

VICENZA

FOPE

DAL 1929

THE FOPE GROUP APPROVES THE RESULTS AS AT 30 JUNE 2024

- *Revenues: € 29.6M, -15% (1H 2023: € 34.7M); decrease due exclusively to a slowdown in production and order fulfilment*
- *EBITDA: € 3.7M, -59% (1H 2023: € 9.1M); EBIT: € 2.4M, -70% (1H 2023: € 8.1M)*
- *Net Financial Position: € 4.3M (FY 2023: 0.0 €M)*
- *Shareholders' Equity: Euro 37.6 million (FY 2023: € 40.0M)*

Net Commercial Position¹ at 27 September 2024 equal to 69.4 €M, +17% yoy

Vicenza, 27 September 2024

Today, the Board of Directors of **FOPE** (FPE:IM), a leading Italian goldsmith company operating in the high-end jewellery sector listed on Euronext Growth Milan, approved the Consolidated Interim Report as at 30 June 2024, subject to limited audit.

Diego Nardin, CEO of FOPE: *"The fall in sales volumes in the first half of the year is attributable to a slowdown, recorded in the first months of 2024, in the production and fulfilment of the order backlog resulting at the end of the year and acquired in the following months. This reduction in sales volumes resulted in lower operating margins compared to the coverage of overhead costs, with the entry of new professional figures necessary to support future growth and investments in marketing which were greater than in the previous period. The FOPE collections are designed by relying on a cycle of processes carried out entirely in-house and actions are underway to improve the delivery capacity of production processes that will allow us to fulfil the order backlog within the scheduled times. The Net Commercial Position confirms the growth path of the Group, standing at Euro 69.4 million as at 27 September 2024, up 17% compared to the previous year. The driving force of growth is without doubt the American market, led by the US which recorded an increase in orders of over 30%, with significant growth also recorded in South East Asia.*

The financial hedging of gold requirements, in place for the entire financial year, neutralised the fluctuations in gold prices that have characterised the precious metal market. In line with the market presence strategies and alongside the single-brand boutiques, 17 new Shop-in-Shops have opened so far and others are scheduled to be completed by the end of the financial year."

Main consolidated results as at 30 June 2024

Net revenues stood at Euro 29.6 million, -14,5% compared to Euro 34.7 million as at 30 June 2023.

It should be noted that the fall in Revenues was exclusively attributable to a slowdown recorded in the first months of 2024 in the production and fulfilment of the order backlog resulting at the end of the year and acquired in the following months; as at 30 June 2024, the Net Commercial Position (turnover + confirmed order backlog) was equal to Euro 49.6 million, up +11% compared to 30 June 2023. The new collections presented in 2024 achieved excellent results, while the "timeless" pieces and collections that have been present on the market for several years continued to be very popular. 83% of sales, made through the network of retailers, the single-brand boutiques in Venice, London, Kuala Lumpur and Tokyo and the proprietary e-commerce site, were made on international markets, a percentage in line with the previous year.

¹ Management data not subject to accounting audit.

The FOPE collections are designed by relying on a cycle of processes carried out entirely in-house and actions are underway to **improve the delivery capacity of production processes that will allow us to fulfil the order backlog within the scheduled times**: in this regard, the Net Commercial Position as at 27 September 2024 (turnover + confirmed order backlog) stands at Euro 69.4 million, up 17% compared to the previous year. The driving force of growth was without doubt the American market, led by the US with an increase in orders of over 30%; significant growth was also recorded in South East Asian countries, with positive results in Europe and Italy albeit at a slower pace.

EBITDA came in at Euro 3.7 million, -59% compared to 1H 2023 (Euro 9.1 million). The EBITDA margin was equal to 12.5%, compared to 26.2% in 1H 2023. The initiatives of the marketing and communication plan activated during the first half of the year were fully expensed in the period and involved a greater economic commitment in the first half of 2024 compared to the first half of 2023. Costs for the purchase of raw materials and other consumer goods produced the expected margins, in line with forecasts. The increase in labour costs was mainly attributable to the entry of new resources to support production activities and commercial and marketing services.

EBIT was equal to Euro 2.4 million, -70% compared to Euro 8.1 million in 1H 2023, after depreciation and amortisation for Euro 1.3 million which increased compared to Euro 1.0 million in 1H 2023.

The **Pre-tax profit/(loss)** amounted to Euro 2.3 million, -70% compared to Euro 7.7 million in 1H 2023, net of financial charges for Euro 171 thousand (Euro 387 thousand in 1H 2023).

The **Net profit (loss) for the period** totalled Euro 1.6 million, -72% compared to Euro 5.6 million in 1H 2023, net of taxes for Euro 0.7 million (Euro 2.1 million in 1H 2023).

