

PORTOBELLO

- PRESS RELEASE -

PORTOBELLO: results as at 30/06/2021 approved, with strong growth. Value of production of Euro 29.4 million (+22.5%), EBITDA of Euro 7.3 million (+34.4%), Net profit for the period of Euro 4.3 million (+28.6%)

- Value of production +22.5% equal to Euro 29.4 million (Euro 24.0 million as at 30 June 2020)
- EBITDA +34.4% equal to Euro 7.3 million (Euro 5.4 million as at 30 June 2020)
- EBIT +40.6% equal to Euro 6.7 million (Euro 4.7 million as at 30 June 2020)
- Net profit for the period +28.6% equal to Euro 4.4 million (Euro 3.4 million as at 30 June 2020)
- Net financial position Euro -9.6 million debt (Euro -13.9 million debt as at 31 December 2020), current NFP Euro +6.3 million cash positive (Euro -1.7 million debt as at 31 December 2020).

Rome, 20 September 2021

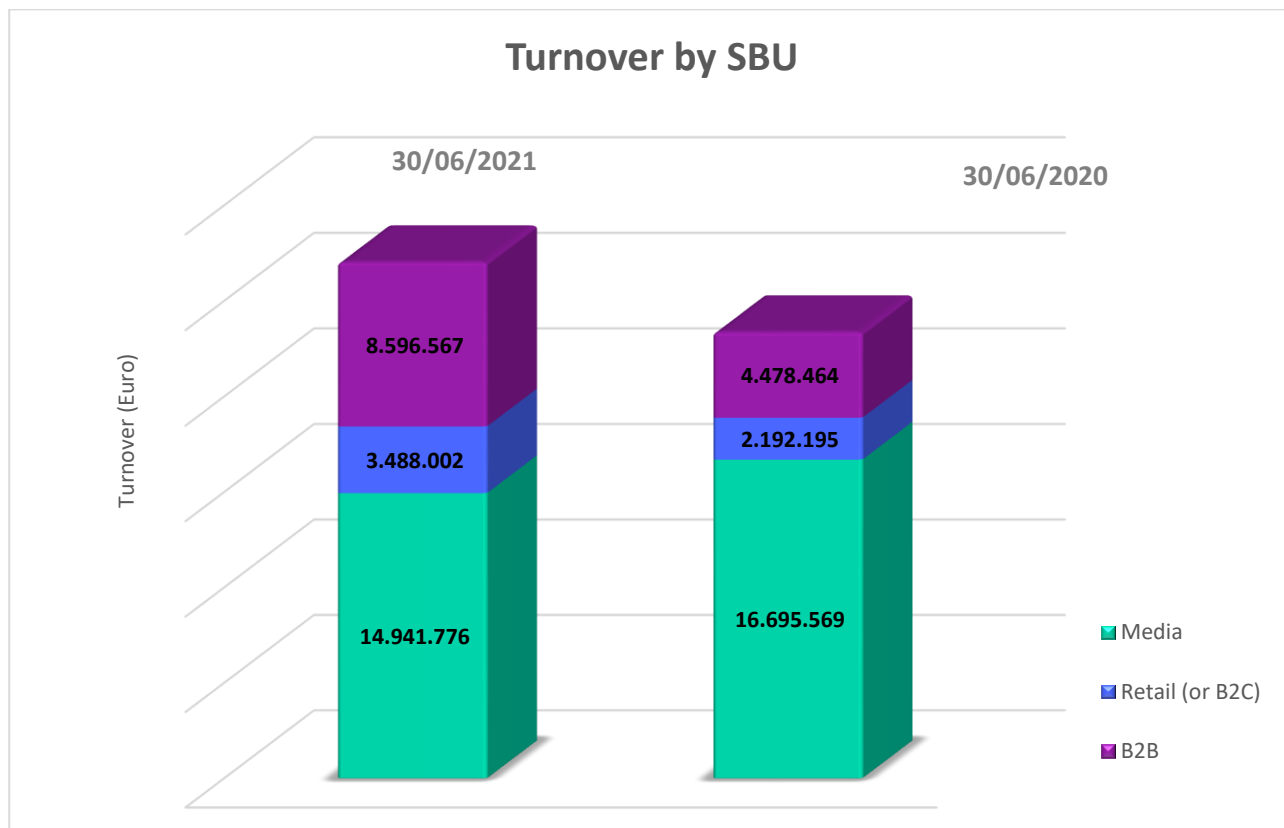
Portobello S.p.A. (Isin IT0005337495), holding company of the retail chain of the same name, which provides quality products at affordable prices and is active through bartering in the media advertising sector, listed on the AIM Italia multilateral trading system, organised and managed by Borsa Italiana S.p.A., has announced that today the Board of Directors of the Company examined and approved the interim report as at 30 June 2021, subject to limited audit.

