

VICENZA

FOPE

DAL 1929

THE FOPE GROUP CLOSSES THE FIRST HALF OF 2021 WITH GROWTH IN BOTH REVENUES AND MARGINS

- Revenues: Euro 14.6 mln, +44% (1H2020: Euro 10.2 mln / 1H2019: Euro 15.5 mln)
- EBITDA: Euro 2.4 mln (1H2020: Euro 0.7 mln / 1H2019: Euro 3.2 mln)
- Net Profit: Euro 1.0 mln (1H2020: Euro -0.1 mln / 1H2019: Euro 1.9 mln)
- Net Financial Position: Euro 2.0 mln (FY2020: Euro 2.4 mln)
- Equity: Euro 20.6 mln (FY2020: Euro 20.6 mln)

Vicenza, 23 September 2021

The Board of Directors of FOPE (FPE:IM), a leading Italian fine jewellery company listed on AIM Italia, approved today the Consolidated Interim Financial Report at 30 June 2021, subject to limited audit.

Diego Nardin, FOPE Chief Executive Officer: *“We close the first half of 2021 with Revenues up 44% compared to the first half of 2020, with volumes comparable with the pre-Covid-19 result of the first half of 2019, despite the continued contingency situation, markets that were closed for much of the period, limited opportunities for contact with customers and no industry trade fairs. The result achieved is an important sign confirming the consolidated market appreciation of our collections and the brand’s importance within our retailers’ stores. Along with the good performance of sales, we have carefully managed operating expenses and the revenue volumes achieved have generated good margins and a satisfactory period result. 2021 again saw the Company work hard on marketing and communication in support of distribution, to ensure the brand continued to gain standing. In line with the strategies governing market presence, new shops-in-shops have been planned and scheduled for opening during the second half of the year, and a showroom has been set up in Dubai. Remote contacts and meetings have been arranged with our key accounts for the unveiling of our new 2021 collections, during which, in addition to the presentation of new creations, purchase orders were successfully placed. Remote connections were also widely used for contact and relations with the press offices of sector magazines. The positive performance recorded by the order portfolio coupled with our production cycle – which guarantees that collections are manufactured entirely in-house and are not subject to supplies of raw materials or semi-finished products that could potentially be limited by the continued impact of the Covid-19 emergency – means that we are optimistic business will develop further during the second half of the year and can confirm the positive closing forecasts for this year.”*

Consolidated highlights at 30 June 2021

Net revenues amounted to Euro 14.6 million, +44% compared to Euro 10.2 million in 1H2020 and essentially in line with 1H2019 (Euro 15.5 million) pre-Covid-19 results. The increase in turnover is due to growth in sales volumes recorded on foreign markets, which in 1H2021 accounted for 90% of total turnover, a larger percentage than in previous years, insofar as it was impacted by the results of

the Italian market, on which retailers recorded significantly lower sales due to the lack of purchases made by foreign tourists.

EBITDA totalled Euro 2.4 million, showing strong growth on the Euro 0.7 million of 1H2020 and essentially comparable with the Euro 3.2 million of 1H2019. Margins in line with budget levels were maintained on operating costs, which grew by 32% compared to 1H2020. Structural operating costs did not change significantly as compared with the previous year.

EBIT amounted to Euro 1.5 million, as compared with a break-even result recorded in 1H2020 (Euro 2.6 million in 1H2019), after amortisation/depreciation for Euro 0.9 million (Euro 0.7 million in 1H2020).

Pre-tax profit amounted to Euro 1.6 million, as compared with Euro -0.16 million in 1H2020 (Euro 2.4 million in 1H2019), after financial income for Euro 0.10 million (financial expense for Euro 0.16 million in 1H2020).

Net profit totalled Euro 1.0 million, showing a significant improvement on the Euro -0.10 million in 1H2020 (Euro 1.9 million in 1H2019), after tax for Euro 0.6 million (Euro -0.06 million in 1H2020).

Net Invested Capital, totalling Euro 22.6 million (Euro 23.0 million at 31/12/2020), consisted of Fixed Assets for Euro 13.2 million (Euro 13.7 million at 31/12/2020), Net Working Capital for Euro 12.4 million (Euro 12.1 million at 31/12/2020) and Provisions for Euro 3.0 million (Euro 2.9 million at 31/12/2020).

The **Net Financial Position** amounted to Euro 2.0 million, as compared with Euro 2.4 million at 31 December 2020 and Euro 4.2 million at 30 June 2020. During the year, loans were repaid for Euro 1.8 million.

Equity stood at Euro 20.6 million, as compared with Euro 20.6 million at 31 December 2020.

Significant subsequent events and outlook

On 27 July 2021, the Product Development and Marketing Departments unveiled the new lines of jewellery that open up the FOPE brand proposal to include the world of men, to the sales teams, present internationally. It is an innovative project that intercepts the demand of the male universe and develops the historic FOPE collections, interpreting the desires and character of the 2021 man.

At the end of the first period of the financial year, the book of confirmed orders and orders in progress continued to be at a good level, comparable with the pre-Covid situation. FOPE collections are manufactured entirely in-house, with no supplies of raw materials or semi-finished products that could be limited due to the continued impact of the Covid-19 emergency, and production departments are operating extremely efficiently.