Net Invested Capital, equal to Euro 41.9 million (Euro 40.1 million as at 31 December 2023), consisted of Fixed Assets for Euro 14.6 million (Euro 14.8 million as at 31 December 2023), Net Working Capital for Euro 30.8 million (Euro 28.0 million as at 31 December 2023) and Provisions for Euro 3.5 million (Euro 2.6 million as at 31 December 2023). The growth in the value of inventories was attributable to gold and diamond raw materials. Inventories of finished products as at 30 June 2024 recorded an increase in order to support commercial activities and allow the delivery of scheduled orders.

The **Net Financial Position** stood at Euro 4.3 million, compared to Euro 30 thousand as at 31 December 2023. This change mainly reflected the reduction in cash and cash equivalents due to the increase in inventories, as well as an increase in trade receivables. During the period, a loan of Euro 4.0 million was taken out to replace similar expired positions, aimed at optimising treasury costs and investing in gold and diamond inventory.

Shareholders' Equity amounted to Euro 37.6 million, compared to Euro 40.1 million as at 31 December 2023. This change was mainly attributable to the result for the period and the distribution of dividends for Euro 4.6 million resolved by the Ordinary Shareholders' Meeting of 23 April 2024.

Significant events after the reporting date

In July, Fope acquired a 9% holding in the subsidiary Fope Jewellery Ltd. This transaction took place following the retirement of Mr John Coupland, who held the role of Senior Manager at the UK company of the Group. The option to purchase the shares and their valuation for the amount of GBP 60,000 was regulated by a put and call option agreement signed in 2017. The position held by Mr John Coupland has been taken on by a resource already present in the UK organisation.

Business outlook

Based on the management forecasts for Financial Year 2024, a positive economic result is expected. The results of the first months following the reporting date confirm these forecasts and, consequently, the aforementioned expectations.

Document storage

The Consolidated Interim Report as at 30 June 2024 will be made available to the public at the registered office of FOPE and in the Investor Relations/Financial Statements and Reports section of the website www.fopegroup.com, within the terms established by current legislation, as well as on the website www.borsaitaliana.it, in the section “Stocks/ Documents”.

The press release is available on the websites www.fopegroup.com and www.1info.it

FOPE (FPE:IM; ISIN IT0005203424) is a historic Italian jewellery company established in Vicenza in 1929 and a leader in the fine jewellery market. With 75 employees, and a strong international presence (about 90% of its revenues), FOPE pursues a strategic growth project based on expanding and consolidating the brand in the international luxury market by leveraging 4 competitive advantages: product quality, perfect combination of Made-in-Italy craftsmanship and technology, recognisable design, and long-standing customer relationships. FOPE operates globally through a well-established and select network of over 700 stores in 50 countries, with a direct presence in the main markets through the subsidiaries FOPE USA Inc. (America), FOPE Jewellery Limited (UK) and FOPE Deutschland GmbH (Deutschland). The business model focuses on maintaining direct business relationships with multi-brand jewellery retailers (either independent or part of groups) that specialise in luxury products such as fine jewellery and watches. FOPE does not work with intermediaries: instead, it enters into direct partnerships that ensure the loyalty and reliability of the customer/retailer as well as an outstanding after-sale service. The Company opened mono-brand stores in Venice’s Piazza San Marco (2015), in the prestigious Old Bond Street in London (2019), in Tokyo Ginza (2023) and in the prestigious Seibu mall in Kuala Lumpur (2023). The entire production cycle - from prototyping to the shipping of finished jewels - takes place inside the headquarters in Vicenza. FOPE’s investments in R&D have led to an extremely high level of standardisation and automation, with proprietary technology that allows to optimise processes and times in order to deliver products of world-class quality. FOPE’s jewels range from timeless classics featuring the iconic Novecento mesh to the more recent Flex’it lines, which include the original bracelets, rings and necklaces made flexible thanks to a patented system of tiny gold springs embedded in the mesh: strikingly elegant collections that always stand out in terms of comfort and portability. FOPE has obtained the voluntary TF (*Traceability & Fashion*) certification and is a certified member of the *Responsible Jewellery Council*. Since 2017 it has drawn up the Sustainability Report adopting the GRI standards.

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CONSOLIDATED INCOME STATEMENT

Euro	30/06/2024	30/06/2023	Changes
Net revenues	29.636.071	34.677.637	(5.041.566)
Other income	283.097	352.433	(69.336)
External costs	22.912.424	23.099.376	(186.952)
Added value	7.006.744	11.930.694	(4.923.950)
Labour costs	3.308.340	2.847.971	460.369
EBITDA	3.698.404	9.082.723	(5.384.319)
Depreciation and amortisation	1.255.039	996.435	258.604
EBIT	2.443.365	8.086.288	(5.642.923)
Financial income and charges	(171.063)	(386.947)	215.884
Pre-tax profit/(loss)	2.272.302	7.699.341	(5.427.039)
Income tax	683.753	2.124.466	(1.440.713)
Net profit/(loss)	1.588.549	5.574.875	(3.986.326)

