the three sub-holdings - K-Way TopCo (wholly-owned), K-Way MidCo (wholly-owned by K-Way TopCo) and K-Way BidCo (in turn, wholly-owned by K-Way MidCo);
- BasicNet transferred a stake comprising approx. 57% of the share capital of K-Way S.p.A. to K-Way TopCo;
- Permira and some key K-Way managers made cash contributions to K-Way TopCo of more than Euro 170 million;
- The stake in K-Way and the cash contributions were in turn transferred by K-Way TopCo to K-Way MidCo and by the latter to K-Way BidCo;
- K-Way BidCo then purchased the remaining stake in K-Way, constituting approx. 43% of the capital, from BasicNet, for an amount of approx. Euro 190.9 million following the price adjustments resulting from the calculation of the net financial position at the closing date;
- The purchase price of Euro 125.9 million due from K-Way BidCo to BasicNet was paid in cash and through the granting of a Vendor loan for Euro 65 million.

The impact of this transaction on the BasicNet Group's consolidated financial statements resulted in:

- An increase in shareholders' equity and cash and cash equivalents for cash contributions made by third parties, amounting to Euro 170 million;
- The recognition to the income statement of transaction costs totalling Euro 18.3 million and the consequent reduction of cash and cash equivalents against the settlement of the respective payables;
- The recognition of current taxes on capital gains realised by BasicNet S.p.A. for Euro 2.4 million.

The cash latterly received by BasicNet S.p.A. was used for Euro 23.6 million for the early repayment of the mortgage taken out by BasicVillage with Banco BPM (Note 34) and for Euro 90.1 million for a temporary investment in financial securities with varying maturities (Notes 23 and 28) with primary financial institutions as counterparties.

As part of the transaction, K-Way and its subsidiaries fully repaid the medium to long-term loans (Note 34) and signed a revolving credit line totalling Euro 65.0 million with BNL, Banco BPM, BPER Banca and Unicredit.

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

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

6. DISCLOSURE BY OPERATING SEGMENT

The BasicNet Group identifies three operating segments:

- "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 Topco S.r.l., K-Way Midco S.p.A., K-Way Bidco S.p.A. and the subsidiary K-Way S.p.A., with its subsidiaries (K-Way France S.a.s. Group, K-WayRetail S.r.l., K-WayRetail SUISE S.A., K-Way Iberia SL, K-Way Retail Ireland Ltd. and GLD Brads Ltd.), Basicinvestments S.r.l. and finally BasicItalia S.r.l.;
- "Property", which includes the management of the Group's real estate properties.
- "Investments", which includes the development of future strategic investments for the Group.

(In Euro thousands)					
H1 2025	Clothing, footwear and accessories	Property	Investments	Inter-segment eliminations	Consolidated
Direct sales – third parties	137,335	-	-	-	137,335
(Cost of sales)	(76,078)	-	-	-	(76,078)
GROSS MARGIN	61,257	-	-	-	61,257
Royalties and sourcing commissions – third parties	34,623	-	-	-	34,623
Other income - third parties	2,969	3,144	-	(2,523)	3,590
(Sponsorship and media costs)	(22,641)	-	-	2	(22,638)
(Personnel costs)	(27,632)	(72)	-	-	(27,704)
(Selling, general and administrative costs, royalties expenses)	(53,779)	(1,521)	-	704	(54,595)
Amortisation & depreciation	(11,066)	(1,309)	-	1,676	(10,698)
EBIT	(16,269)	242	-	(141)	(16,167)
Financial income	3,542	-	-	137	3,679
(Financial charges)	(4,675)	(518)	-	-	(5,193)
Share of profit/(loss) of investments	(3)	-	-	-	(3)
PROFIT/(LOSS) BEFORE TAXES	(17,405)	(276)	-	(4)	(17,684)
Income taxes	(1,315)	(16)	-	1	(1,330)
NET PROFIT/(LOSS)	(18,719)	(292)	-	(3)	(19,014)
<i>Significant non-cash items:</i>					
Income from right-of-use	-	-	-	-	-
Amortisation & depreciation	(11,066)	(1,309)	-	1,676	(10,698)
Write-downs	-	-	-	-	-
Total non-cash items	(11,066)	(1,309)	-	1,676	(10,698)
<i>Segment assets and liabilities:</i>					
Assets	282,276	43,813	3,015	(39,726)	289,378
Liabilities	289,583	35,977	3,005	(38,005)	290,560

(In Euro thousands)

H1 2024	Clothing, footwear and accessories	Property	Inter-segment eliminations	Consolidated
Direct sales – third parties	143,373	-	-	143,373
(Cost of sales)	(83,463)	-	-	(83,463)
GROSS MARGIN	59,910	-	-	59,910
Royalties and sourcing commissions – third parties	29,684	-	-	29,684
Other income - third parties	8,332	3,138	(2,297)	9,173
(Sponsorship and media costs)	(20,383)	-	-	(20,383)
(Personnel costs)	(24,310)	(72)	-	(24,382)
(Selling, general and administrative costs, royalties expenses)	(35,554)	(1,571)	734	(36,391)
Amortisation & depreciation	(9,162)	(1,298)	1,516	(8,944)
EBIT	8,517	197	(47)	8,667
Financial income	1,584	-	123	1,707
(Financial charges)	(3,304)	(782)	-	(4,086)
Share of profit/(loss) of investments	(3)	-	-	(3)
PROFIT/(LOSS) BEFORE TAXES	6,794	(585)	76	6,285
Income taxes	(3,466)	-	1	(3,465)
NET PROFIT/(LOSS)	3,328	(585)	77	2,820

Significant non-cash items:

Amortisation & depreciation	(9,162)	(1,298)	1,516	(8,944)
Total non-cash items	(9,162)	(1,298)	1,516	(8,944)

Segment assets and liabilities:

Assets	443,556	47,877	(26,612)	464,821
Liabilities	288,883	40,011	(23,879)	305,015

The Group operating performance 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 34.6 million in H1 2025, compared to Euro 29.7 million in the same period of the previous year. Direct sales are also reported of Euro 137.3 million, compared to sales in the previous year of Euro 143.4 million. The contribution margin on sales was Euro 61.3 million, compared to Euro 59.9 million in 2024. The revenue margin was 44.6% (41.8% in 2024). Personnel costs increased on the same period of the previous year, mainly due to the development the Group's strategic areas and of direct retail operations. The segment reports a loss of Euro 18.7 million due to the extraordinary and non-recurring charges from the transaction outlined at Note 5, compared to a profit of Euro 3.3 million in the same period of the previous year.
- the "Property" segment reports an operating profit of Euro 242 thousand, compared to Euro 197 thousand in 2024.
- The "Investments" segment includes an initial investment of Euro 3 million, represented by the undertaking of the stake in the company Florence S.r.l.