The Company has recorded significant growth in turnover and margins, made all the more impressive by the extraordinary conditions under which this has occurred, namely during the lockdown that shaped the first period of 2021 and that affected many of the Company's activities (primarily the stores). This performance shows that Portobello's business model is efficient and robust and that the Company has considerable room for growth, which is further enhanced by the market opportunities generated by the crisis.

Roberto Panfili, Co-founder and Chief Operating Officer of Portobello S.p.A., explained: *"We continue to grow thanks to an efficient model and targeted strategies that have allowed us to achieve these economic results and, at the same time, lay the foundations for a strong expansion of our chain of stores throughout the country. Despite the challenges associated with the ongoing health crisis, Portobello is moving forward with its development plan, which over the coming months will also benefit from the financial resources raised in the first half of this year."*

Economic and financial results as at 30 June 2021

Portobello continues its strong growth phase, recording an **overall turnover** of Euro 29.4 million (+22.5% compared to Euro 24.0 million as at 30 June 2020). A breakdown of net turnover as at 30 June 2021 by business area is provided below.



In the first half of 2021 the Media sector saw turnover fall by 10.5% to Euro 14.9 million (Euro 16.7 million as at 30 June 2020) while B2C (Retail) grew by 59.1% to Euro 3.5 million (Euro 2.2 million as at 30 June 2020); the B2B segment grew by 92% to Euro 8.6 million (Euro 4.5 million as at 30 June 2020).

These figures are the result of intense activity in the various business areas, in particular:

- **MEDIA** Portobello has strengthened its position as a reliable and competitive player in the advertising sector throughout Italy, also thanks to the management's ability to acquire advertising space with a high media impact. Although the Media Business Unit increased its orders in the first half of 2021, it was affected by a slight decline in turnover due to the Covid-19 situation, which also shaped economic activities in the first half of 2021 and led many customers to shift their advertising consumption to the second half of the current year. Management believes that this decline will be reasonably absorbed during the last quarter of 2021, a period in which the Company will also reap the majority of the benefits associated with the increase in orders already recorded in the first half of the year.
- **RETAIL** Despite a first half-year still shaped by a great deal of uncertainty related to the dynamics linked to the effects of the pandemic, with closures and restrictions on free movement, the retail channel, with reference to the perimeter of physical stores, recorded a 59.1% increase in turnover in the first half of 2021 compared to the same period in 2020. The increase in volumes is mainly related to the consolidation of customers and stores opening during 2020. However, like-for-like turnover

also recorded growth rates of more than 11% and an improvement in all the channel's performances: first level margin (+60%), average receipt value (+7%) and average number of items per receipt (+5%).

- **B2B** B2B sales also increased, closing the period to 30 June 2021 at Euro 8.6 million. This type of opportunistic activity is considered useful for monetising those products that are not in line with the Portobello stores, or relating to purchases that have volumes that are too high compared to the stores currently open.

EBITDA, equal to Euro 7.3 million as at 30 June 2021, improved by Euro 1.9 million compared to 30 June 2020, amounting to a percentage change of 34.4%. EBITDA as a percentage of value of production (or total revenues or gross turnover) stood at 24.9%, also an improvement on the 22.7% reported as at 30 June 2020. This considerable improvement is mainly due to the increase in business volumes, greater management efficiency and the optimisation of the margins of the various activities.

EBIT recorded a positive change of 40.6%, amounting to Euro 6.7 million compared to Euro 4.7 million in the first half of 2020, confirming the high profitability of the Business model. EBIT as a percentage of turnover increased by 2.9% in absolute terms, with a percentage increase of 14.8% compared to the same period of the previous year.

EBT also recorded excellent growth rates, standing at Euro 6.2 million as at 30 June 2021 compared to Euro 4.6 million in the same period of 2020.

The **Net Profit** for the period amounted to Euro 4.4 million, also up 28.6% compared to the same period in 2020 (Euro 3.4 million). As a percentage of value of production (or total revenues or gross turnover), it increased by 5% to 14.9% as at 30 June 2021 compared to 14.2% for the same period in 2020, demonstrating how the Company was able to improve its profitability index.