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CONSOLIDATED BALANCE SHEET

Euro	30/06/2024	31/12/2023	Changes
Net intangible fixed assets	3.312.259	3.470.784	(158.525)
Net tangible fixed assets	10.336.807	10.409.865	(73.058)
Equity investments and other financial fixed assets	985.116	882.502	102.614
Non-current assets	14.634.182	14.763.151	(128.969)
Changes in inventories	18.074.355	15.718.227	2.356.128
Trade receivables	16.819.809	14.375.399	2.444.410
Other receivables	3.293.468	3.354.540	(61.072)
Expected cash flow hedging trans. cr. position	1.903.453	695.148	1.208.305
Short-term assets for the year	40.091.085	34.143.314	5.947.771
Trade payables	5.522.892	4.110.521	1.412.371
Other payables	3.758.540	2.072.647	1.685.893
Short-term liabilities for the year	9.281.432	6.183.168	3.098.264
Net working capital	30.809.653	27.960.146	2.849.507
Provision for Employee Severance Pay	(1.324.553)	(1.237.074)	(87.479)
Provision for Agent Severance Pay and other provisions	(1.649.920)	(1.256.345)	(393.575)
Provision for expected cash flow hedging transactions	(540.983)	(148.845)	(392.138)
Total provisions	(3.515.456)	(2.642.264)	(873.192)
Net invested capital	41.928.379	40.081.033	1.847.346
Share capital and shareholders' equity reserve	(36.640.782)	(39.630.831)	2.990.049
Reserve for expected cash flow hedging transactions	(981.340)	(420.499)	(560.841)
Shareholders' equity	(37.622.122)	(40.051.330)	2.429.208
Medium/long-term financial position	(6.014.821)	(5.386.365)	(628.456)
Short-term financial position	1.708.564	5.356.662	(3.648.098)
Net Financial Position	(4.306.257)	(29.703)	(4.276.554)
Shareholders' equity and Net Financial Position	41.928.379	40.081.033	1.847.346

CONSOLIDATED NET FINANCIAL POSITION

Euro	30/06/2024	31/12/2023	Changes
Net position for short-term bank transactions and cash in hand	8.747.622	11.254.658	(2.507.036)
Convertible bond (POC)	0	0	0
Short-term loans	(7.039.058)	(5.897.996)	(1.141.062)
Net short-term financial position	1.708.564	5.356.662	(3.648.098)
Convertible bond (POC)	0	0	0
Long-term loans	(6.014.821)	(5.386.365)	(628.456)
Net financial position	(4.306.257)	(29.703)	(4.276.554)

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CONSOLIDATED CASH FLOW STATEMENT

Euro	30/06/2024	31/12/2023	Variazione
Profit for the year	1.588.549	10.075.118	(8.486.569)
Portion of amortisation/depreciation	1.255.039	2.291.380	(1.036.341)
Change in Provision for Employee Severance Pay and Agent Severance Pay	115.892	116.521	(629)
Gross self-financing	2.959.480	12.483.019	(9.523.539)
Change in trade receivables	(2.442.503)	(2.017.571)	(424.932)
Change in other short-term receivables	(60.583)	(139.461)	78.878
Change in inventories	(2.356.128)	(1.795.590)	(560.538)
Change in short-term payables	3.461.522	(2.490.247)	5.951.766
Changes in net working capital	(1.397.692)	(6.442.869)	5.045.174
Cash inflow from operating activities	1.561.788	6.040.150	(4.478.365)
Change in tangible and intangible fixed assets	(1.023.457)	(3.156.802)	2.133.345
Change in financial fixed assets	19.040	138.219	(119.179)
Repayment of M/L-term loans	(2.230.481)	(3.718.419)	(512.061)
Uses	(3.234.898)	(6.737.002)	1.502.105
Acquisition of Financing	4.000.000	6.000.000	0
Convertible bond issue	0	0	0
Changes in shareholders' equity reserve	(4.578.599)	(4.249.661)	(328.938)
Sources	(578.599)	1.750.339	(328.938)
Change in expected cash flow hedging trans. cr. position	(1.208.305)	(563.066)	(645.239)
Change in provision for expected cash flow hedging transactions	392.138	(324.802)	716.940
Changes in reserves for expected cash flow hedging transactions	560.841	585.268	(24.427)
Change in expected cash flow hedging transaction positions	(255.326)	(302.600)	47.274
Net cash flow	(2.507.035)	750.887	(3.257.924)
Net credit/(debit) banking transactions 30/06/2023	8.747.623		8.747.623
Net credit/(debit) banking transactions 31/12/2023	11.254.658	11.254.658	0
Net credit/(debit) banking transactions 30/06/2022		10.503.771	(10.503.771)
Change in net debit/(credit) position	(2.507.035)	750.887	(3.257.922)