EXPLANATORY NOTES TO THE INCOME STATEMENT**7. CONSOLIDATED DIRECT SALES**

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

	H1 2025	H1 2024
Sales Italy	84,125	85,075
EU countries other than Italy	49,690	53,338
Rest of the World	3,520	4,960
Total consolidated direct sales	137,335	143,373

Sales revenues concern the finished product sales of the Group companies through the wholesale, retail (both direct and through franchising) and online channels (Euro 136.5 million) and for the sale of samples (Euro 0.9 million). Sales on the home market accounted for 61.3%, while approx. 36.2% of sales were in other EU countries, with the remaining approx. 2.5% outside the EU.

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

	H1 2025	H1 2024
Multibrand sales	88,133	92,609
Franchising sales	37,960	39,498
Online sales	10,387	10,293
Sample sales	855	974
Total consolidated direct sales	137,335	143,373

8. COST OF SALES

	H1 2025	H1 2024
Goods purchased – Overseas	86,228	74,328
Freight charges and accessory purchasing cost	9,057	8,058
Cost of outsourced logistics	5,927	5,289
Goods purchased – Italy	6,563	5,010
Samples purchased	811	1,133
Packaging	502	452
Change in inventory of raw materials, ancillary, consumables and goods	(33,725)	(11,467)
Others	715	660
Total cost of sales	76,078	83,463

“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.

9. ROYALTIES AND SOURCING COMMISSIONS

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

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

	H1 2025	H1 2024
Europe (EU and non-EU)	17,827	12,955
The Americas	2,430	3,414
Asia and Oceania	11,645	10,687
Middle East and Africa	2,721	2,629
Total	34,623	29,684

10. OTHER INCOME

	H1 2025	H1 2024
Income from contractual conclusion	-	3,296
Prior year income	1,567	1,939
Rental income	506	586
Income and chargebacks from aircraft	380	366
Income from promo sales	247	615
Recovery of condominium expenses	138	107
Other income	752	2,264
Total other income	3,590	9,173

“Income from contractual conclusion” in the previous year concerns the early conclusion of a long-term agreement by an Asian licensee and therefore comprises a non-recurring income.

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

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

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

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

11. SPONSORSHIP AND MEDIA COSTS

	H1 2025	H1 2024
Sponsorship and marketing	16,565	14,723
Advertising	4,984	4,686
Promotional expenses	1,089	974
Total sponsorship and media costs	22,638	20,383

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

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

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

12. PERSONNEL COSTS

	H1 2025	H1 2024
Wages and salaries	20,152	17,783
Social security charges	6,310	5,748
Post-employment benefits	1,242	851
Total	27,704	24,382

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

The average number of employees in 2025 was 1,158, broken down as 38 executives, 4 managers, 1,093 white-collar and 23 blue-collar employees, an increase of 76 resources on the previous year.

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

13. SELLING, GENERAL AND ADMINISTRATIVE COSTS AND ROYALTIES EXPENSES

	H1 2025	H1 2024
Selling and royalty service expenses	7,853	8,899
Rental, accessory and utility expenses	5,920	5,356
Commercial expenses	7,032	6,472
Professional consultants	13,548	2,837
Directors and Statutory Auditors emoluments	9,037	2,502
Doubtful debt provision	2,060	2,683
Bank charges	1,220	963
Costs related to Human Resources	925	875
Taxes and duties	994	823
Insurance	694	787
Hire	776	727
Extraordinary charges	198	489
Purchases of consumables and paperwork	414	475
Other transport costs	187	216
Company expenses	176	187
Other general expenses	3,561	2,100
Total selling, general and administrative costs, and royalties expenses	54,595	36,391

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

"Professional consultants" increased due to the costs incurred in connection with the sale of the holding in K-Way S.p.A..

"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 17, 2025, are in line with the company remuneration policy, pursuant to Article 78 of Consob Regulation No. 11971/99 and subsequent amendments and supplements, and are reported in the Remuneration Report pursuant to Article 123-ter of the CFA, which is available on the company's website www.basicnet.com Shareholder' Meeting 2025 section, to which reference should be made.

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

“Other general expenses” includes contract closure charges for license relationships in a number of European territories, payments to be made to execute a judgment against the Group (Euro 1.4 million), miscellaneous taxes, rental fees and other minor expenses.

14. AMORTISATION & DEPRECIATION

	H1 2025	H1 2024
Amortisation	2,159	1,683
Rights-of-use	5,708	4,458
Depreciation	2,831	2,803
Total amortisation & depreciation	10,698	8,944

Amortisation of intangible assets includes approx. Euro 33.4 thousand of key-money write-down relating to some sales points for which the decision to close has been made, within a normal rotation of less profitable sales point in favour of the opening of new locations or more appropriate operational strategies.

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

	H1 2025	H1 2024
Depreciation for right-of-use	5,708	4,458
Interest on payables for right-of-use	817	443
Leasing and rental costs excluded from IFRS 16	1,482	1,159
Total rent, lease and hire costs	8,007	6,060

15. NET FINANCIAL INCOME/(CHARGES)

	H1 2025	H1 2024
Interest income	809	54
Bank interest charges	(975)	(1,143)
Interest on medium/long term loans	(346)	(1,055)
Property lease interest	(3)	(8)
Interest IFRS 16	(817)	(444)
Loan and current account fees	(127)	(111)
IAS 19 interest	(89)	(17)
Others	(32)	(156)
Total financial income and charges	(1,581)	(2,880)
Exchange gains	2,512	1,407
Exchange losses	(2,445)	(906)
Net exchange gains/(losses)	67	501
Total financial income/(charges)	(1,514)	(2,379)

Net exchange gains amounted to Euro 67 thousand, against gains of Euro 501 thousand in the previous year; net financial charges servicing the debt amounted to Euro 1.6 million, compared to Euro 2.9 million in the previous year.