In terms of equity values, **net fixed assets** increased by Euro 1.1 million in the first half of 2021, due to higher gross investments of Euro 2 million and amortisation, depreciation and write-downs of Euro 0.9 million. **Inventories of finished products** increased in absolute terms by approximately Euro 10.7 million, broken down as follows:

- 1.8 million of goods purchased in cash ("Cash Inventories")
- 8.9 million of goods acquired through bartering ("Barter Inventories")

As part of "Barter inventories", it should be noted that an amount of Euro 11.3 million refers to goods in transit relating to contracts signed in the last days of June 2021 and which will only produce their economic effects during the second half of the year. Therefore, net of this component relating to goods in transit, "Barter inventories" decreased in the first half of the year by approximately Euro 2.4 million to a total of Euro 8.9 million. The increase in "Cash inventories" of Euro 1.8 million is attributable to the advance purchase of "seasonal" climate control products and the provision for the new stores opening during the summer.

Shareholders' equity, amounting to Euro 30.5 million, increased by Euro 14.4 million due to the net profit achieved in the first half of 2021 and the capital increase of approximately Euro 10 million carried out on 9 June 2021 reserved for qualified and professional investors through the ABB procedure. The total **Net Financial Position** is equal to Euro -9.6 million debt (Euro -13.9 million debt as at 31 December 2020), while the current NFP is Euro +6.3 million cash positive.

Events subsequent to 30 June 2021 and business outlook

Milan store opening. In July 2021, the Company opened a new maxistore in the centre of Milan, at Via Torino 15. The shop is located at the corner with via Speronari inside the famous "palazzo che respira (palazzo that breathes)", whose exterior not only provides a distinctive architectural feature but also a concentration of technology based on natural principles with low environmental impact. The store is almost 1,000 square metres in size, spread over 3 levels with escalator and elevator and will employ 15 specially hired and trained staff.

Ancona store opening. In July 2021, the Company opened a new maxistore within the Grotte Center Centro Commerciale (Shopping Centre), in Camerano in the province of Ancona. Located in one of the most beautiful areas of Italy, the Riviera del Conero, the Grotte Center is a reference point in the southern area of the province of Ancona. The shopping centre offers many national and international brands such as H&M, Decathlon and Terranova and useful services, including health provisions, such as a dental surgery, an optician and a para-pharmacy. The store is almost 600 square metres in size and will employ 11 specially hired and trained staff.

Portobello has also recently signed a binding agreement for the lease of a property within the "**La Romanina**" shopping centre with the aim of opening a new 1,350 square metre Portobello branded maxistore in October.

After a first half of the year that was mixed, the European and Italian economies got back on track, thanks to the combined effect of the improved health situation and the gradual abandonment of restrictive measures to contain the pandemic. In this context of renewed confidence, Portobello continues to develop its chain of stores, which today has now reached a total surface area of approximately 6,500 square metres, to which new openings will be added that again in 2021, partly in advance of the initial plan, will bring the surface area of the Company to a total of 13,130 square metres (equal to approximately 52 equivalent 250 square metre stores). The plan will continue in 2022 with the other openings already contracted in prime locations on high footfall streets and large shopping centres throughout Italy.

Annexes

The following are the main financial statements of Portobello S.p.A. for the interim period ended 30 June 2021 in relation to the corresponding comparative figures (amounts in euro):

- Income Statement as at 30/06/2021 (vs. income statement as at 30/06/2020);
- Balance Sheet as at 30/06/2021 (vs Balance Sheet as at 31/12/2020);
- Cash Flow Statement as at 30/06/2021 (vs. cash flow statement as at 31/12/2020)