Based on the provisional data prepared for FY2021, the Group expects growing sales volumes and a profit for the current year.

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

FOPE (FPE:IM) is a historic Italian jewellery company established in Vicenza in 1929 and a leader in the fine jewellery market. With Euro 26 million in revenues in 2020, 59 employees, and a strong international presence (it generates 91% of its revenues abroad), 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 US, Arab, and UK markets through the subsidiaries FOPE USA Inc., FOPE Services DMCC, and FOPE Jewellery Limited, respectively). 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. In 2015, the Company opened its first mono-brand store in Venice's Piazza San Marco and in 2019 a flagship boutique in the prestigious Old Bond Street in London. The entire production cycle—from prototyping to the shipping of finished jewels to over 50 countries—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 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*.

ISIN of FOPE ordinary shares: IT0005203424 –ISIN of “FOPE POC 4.5% 2016-2021”: IT0005203671

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CONSOLIDATED INCOME STATEMENT

Euro	30/06/2021	30/06/2020
Revenue	14.620.749	10.172.517
Other revenue and income	193.334	199.639
External costs	10.676.144	8.069.127
Added value	4.137.939	2.303.029
Personnel costs	1.699.511	1.559.863
EBITDA	2.438.428	743.166
Depreciation and amortisation	940.482	739.050
EBIT	1.497.946	4.116
Financial income and charges	102.608	(159.634)
Pre-tax profit	1.600.554	(155.518)
Earnings before Tax	603.249	(57.723)
Net profit	997.305	(97.795)

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CONSOLIDATED BALANCE SHEET

Euro	30/06/2021	31/12/2020
Net intangible fixed assets	3.222.863	3.580.307
Net tangible fixed assets	9.892.030	10.062.221
Holdings/equity and other financial fixed assets	87.627	78.611
Non-current assets	13.202.520	13.721.139
Warehouse stock	8.987.765	8.426.383
Trade receivables	6.285.038	5.592.008
Current receivables	1.393.372	943.774
Cash flow hedging op. cr. position	59.858	419.932
Short-term assets for the year	16.726.033	15.382.097
Trade payables	2.113.230	2.471.024
Current liabilities	2.231.761	787.984
Short-term liabilities for the year	4.344.991	3.259.008
Net Working Capital	12.381.042	12.123.089
Severance pay fund	(968.226)	(953.534)
End-of-mandate indemnity fund and other funds	(1.412.997)	(1.548.946)
Expected cash flow hedging op. fund	(584.546)	(352.521)
Provisions for risks and non-current charges	(2.965.769)	(2.855.001)
TOTAL ASSETS	22.617.793	22.989.227
Share capital and equity reserve	(21.019.012)	(20.523.420)
Expected cash flow hedging op. reserve	385.120	(50.334)
Shareholders' Equity	(20.633.892)	(20.573.754)
Medium to long-term financial position	(5.347.776)	(7.358.338)
Short-term financial position	3.363.875	4.942.866
Net Financial Position	(1.983.901)	(2.415.472)
EQUITY AND NET FINANCIAL POSITION	22.617.793	22.989.226

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CONSOLIDATED NET FINANCIAL POSITION

Euro	30/06/2021	31/12/2020
Net position short Bank reports and cash values	8.337.632	9.684.920
Convertible bond (POC)	(206.400)	0
Short-term financial position	(4.767.357)	(4.535.654)
Net short-term financial position	3.363.875	5.149.266
Convertible bond (POC)	0	(206.400)
Medium to long-term financial position	(5.347.776)	(7.358.338)
NET FINANCIAL POSITION	(1.983.901)	(2.415.472)

CONSOLIDATED CASH FLOW STATEMENT

Euro	30/06/2021	31/12/2020
Profit for the year	997.305	1.671.698
Portion of amortisation	940.482	1.608.155
Change in severance pay and end-of-mandate indemnity funds	(23.886)	137.604
Gross self-financing	1.913.901	3.417.457
Change in trade receivables	(700.026)	2.705.899
Change in other short-term receivables	(448.301)	845.496
Change in inventories	(561.382)	(2.224.342)
Change in short-term payables	995.609	(3.616.065)
Changes in net working capital	(714.100)	(2.289.012)
Cash flow generated by operations	1.199.801	1.128.445
Change tangible and intangible fixed assets	(412.847)	(2.635.613)
Change financial fixed assets	(10.313)	(74.100)
M/L term financing reimbursement	(1.778.860)	(2.205.064)
Uses of financing	(2.202.020)	(4.914.777)
Financing acquisition	0	4.900.000
Convertible bonds issue	0	0
Changes shareholders'equity reserve	(501.713)	(1.061.816)
Sources of financing	(501.713)	3.838.184
Cha. expected cash flow hedging op. cr. pos.	360.074	936.294
Cha. expected cash flow hedging op. fund	232.025	185.286
Cha. expected cash flow hedging op. reserve	(435.454)	(802.487)
Cha. expected cash flow hedging op. positions	156.645	319.093
Net cash flow	(1.347.287)	370.945
Net position banking relationships as at 30/06/2021	7.587.632	0
Net position banking relationships as at 31/12/2020	8.934.919	8.934.920
Net position banking relationship as 30/06/2018		0
Net position banking relationships as at 31/12/2019	0	8.563.975
Change Net Financial Position	(1.347.287)	370.945