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

16. MANAGEMENT OF EQUITY INVESTMENTS

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

17. INCOME TAXES

The account balance refers to a net tax charge of Euro 1.3 million. It consists mainly of:

- current income taxes of Euro 2.5 million, primarily Euro 1.7 million of IRES (corporate income tax), Euro 0.5 million of IRAP (regional business tax) and Euro 0.3 million of income taxes of the foreign subsidiaries;
- the Patent Box benefit for Euro 0.6 million;
- the assessment and release of deferred tax liabilities totalling Euro 0.8 million;

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

	H1 2025	H1 2024
Profit /(loss) before taxes	(17,684)	6,284
Income tax rate	24.0%	24.0%
THEORETICAL IRES	4,244	(1,508)
Effect of differences between Italian and foreign tax rates	813	305
Permanent differences	(6,534)	(1,686)
Taxes from previous periods	(6)	(98)
Patent Box benefit	649	403
IRAP	(495)	(703)
Deferred assets not recognised on losses	-	(183)
Other changes	-	6
EFFECTIVE TAX CHARGE	(1,330)	(3,465)
Effective tax rate	7.52%	55.1%

The tax rate for the period was affected by the lesser benefit received from the application of the Patent Box regulations and the amount of IRAP.

18. EARNINGS PER SHARE

The basic earnings per share, for H1 2025, is calculated dividing the net result attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding during the period:

(In Euro)	H1 2025	H1 2024
Net result	(19,013,710)	2,819,573
Weighted average number of ordinary shares	46,616,643	49,262,300
Basic earnings (loss) per ordinary share	(0.4079)	0.0572
Diluted earnings (loss) per ordinary share	(0.4072)	0.0572

At June 30, 2025, there were stock grant rights assigned to certain Group managers and employees, granted on the basis of the Plan approved by the Shareholders' Meeting of April 16, 2024, whose potentially dilutive effect is reflected in the Diluted earnings per ordinary share.

The change in the weighted average number of ordinary shares outstanding between 2025 and 2024 relates to the number of treasury shares acquired in the year.

EXPLANATORY NOTES TO THE BALANCE SHEET

19. INTANGIBLE ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Concessions, brands and similar rights	59,718	59,696	59,768
Software development	6,391	5,829	5,519
Other intangible assets	7,658	6,245	5,374
Industrial patents	49	64	71
Total intangible assets	73,816	71,834	70,732

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

	Concessions, brands and similar rights	Software development	Other intangible assets	Industrial patents	Total
Historical cost at 1.1.25	72,934	58,656	18,448	851	150,889
<i>Investments</i>	211	1,836	1,346	2	3,396
<i>Acquisition Normandy</i>	-	-	703	-	703
<i>Disposals and other changes</i>	-	-	-	-	-
Historical cost at 30.06.25	73,146	60,492	20,497	852	154,988

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

	Concessions, brands and similar rights	Software development	Other intangible assets	Industrial patents	Total
Accum. Amort. at 1.1.25	(13,239)	(52,827)	(12,203)	(788)	(79,056)
<i>Amortisation</i>	(190)	(1,289)	(327)	(10)	(1,846)
<i>Acc. Amort. Normandy</i>	-	-	(280)	-	(280)
<i>Disposals and other changes</i>	1	14	-	(6)	9
Accum. Amort. at 30.06.25	(13,427)	(54,102)	(12,839)	(804)	(81,173)

The net book value of intangible assets is reported below:

	Concessions, brands and similar rights	Software development	Other intangible assets	Industrial patents	Total
Opening net book value at 1.1.25	59,696	5,829	6,245	64	71,834
<i>Investments and other changes</i>	<i>211</i>	<i>1,836</i>	<i>1,346</i>	<i>2</i>	<i>3,396</i>
<i>Acquisition Normandy</i>	<i>-</i>	<i>-</i>	<i>703</i>	<i>-</i>	<i>703</i>
<i>Disposals and other changes</i>	<i>1</i>	<i>14</i>	<i>-</i>	<i>(6)</i>	<i>9</i>
<i>Amortisation</i>	<i>(190)</i>	<i>(1,289)</i>	<i>(357)</i>	<i>(10)</i>	<i>(1,846)</i>
<i>Acc. Amort. Normandy</i>	<i>-</i>	<i>-</i>	<i>(280)</i>	<i>-</i>	<i>(280)</i>
Closing net book value at 30.06.25	59,718	6,391	7,658	49	73,816

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

At June 30, 2025, the Kappa and Robe di Kappa brands report a book value of Euro 15.3 million, with the Superga brand reporting a book value of Euro 21.3 million; the K-Way brand was valued at Euro 9.4 million, the Sebago brand at Euro 12.1 million and the Briko brand at Euro 0.9 million. The Kappa, Robe di Kappa, Superga, K-Way, Briko and Sebago brands are considered intangible assets with indefinite useful life and as such are subject to an impairment test at least annually.

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

At June 30, in application of the provisions of IAS 36 on at least annual impairment testing and in view of the fact that the profitability forecasts drawn up in the financial statements at December 31, 2024 for all the CGU's were substantially achieved during the first half of the year, the Group deemed that there were no indicators of any impairment losses.

The account “software development” increased approx. Euro 1.8 million for investments and decreased Euro 1.3 million for amortisation in the year.

The account “other intangible assets” principally includes improvements related to the franchising project and recorded investments of Euro 1.3 million and amortisation of Euro 0.4 million.

20. RIGHT-OF-USE

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

	June 30, 2025	December 31, 2024	June 30, 2024
Rights-of-use	50,537	41,871	42,808
Total right-of-use	50,537	41,871	42,808

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

	June 30, 2025	June 30, 2024
Opening historical cost	89,638	74,321
Investments and increases ISTAT	15,246	11,393
Acquisition Normandy	585	-
Disposals and other changes	(1,454)	(27)
Closing historical cost	104,016	85,687

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

	June 30, 2025	June 30, 2024
Opening accum. depreciation	(47,766)	(38,421)
Depreciation	(5,675)	(4,458)
Depreciation Normandy	(33)	-
Disposals and other changes	(4)	-
Closing accum. depreciation	(53,478)	(42,879)

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

	June 30, 2025	June 30, 2024
Opening net book value	41,871	35,900
Investments and increases ISTAT	15,246	11,393
Acquisition Normandy	585	-
Disposals and other changes	(1,458)	(27)
Depreciation	(5,675)	(4,458)
Depreciation Normandy	(33)	-
Closing net book value	50,537	42,808

21. GOODWILL

	June 30, 2025	December 31, 2024	June 30, 2024
Goodwill	45,732	43,719	43,687
Goodwill	45,732	43,719	43,687

“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);
- goodwill recorded during the year for the acquisition and initial consolidation of a K-Way France franchisee operating three stores in Normandy;
- the amounts paid to acquire retail businesses for Euro 8.4 million.

The Group verifies the recovery of the goodwill at least on an annual basis or more frequently when there is an indication of a loss in value. For the purposes of the impairment test the goodwill is allocated to the lowest cash-generating unit. See Note 19 on the checks carried out as at June 30, 2025.

22. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2025	December 31, 2024	June 30, 2024
Property	38,919	39,781	40,591
Furniture and other assets	12,092	11,676	11,087
Plant & machinery	3,142	3,286	3,367
EDP	1,713	1,769	1,660
Industrial & commercial equipment	239	252	269
Total property, plant and equipment	56,106	56,763	56,974

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

	Property	Furniture and other assets	Plant & machinery	EDP	Industrial & commercial equipment	Total
Historical cost at 1.1.25	64,055	33,074	7,376	19,197	1,537	125,238
<i>Investments</i>	<i>50</i>	<i>1,380</i>	<i>173</i>	<i>450</i>	<i>21</i>	<i>2,074</i>
<i>Acquisition Normandy</i>	<i>-</i>	<i>162</i>	<i>-</i>	<i>52</i>	<i>-</i>	<i>215</i>
<i>Disposals and other changes</i>	<i>-</i>	<i>(339)</i>	<i>-</i>	<i>(171)</i>	<i>-</i>	<i>(510)</i>
Historical cost at 30.06.25	64,104	34,278	7,549	19,529	1,558	127,017

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

	Property	Furniture and other assets	Plant & machinery	EDP	Industrial & commercial equipment	Total
Accum. Deprec. at 1.1.25	(24,274)	(21,399)	(4,090)	(17,428)	(1,284)	(68,475)
<i>Depreciation</i>	<i>(911)</i>	<i>(977)</i>	<i>(317)</i>	<i>(479)</i>	<i>(34)</i>	<i>(2,717)</i>
<i>Acc. Deprec. Normandy</i>	<i>-</i>	<i>(83)</i>	<i>-</i>	<i>(31)</i>	<i>-</i>	<i>(114)</i>
<i>Disposals and other changes</i>	<i>-</i>	<i>272</i>	<i>-</i>	<i>123</i>	<i>-</i>	<i>395</i>
Accum. Deprec. at 30.06.25	(25,185)	(22,186)	(4,407)	(17,815)	(1,318)	(70,911)

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

	Property	Furniture and other assets	Plant & machinery	EDP	Industrial & commercial equipment	Total
Net book value at 1.1.25	39,781	11,676	3,286	1,769	252	56,763
<i>Investments</i>	<i>50</i>	<i>1,380</i>	<i>173</i>	<i>450</i>	<i>21</i>	<i>2,074</i>
<i>Acquisition Normandy</i>	<i>-</i>	<i>162</i>	<i>-</i>	<i>52</i>	<i>-</i>	<i>215</i>
<i>Depreciation</i>	<i>(911)</i>	<i>(977)</i>	<i>(317)</i>	<i>(479)</i>	<i>(34)</i>	<i>(2,717)</i>
<i>Acc. Deprec. Normandy</i>	<i>-</i>	<i>(83)</i>	<i>-</i>	<i>(31)</i>	<i>-</i>	<i>(114)</i>
<i>Disposals and other changes</i>	<i>-</i>	<i>(67)</i>	<i>-</i>	<i>(49)</i>	<i>-</i>	<i>(115)</i>
Net book value at 30.06.25	38,919	12,092	3,142	1,713	239	56,106

“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 land adjacent to the Strada della Cebrosa complex that will allow its commercial and industrial expansion, acquired in 2024.

Total gross investments in the period amounted to Euro 2.0 million, principally relating to the acquisition of furniture and EDP for the opening of new stores.

23. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Investments in:			
– Other companies	3,000	10	3
Total investments	3,000	10	3
Other financial assets:			
– Securities	50,100	-	-
– Other receivables, guarantees	2,339	1,970	1,243
Total other financial assets	52,439	1,970	1,243
Total investments & other financial assets	55,439	1,980	1,246

“Investments in other companies” for Euro 3 million concerns the subscription of shares in the company Florence S.r.l., which acquired majority control of LuisaViaRoma (LVR), one of the leading luxury e-tailers globally.

The “Securities” item includes

- for Euro 35.1 million, a 4-year senior non-preferred bond with a 3.10% interest rate, annual coupon, maturity in April 2029, placed by Unicredit, and
- for Euro 15.0 million, a 3-year senior non-preferred bond with a rate of 2.74%, annual coupon, maturity in April 2028, placed by BNP Paribas.

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

24. INTERESTS IN JOINT VENTURES

	June 30, 2025	December 31, 2024	June 30, 2024
Investments in:			
– Joint venture	172	175	185
Total investments in joint ventures	172	175	185

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

25. DEFERRED TAX ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Deferred tax assets	6,666	6,008	7,173
Total deferred tax assets	6,666	6,008	7,173

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 39 below for further details.

26. NET INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Finished products and goods	148,131	112,104	129,098
Raw materials, ancillaries and consumables	71	71	71
Inventory obsolescence provision	(5,548)	(3,818)	(5,462)
Total net inventories	142,654	108,357	123,707

Finished inventories include goods in transit at the balance sheet date, which at June 30, 2025 amount to approx. Euro 40.4 million (Euro 29.9 million at June 30, 2024), and goods held at Group brand stores for Euro 12.3 million (Euro 11.6 million at June 30, 2024).

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

	June 30, 2025	December 31, 2024	June 30, 2024
Inventory obsolescence provision at 01.01	3,818	4,382	4,382
Provisions in the period	1,730	750	1,523
Utilisations	-	(1,314)	(443)
Inventory obsolescence provision at 30.06	5,548	3,818	5,462

27. TRADE RECEIVABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Gross value	86,718	103,475	90,398
Doubtful debt provision	(19,909)	(19,402)	(17,513)
Total trade receivables	66,809	84,073	72,885

“Trade receivables” refer for Euro 58.5 million to direct goods, compared to Euro 78.4 million at December 31, 2024, against which a doubtful debt provision was recorded of Euro 9.6 million (Euro 9.0 million at December 31, 2024) and for Euro 27.5 million to royalties and sourcing commissions (Euro 24.4 million at December 31, 2024), against which a doubtful debt provision was recorded of Euro 10.3 million (Euro 10.4 million at December 31, 2024).

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

The movements during the year were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Doubtful debt provision at 01.01	19,402	22,245	22,245
Provisions in the period	2,060	5,099	2,683
Utilisations	(1,336)	(7,333)	(7,415)
Release	(217)	(609)	-
Doubtful debt provision at 30.06	19,909	19,402	17,513

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.

28. OTHER CURRENT ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
Tax receivables	11,600	7,436	10,553
Securities	40,000	-	-
Other receivables	4,962	3,549	3,832
Total other current assets	56,562	10,985	14,385

Current “tax receivables” principally relate to withholding taxes on royalties for approx. Euro 6 million, VAT receivables for Euro 1.9 million, IRES and IRAP receivables of Euro 2.9 million, in addition to minor amounts.