INCOME STATEMENT

Income statement of the Company (figures in Euro)	30/06/2021	30/06/2020	Absolute Change	Change %
Revenues from sales and services	27,026,345	23,366,228	3,660,117	15.7%
Other revenues and income	2,411,323	661,034	1,750,289	264.8%
Value of production	29,437,668	24,027,262	5,410,406	22.5%
raw materials, consumables and goods	26,945,881	13,923,155	13,022,726	93.5%
Change in inventories of raw materials, consumables and goods	(10,724,083)	281,437	(11,005,520)	-3910.5%
Cost of sales	16,221,798	14,204,592	2,017,206	14.2%
Gross Margin	13,215,870	9,822,670	3,393,200	34.5%
%	44.9%	40.9%	4.0%	9.8%
Personnel	1,906,101	1,057,753	848,348	80.2%
Rental costs	1,355,296	696,755	658,541	94.5%
Leasing, rentals and others	199,742	127,104	72,638	57.1%
Use of third-party assets	1,555,038	823,859	731,179	88.8%
Other general services	186,773	72,755	114,018	156.7%
Board of Directors and Auditors	125,165	139,958	(14,793)	-10.6%
Insurances	28,897	13,280	15,617	117.6%
Consulting	960,315	364,262	596,053	163.6%
Maintenance	50,349	14,231	36,118	253.8%
Marketing	254,644	1,270,837	(1,016,193)	-80.0%
Commercial Commissions	285,620	172,140	113,480	65.9%
Sales Services	206,977	241,554	(34,577)	-14.3%
Utilities	96,963	31,737	65,226	205.5%
Services	2,195,703	2,320,754	(125,051)	-5.4%
Other operating expenses	243,765	176,483	67,282	38.1%
EBITDA	7,315,263	5,443,821	1,871,442	34.4%
%	24.9%	22.7%	2.2%	9.7%
Amortisation, depreciation, provisions and write-downs	660,575	710,730	(50,155)	-7.1%
EBIT	6,654,688	4,733,091	1,921,597	40.6%
%	22.6%	19.7%	2.9%	14.8%
Other financial income	11	446	(435)	-97.5%
Interest and other financial charges	(183,897)	(113,766)	(70,131)	61.6%
Value adjustments of financial assets	(250,000)	-	(250,000)	N.A.
Financial management	(433,886)	(113,320)	(320,566)	282.9%
EBT	6,220,802	4,619,771	1,601,031	34.7%
Income taxes for the year, current, deferred and prepaid	1,845,205	1,218,300	626,905	51.5%
PROFIT (LOSS) FOR THE PERIOD	4,375,597	3,401,471	974,126	28.6%
%	14.9%	14.2%	0.7%	5.0%

(*) EBITDA indicates the result before financial and extraordinary management, taxes, amortisation and depreciation of fixed assets, provisions and write-down of receivables. The EBITDA thus defined represents the indicator used by the Directors of Portobello S.p.A. to monitor and assess the operating performance of the company. Since EBITDA is not identified as an accounting measure within the scope of accounting standards, it should not be considered an alternative measure for the assessment of the performance of the operating results of Portobello S.p.A. Since the composition of the EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by Portobello S.p.A. may not be the same as that adopted by other entities and/or groups and therefore not comparable.

(**) EBIT indicates the result before financial charges and taxes for the year. EBIT therefore represents the result of operations before return on both third-party and own capital. The EBIT thus defined represents the indicator used by the Company's directors to monitor and assess the operating

performance of the company. Since EBIT is not identified as an accounting measure within the scope of national accounting standards and its composition is not regulated by the reference accounting standards, the calculation criterion applied by the Company may not be the same as that adopted by other entities and therefore not be comparable with them.

(***) The percentages indicated represent the incidence of values in relation to the Company's typical revenues. Since these incidences are not identified as accounting measures under national accounting standards and their composition is not regulated by the reference accounting standards, the calculation criterion applied by the Company may not be the same adopted by other entities and therefore not be comparable with them.