“Securities” include Euro 25.0 million for a Time Deposit with Banco BPM at a rate of 2.21% maturing in April 2026 and Euro 15.0 million for a certificate of deposit with BNL at a rate of 2.70% maturing in April 2026.

“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 17, 2025, on the indication of the Shareholders’ AGM and the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, on conclusion of his role for Euro 1.5 million (of which Euro 0.5 million settled in the period).

29. PREPAYMENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Sponsorship and media	3,565	3,571	3,480
Expenses pertaining to future collections	2	5	630
Others	5,806	7,068	5,790
Total prepayments	9,373	10,645	9,900

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

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

30. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Bank and postal deposits	24,605	28,057	19,221
Cash in hand and similar	837	138	128
Total cash and cash equivalents	25,442	28,195	19,349

“Bank deposits” refer to temporary current account balances principally due to receipts from clients. In particular, they are held at: K-Way S.p.A. (Euro 5.9 million), K-Way Bidco S.p.A. (Euro 4.1 million), the Kappa France Group companies (Euro 3.4 million), K-Way France S.a.s. (Euro 3.7 million), Basic Properties America, Inc. (Euro 1.9 million), BasicNet S.p.A. (Euro 1.1 million), Kappa S.r.l. (Euro 1 million), Superga S.r.l. (Euro 1 million), Kappa Sport Iberia S.L. (Euro 0.5 million), K-WayRetail S.r.l. (Euro 0.5 million) and, for the difference, at the other Group companies (Euro 2.2 million).

31. DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Derivative financial instruments	70	3,101	1,790
Total	70	3,101	1,790

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

32. SHAREHOLDERS' EQUITY

	June 30, 2025	December 31, 2024	June 30, 2024
Share capital	31,717	31,717	31,717
Treasury shares	(38,730)	(30,861)	(17,876)
Other reserves	324,845	144,226	143,145
Net Profit / (loss)	(19,014)	25,264	2,820
Total Shareholders' Equity	298,818	170,346	159,806

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 17, 2025, in relation to the allocation of the 2024 net profit, a dividend of Euro 0.16 per share was distributed to each of the ordinary shares in circulation, for a total pay-out of approx. Euro 7.4 million.

With the purchases during the period of 1,000,500 treasury shares in execution of the authorising shareholder motions of April 16, 2024 and April 17, 2025, there were 7,815,000 treasury shares in portfolio, equal to 8.773% of the share capital.

The account “other reserves” comprises:

- the “cash flow hedge reserve”, negative for Euro 5.6 million, changed in the period due to the fair value measurement of cash flow hedges held at June 30, 2025;
- the “re-measurement reserve for defined benefit plans (IAS 19)”, negative for Euro 14 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 “stock grant share-based payments reserve” (IFRS 2) is positive for Euro 161 thousand;
- the “currency conversion reserve”, positive for Euro 1.8 million, entirely concerns conversion differences into Euro of the financial statements of the US, Asian, Swiss and English subsidiaries;
- the item amounted to Euro 328.1 million, of which Euro 170.4 million due to the increase in shareholders' equity resulting from the sale of 40% of the holding in K-Way (referred to in Note 5) and Euro 157.7 million due to prior year profits. The item increased in the half-year by Euro 17.8 million due to the 2024 retained earnings.

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

	June 30, 2025	December 31, 2024	June 30, 2024
Effective part of the Gains/(losses) on cash flow instruments generated in the period (currency hedges)	66	1,366	510
Effective part of the Gains/(losses) on cash flow instruments generated in the period (interest rate hedges)	(8,662)	(234)	296
Effective part of the Gains/losses on cash flow hedge instruments	(8,597)	1,132	806
Remeasurement of the agents indemnity provision (IAS37) (*)	-	267	-
Re-measurement of defined benefit plans (IAS 19) (*)	(36)	(156)	27
Gains/(losses) recorded directly to Stock Grant reserve (IFRS 2)	161	-	-
Gains/(losses) from translation of accounts of foreign subsidiaries	(666)	1,241	385
Tax effect relating to the Other items of the comprehensive income statement	1,671	(349)	(163)
Total other gains/(losses), net of tax effect	(7,467)	2,134	1,056

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

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

	June 30, 2025			June 30, 2024		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Effective part of Gains/losses on cash flow hedge instruments	66	(417)	(351)	510	(85)	425
Effective part of the Gains/(losses) on cash flow instruments generated in the year (interest rate hedges)	(8,662)	2,079	(6,583)	297	(71)	226
Remeasurement of the agents indemnity provision (IAS37) (*)	-	-	-	-	-	-
Remeasurement gains/(losses) Employee defined benefit plans (IAS 19) (*)	(36)	9	(27)	27	(7)	20
Gains/(losses) recorded directly to Stock Grant reserve (IFRS2)	161	-	161	-	-	-
Gains/(losses) from translation of accounts of foreign subsidiaries	(666)	-	(666)	385	-	385
Total other gains/(losses), net of tax effect	(9,138)	1,671	(7,467)	1,219	(163)	1,056

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

33. PROVISIONS FOR RISKS AND CHARGES

	June 30, 2025	December 31, 2024	June 30, 2024
Provisions for risks and charges	2,169	2,440	4,552
Total provisions for risks and charges	2,169	2,440	4,552

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.

34. LOANS

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

	31/12/2024 Repayments		New loans	30/06/2025	Short-term portion	Medium /long-term portion
Banco BPM Mortgage Loan (Real Estate)	24,413	(24,413)	-	-	-	-
Banco BPM Unsecured Loan (Kappa Japan brand)	2,625	(750)	-	1,875	1,500	375
FCG Loan L.662/96 (BasicNet)	2,406	(688)	-	1,719	1,375	344
FCG Loan L.662/96 (BasicItalia)	2,406	(688)	-	1,719	1,375	344
FCG Loan L.662/96 (K-WayRetail)	1,925	(1,925)	-	-	-	-
FCG Loan L.662/96 (Kappa Japan brand)	2,750	(688)	-	2,063	1,375	688
BPI KE loan	334	(167)	-	168	167	1
Abanca "Covid-19" subsidised loan	34	(34)	-	-	-	-
KSI "Covid-19" subsidised loan	48	(48)	-	-	-	-
BNP Loan – La Baule	200	(200)	-	-	-	-
BPI Loan – La Baule	229	(229)	-	-	-	-
HSBC Loan – Montpellier	111	(111)	-	-	-	-
BNP Loan – Nice	177	(177)	-	-	-	-
SGE Loan – Lyon	103	(103)	-	-	-	-
SGE Loan – Temple (restructuring)	16	(16)	-	-	-	-
SGE Loan – Biarritz	99	(99)	-	-	-	-
BPI Loan – Biarritz	75	(75)	-	-	-	-
BNP Loan – PGE	167	(167)	-	-	-	-
HSBC Loan – PGE	112	(109)	-	3	-	3
SGE Loan – PGE	112	(112)	-	-	-	-
BNP – Lyon	794	(794)	-	-	-	-
Balance	39,136	(31,592)	-	7,545	5,792	1,753

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

	June 30, 2025	December 31, 2024	June 30, 2024
Medium/long term loans:			
- due within 5 years	1,753	22,410	26,383
- due beyond 5 years	-	5,513	7,088
Total medium/long-term loans	1,753	27,922	33,471
Leasing payables	242	284	369
Total leasing payables (maturity within 5 years)	242	284	369
Total loans	1,995	28,206	33,839

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. During the year, the Group decided, so as to best allocate cash, to repay the remaining loan early, guaranteeing an annual savings quantifiable at Euro 1 million due to lower interest expenses.

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

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

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

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

At June 30, 2025, the credit lines available from the banking system (bank overdrafts, commercial advances, medium/long-term loans, import financing, leasing and letters of credit), amounted to Euro 453.4 million, broken down as follows:

<i>(In millions of Euro)</i>	June 30, 2025	December 31, 2024	June 30, 2024
Cash facility	314.4	290.3	298.8
Factoring	12.7	12.7	14.2
Letters of credit and swaps	49.8	42.4	43.8
Medium/long term loans	74.5	39.1	45.3
Property leases	-	-	-
Equipment leasing	2.0	2.5	2.0
Total	453.4	387.0	404.1

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

35. BANK PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Bank payables due within one year:			
- short-term portion of medium/long-term loans	5,792	11,214	11,844
- bank overdrafts and bills	71,355	50,838	42,263
- import advances	10,093	28,729	24,523
Total bank payables	87,239	90,780	78,630

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

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

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

The financial debt by interest rate at June 30, 2025 is as follows:

	Interest Rate		Total
	Fixed	Variable	
Short-term	5,792	81,447	87,239
Medium/long term	1,753	242	1,995
Total	7,545	81,690	89,235

The average interest rate on medium/long term loans was 1.14%.

36. PAYABLES FOR RIGHT-OF-USE

	June 30, 2025	December 31, 2024	June 30, 2024
Payables for rights-of-use	51,876	43,080	43,633
Payables for rights-of-use Normandy	586	-	-
Total payables for right-of-use	52,462	43,080	43,633

In H1, new contracts or renewals of existing agreements amounting to Euro 14.6 million were recognised, of which Euro 0.6 million for the acquisition of the licensee of K-Way France in Normandy, respective payables of Euro 5.1 million were settled, and payables reduced due to contractual changes or early terminations for Euro 0.2 million.

37. OTHER FINANCIAL PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Payables for earn-out	-	6,432	6,432
Total other financial payables	-	6,432	6,432

Other financial payables included, in the comparative period, 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 residual portion of the payable is fully due within one year and amounts to Euro 6.4 million and is classified to Other current liabilities (Note 43).

38. EMPLOYEE AND DIRECTOR BENEFITS

The account includes the post-employment benefits for employees of approx. Euro 3.3 million and the termination indemnities of Directors of Euro 83 thousand.

39. DEFERRED TAX LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Deferred tax liabilities	6,722	9,507	8,397
Total deferred tax liabilities	6,722	9,507	8,397

The individual effects are reported in the table below:

	June 30, 2025			December 31, 2024		
	Temporary differences	Rate % (*)	Tax effect	Temporary differences	Rate % (*)	Tax effect
Deferred tax assets:						
- Excess doubtful debt provision not deductible	(16,742)	24.8%	(4,156)	(15,599)	24.6%	(3,845)
- Inventory obsolescence provision	(3,264)	27.0%	(882)	(2,650)	27.8%	(737)
- Misc. charges temporarily non-deductible	(2,484)	21.3%	(530)	229	25.2%	47
- Effect IAS 19 – Employee Benefits	(130)	25.8%	(34)	(61)	22.0%	(17)
- Effect IFRS 16 - lease payables	(81)	30.3%	(24)	(183)	29.1%	(53)
- Effect IFRS 39 - financial instruments	(7,101)	26.8%	(1,900)	3,053	22.8%	697
Total	(29,802)		(7,526)	(15,210)		(3,908)
Deferred tax liabilities:						
Amortisation & depreciation tax basis	20,239	27.8%	5,632	19,167	27.9%	5,349
- Statutory-tax difference on amortisation, depreciation, and valuations	11,079	28.1%	3,114	11,520	28.0%	3,220
- Effect IAS 37 – agents indemnity provision	515	24.0%	124	515	24.0%	124
- Amort. goodwill and other sundry	384	27.9%	107	384	27.9%	107
Total	32,217		8,977	31,586		8,800
Losses carried forward	(5,570)	25.0%	(1,394)	(5,570)	25.0%	(1,394)
Deferred tax liabilities (asset) net	(3,155)		57	10,806		3,498
Of which:						
Deferred tax assets			(6,666)			(6,008)
Deferred tax liabilities			6,722			3,498

(*) Average tax rate

Deferred tax assets are recorded to the extent that their recovery based on future profit expectations is considered probable, and principally relate to non-deductible doubtful debt provisions (approx. Euro 4.2 million) and inventory obsolescence provisions (approx. Euro 0.9 million), the effects related to derivative instruments for Euro 1.9 million, in addition to Euro 1.4 million of unlimited loss carry forwards for the French tax consolidation and recognised on the basis of the expected recoverability.

Deferred tax liabilities principally refer to the tax effects deriving from the application of the IFRS international accounting standards, with particular reference to the accounting of amortisation on own brands solely for tax purposes (Euro 5.6 million), differences between statutory and fiscal amortisation (Euro 3.1 million) and goodwill amortisation fiscally deductible (Euro 107 thousand).

40. OTHER NON-CURRENT LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Guarantee deposits	1,576	1,684	2,227
Total other non-current liabilities	1,576	1,684	2,227

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

41. TRADE PAYABLES

“Trade payables” are payable in the short-term and increased by approx. Euro 14.6 million compared to December 31, 2024, due to the Group’s normal trading cycle and in line with the increase in inventories for the period as a result of increased purchases compared to the previous year. At the date of these consolidated half-year financial statements there are no initiatives for the suspension of supplies, payment injunctions or executive actions by creditors against BasicNet S.p.A. or other companies of the Group.

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

42. TAX PAYABLES

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

	June 30, 2025	December 31, 2024	June 30, 2024
Tax payables:			
IRES	2,281	850	2,272
Employee contributions	922	829	875
Group VAT	2,118	3,242	2,737
Other	380	333	297
Total tax payables	5,701	5,254	6,181

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

43. OTHER CURRENT LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Payables for the purchase of equity investments	6,432	1,649	1,649
Payables to employees and directors	5,133	3,795	5,076
Social security institutions	2,878	3,277	3,126
Accrued expenses	337	1,408	269
Shareholder dividend account	4	3	5
Other payables	6,629	4,414	3,322
Total other current liabilities	21,413	14,546	13,447

“Payables for the purchase of equity investments” includes the estimate of the portion due within one year of the variable component (“earn-out”) of the price, based on the 2025 results and the balance for the 2023-2024 results, to be paid for the acquisition of K-Way France. This is an item of a financial nature, so it is included in the statement of Consolidated Net Financial Position in accordance with ESMA instructions.

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

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

“Other payables” at June 30, 2025 principally concern advances from clients, payables regarding a judgement against the Group (Note 13), royalty payments on account from licensees (Euro 153 thousand) and other miscellaneous amounts.

44. DEFERRED INCOME

	June 30, 2025	December 31, 2024	June 30, 2024
Royalties for period/subsequent period	395	4,400	14
Sponsored goods revenues	2,951	3,778	3,927
Entry Fee	-	-	1,943
Other deferred income	544	469	626
Total deferred income	3,890	8,648	6,510

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

45. DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Derivative financial instruments	7,166	48	274
Total	7,166	48	274

The amount includes the market value at June 30, 2025 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, 2026 and 2027, on the basis of the goods orders already sent to suppliers, or still to be made but included in the budget. At June 30, 2025, commitments were in place on estimated future purchases, for USD 133.65 million, broken down into 24 transactions with differing maturities and variable pre-fixed rates from USD 1.0440/Euro to USD 1.1920/Euro. A negative equity reserve was recorded of Euro 5.6 million, net of the tax effect. During 2025, forward purchase operations were utilised for approx. USD 12.850 million and the relative effects were recognised to the income statement.

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

46. GUARANTEES GIVEN/COMMITMENTS

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

We highlight:

1. For BasicItalia: in February 2010, Intesa Sanpaolo S.p.A. and the Company signed an agreement which would permit access to subsidised finance for the start-up of franchising stores of the Group, against which the Company guarantees a portion of the loan and the purchase of assets in leasing and sub-entry into the management of the sales point in the case of non-compliance of the store owner. At June 30, 2025, the bank deposits of BasicItalia were restricted for Euro 2 thousand; guarantees were also provided on leasing amounting to Euro 33 thousand;
2. BasicNet S.p.A.: the company has commitments for guarantees in favour of store tenants in the interest of KappaRetail for Euro 340 thousand, of K-WayRetail for Euro 209 thousand, of SebagoRetail for Euro 129 thousand, of SupergaRetail for Euro 52 thousand; of K-Way for Euro 42 thousand, of Superga for Euro 25 thousand and of Kappa for Euro 15 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 11.9 million and VAT deposit guarantees for Euro 2.5 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 21.5 million, VAT deposit guarantees for Euro 2.5 million and commitments for guarantees in favour of store tenants for Euro 140 thousand;
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 585 thousand 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 settled in June 2024, while 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 2.7 million and VAT deposit guarantees for Euro 622 thousand;

47. CLASSIFICATION OF THE FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The financial instruments of the BasicNet Group include:

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

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

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

	Financial instruments at fair value recorded through:		Financial instruments at amortised cost	Non-listed investments valued at cost	Book value at 30.6.2025
	Income statement	Shareholders' Equity			
Assets:					
Equity invest. & other financial assets	-	-	-	55,439	55,439
Interests in joint ventures	-	-	-	172	172
Cash and cash equivalents	-	-	25,442	-	25,442
Trade receivables	-	-	66,809	-	66,809
Other current assets	-	-	56,562	-	56,562
Derivative financial instruments	-	70	-	-	70
Liabilities:					
Medium/long-term loans	-	-	1,995	-	1,995
Bank payables	-	-	87,239	-	87,239
Trade payables	-	-	96,881	-	96,881
Other current liabilities	-	-	21,413	-	21,413
Derivative financial instruments	-	7,166	-	-	7,166

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

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

Price risk

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

Currency risk

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

At June 30, 2025, unrealised exchange gains were recorded of Euro 633 thousand, while unrealised exchange losses were recorded of Euro 740 thousand, for a net exchange loss of Euro 106 thousand.

The amount includes the market value at June 30, 2025 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 consolidated half-year reporting date, there were 24 hedge transactions on US Dollar fluctuations, totalling USD 133.65 million; the relative effects are illustrated in the account “Derivative financial instruments”, in Note 45.

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

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

Interest rate risk

The composition of the gross financial debt between fixed and variable interest rates at June 30, 2025 is shown below:

	June 30, 2025	%	June 30, 2024	%
Fixed rate	7,545	8.5%	27,434	24.4%
Variable rate	81,690	91.5%	85,035	75.6%
Gross debt	89,235	100.00%	112,469	100.00%

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

Where at June 30, 2025 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 +122 thousand and Euro -122 thousand.

Credit risk

The doubtful debt provision (Note 27) which includes provisions against specific credit positions and a general provision on an historical analysis of receivables, represents approx. 22.9% of trade receivables at June 30, 2025.

Liquidity risk

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

Default and debt covenant risk

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

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

48. INTERCOMPANY TRANSACTIONS AND TRANSACTIONS WITH RELATED COMPANIES

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

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

As a result of the above transaction mentioned in Note 5, from January 1, 2025, the horizontal tax consolidation regime between the foreign subsidiaries K-Way France and Kappa France concluded. This termination was a consequence of the sale of approx. 40% of K-Way's share capital, which meant that the fundamental requirement of at least 95% common control by a single entity (BasicNet S.p.A.), necessary for access to the horizontal tax consolidation regime, no longer applies. As of the aforementioned date, therefore, Kappa France and K-Way France independently determine their tax base for income tax purposes and individually pay the relevant taxes.

The transactions with related parties for the period ended June 30, 2025 are reported below:

	Investments	Trade receivables	Trade Payables	Other Income	Costs
Interests in joint ventures:					
- Fashion S.r.l.	172	-	-	-	-
Remuneration of Boards and Senior Executives and other related parties	-	-	-	-	11,522

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

49. SUBSEQUENT EVENTS

They are described in the Directors' Report.

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

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

51. CONTINGENT LIABILITIES/ASSETS

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

Alleged tax inversion Basic Properties America

Between 2018 and 2022, the Tax Agency challenged various Group foreign companies for unpaid taxes in Italy between 2011 and 2016, for a total of approx. Euro 6 million in direct taxes and VAT, plus interest and penalties.

The disputes relate specifically to the alleged requalification of the US company as a tax resident in Italy and the consequent VAT treatment of royalties paid by it to the Group's other foreign companies.

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 Group companies have had their claims recognised in the first and second instance for all the years in dispute.

As of today's date:

- for the years 2011-2014, the scheduling of the hearing before the Court of Cassation is still awaited. On August 27, 2024, through the State Attorney General's Office, the Tax Agency appealed the second instance judgement No. 60/2023 (which combined the appeals from 2011 to 2014 for all the companies involved); on October 11, 2024, the Group companies filed a counter-appeal pursuant to Article 370 of the Code of Civil Procedure;
- for FYs 2015 and 2016, the deadline for the Office to appeal to the Court of Cassation expires at the end of 2025.

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.

On July 20, 2023, FISI's request for a stay of the enforceability of the first instance ruling was granted by the Court of Appeals.

In a ruling published on September 17, 2024, the Milan Court of Appeals did not uphold the first instance ruling regarding BasicItalia's demands 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 appealed the ruling in the Court of Cassation, notifying FISI on March 17, 2025, while FISI filed a counter-appeal on April 28, 2025. A date for the Council Chamber meeting is still awaited, following which the Court of Cassation will rule. The Court of Cassation will grant a deadline to the Public Prosecutor at least 20 days before the Council Chamber meeting and a deadline to the parties at least 10 days before the meeting to file briefs.

For the Board of Directors

The Chairperson

Marco Daniele Boglione

ATTACHMENT 1
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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
- BasicInvestments S.r.l. single shareholder company	Turin (Italy)	Acquisition and management of equity investments	EURO	10,000	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 Topco S.r.l. single shareholder company	Milan (Italy)	Acquisition of equity investments and the provision of financial, business, securities and real estate, administrative, accounting and technical services for subsidiaries	EURO	998,818	59.9
- 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

ATTACHMENT 1
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	Registered Office	Corporate purpose	Share capital		Parent company holding (%)
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
- KappaRetail S.r.l. single shareholder company	Turin (Italy)	Company operating certain retail outlets for products of the Kappa, Robe di Kappa and Briko brands.	EURO	10,000	100
- Kappa Sport Iberia S.L.	Madrid (Spain)	Sub-licensee for the Spanish and Portuguese territory	EURO	505,588	100
- through Kappa France S.a.s.					
- Kappa Retail Monaco S.a.r.l.	Monaco	Company that manages the store in Monaco.	EURO	15,000	100
- Sport Fashion Distribution UK Ltd (in liquidation)	Manchester (United Kingdom)	British company in liquidation.	POUND STERLING	1	100
- Sport Fashion Retail S.a.r.l.	Saint Herblain (France)	Company operating direct outlets in France.	EURO	5,000	100
- through K-Way Topco S.r.l.					
- K-Way Midco S.p.A. single shareholder company	Milan (Italy)	Acquisition of equity investments and the provision of financial, business, securities and real estate, administrative, accounting and technical services for subsidiaries	EURO	200,000	100
- through K-Way Midco S.p.A.					
- K-Way Bidco S.p.A. single shareholder company	Milan (Italy)	Acquisition of equity investments and the provision of financial, business, securities and real estate, administrative, accounting and technical services for subsidiaries	EURO	200,000	100
- through K-Way Bidco S.p.A.					
- 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
- through BasicNet S.p.A.					
- K-WayRetail S.r.l. single shareholder company	Turin (Italy)	Management of outlets owned by the Group and a number of K-Way brand and product sales points.	EURO	10,000	100
- K-WayRetail SUISSE S.A.	Mendrisio (Switzerland)	Management of the point of sale to the public in Mendrisio, Switzerland of K-Way brand products.	CHF	100,000	100
- K-Way France S.a.s.	Paris (France)	- K-Way licensee for France.	EURO	150,000	100
- K-Way Iberia S.L.	Madrid (Spain)	Management of retail outlets of K-Way brand products to the public in Spain.	EURO	3,000	100

ATTACHMENT 1
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	Registered Office	Corporate purpose	Share capital		Parent company holding (%)
Indirectly held subsidiaries:					
- <i>follows through K-Way S.p.A.</i> - 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
- GLD Brands Ltd	Blairgowrie (United Kingdom)	Management of public retail outlet in London for K-Way brand products.	POUND STERLING	4	100
- <i>through K-Way France S.a.s.</i>					
- S.a.s CSL	Deauville (France)	Management of a number of K-Way brand product retail outlets to the public.	EURO	1,000	100
- S.a.s TAC	Caen (France)	Management of a number of K-Way brand product retail outlets to the public.	EURO	1,000	100
- S.a.s SACHA	Cabourg (France)	Management of a number of K-Way brand product retail outlets to the public.	EURO	1,000	100
- <i>through Sebago S.r.l.</i>					
- 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
- <i>through Superga S.r.l.</i>					
- 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		Parent company holding (%)
- Fashion S.r.l.	Turin (Italy)	Owner of the Sabelt brand under joint-venture	EURO	100,000	50 ⁽²⁾

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

ATTACHMENT 2

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

The undersigned Marco Daniele Boglione, Chairperson with delegated powers, Alessandro Boglione and Lorenzo Boglione, Chief Executive Officers, and Marco Enrico, Executive Officer for Financial Reporting of BasicNet S.p.A. certify, also taking into account the provisions of Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, the adequacy and effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the period from January 1, 2025 to June 30, 2025, considering the characteristics of the company.

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

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

Turin, July 31, 2025

Marco Daniele Boglione
Chairperson

Alessandro Boglione
Chief Executive Officer

Lorenzo Boglione
Chief Executive Officer

Marco Enrico
Executive Officer for Financial Reporting

BasicNet S.p.A.

Review report on the interim condensed consolidated
financial statements

(Translation from the original Italian text)

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

To the Shareholders of
BasicNet S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of BasicNet S.p.A. and subsidiaries (the "BasicNet Group"), which comprise consolidated income statement, the consolidated comprehensive income statement, the consolidated balance sheet, the statement of change in consolidated shareholders' equity, the consolidated cash flows and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the BasicNet Group as at June 30, 2025 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as issued by the International Accounting Standards Board and adopted by the European Union.

Milan, July 31, 2025

EY S.p.A.
Signed by: Massimiliano Vercellotti, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.