BALANCE SHEET

Company Balance Sheet (figures in Euro)	30/06/2021	31/12/2020	Absolute Change	Change %
<i>Intangible fixed assets</i>	3,465,541	2,921,276	544,265	18.6%
<i>Tangible fixed assets</i>	864,218	747,154	117,064	15.7%
<i>Financial fixed assets</i>	1,830,456	1,415,056	415,400	29.4%
NET FIXED ASSETS	6,160,215	5,083,486	1,076,729	21.2%
<i>Inventories from direct purchases</i>	4,329,010	2,480,072	1,848,938	74.6%
<i>Inventories from barter purchases</i>	23,354,476	14,479,331	8,875,145	61.3%
<i>Write-down provision</i>	(550,000)	(550,000)	-	0.0%
Inventories	27,133,486	16,409,403	10,724,083	65.4%
<i>Customers</i>	5,582,597	2,634,326	2,948,271	111.9%
<i>Suppliers</i>	(6,809,138)	(3,494,928)	(3,314,210)	94.8%
Trade receivables and payables	(1,226,541)	(860,602)	(365,939)	42.5%
<i>Tax receivables and payables</i>	(3,829,089)	(2,242,979)	(1,586,110)	70.7%
<i>Other receivables</i>	1,074,690	1,337,155	(262,465)	(-19.6%)
<i>Other payables</i>	(761,062)	(470,668)	(290,394)	61.7%
<i>Accrued income and prepaid expenses</i>	456,850	853,430	(396,580)	(-46.5%)
<i>Accrued expenses and prepaid income</i>	(143,714)	(27,084)	(116,630)	430.6%
Other current assets	(3,202,325)	(550,146)	(2,652,179)	482.1%
<i>Advertising to be consumed</i>	28,235,217	21,910,704	6,324,513	28.9%
<i>Advertising to be provided</i>	(16,669,121)	(11,738,501)	(4,930,620)	42.0%
Advertising	11,566,096	10,172,203	1,393,893	13.7%
NET WORKING CAPITAL	34,270,716	25,170,858	9,099,858	36.2%
<i>Employee severance indemnity</i>	(267,497)	(197,362)	(70,135)	35.5%
<i>Other provisions</i>	(50,391)	(69,556)	19,165	(-27.6%)
CONSOLIDATED LIABILITIES	(317,888)	(266,918)	(50,970)	19.1%
NET INVESTED CAPITAL	40,113,043	29,987,426	10,125,617	33.8%
<i>Share capital</i>	(619,490)	(533,690)	(85,800)	16.1%
<i>Reserves</i>	(25,530,952)	(9,642,959)	(15,887,993)	164.8%
<i>(Profit) loss for the period</i>	(4,375,597)	(5,954,646)	1,579,049	(-26.5%)
SHAREHOLDERS' EQUITY	(30,526,039)	(16,131,295)	(14,394,744)	89.2%
<i>Financial receivables</i>	-	-	-	-
<i>(Financial payables)</i>	(1,460,568)	(1,680,967)	220,399	(-13.1%)
<i>(Bank payables)</i>	(19,999,200)	(14,812,755)	(5,186,445)	35.0%
<i>Cash and cash equivalents</i>	11,872,764	2,637,591	9,235,173	350.1%
NFP	(9,587,004)	(13,856,131)	4,269,127	(-30.8%)
TOTAL SOURCES	(40,113,043)	(29,987,426)	(10,125,617)	33.8%

(*) The increase in "Other current assets" is linked to the typical nature of Portobello's activities. In fact, it should be remembered that the bartering activity essentially consists of an exchange of customers' goods and services with advertising services offered by the Company whose consumption is diluted over time (generally advertising services offered by Portobello Spa in exchange for goods or other services must be consumed within the current financial year or, at the latest, within the financial year following the signing of the relative contract). With regard to the above, the performance of these items, which in the 4th Directive financial statements are allocated to Accrued income/expenses and prepaid income/expenses, provides indications on the evolution of the business and can be equated to an "Order Portfolio" both in terms of purchases (Advertising to be provided) and sales (Advertising inventory) and is linked to the timing of consumption of the related advertising services. Therefore, the increase in the item does not result in a cash absorption since the invoicing of the exchange contracts are settled by offsetting of the items and therefore does not result in cash outflows.

(**) It should be noted that when preparing the reclassified Balance Sheet, for the purposes of clearer reading and comparability with the financial statements, it was deemed appropriate to allocate the amount of receivables from BEXB totalling Euro 350,656 (Euro 499,803 as at 31/12/2020), which were reclassified as cash and cash equivalents in the year ended 31/12/2020, to "Other receivables".

CASH FLOW STATEMENT

CASH FLOW STATEMENT INDIRECT METHOD	30/06/2021	31/12/2020
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	4,375,597	5,954,646
Income taxes	1,845,205	2,329,548
Interest expense/(income)	183,886	293,689
<i>1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal</i>	<i>6,404,688</i>	<i>8,577,883</i>
Adjustments for non-monetary items that did not have a counterparty in net working capital		
Allocations to provisions	81,141	126,071
Depreciation/amortisation of fixed assets	660,575	1,938,730
Other adjustments up/(down) for non-monetary items	250,000	
<i>Total adjustments for non-monetary items not offset in net working capital</i>	<i>991,716</i>	<i>2,064,801</i>
<i>2) Cash flow before changes in net working capital</i>	<i>7,396,404</i>	<i>10,642,684</i>
Changes in net working capital		
Decrease/(Increase) in inventories	(10,724,083)	(7,076,691)
Decrease/(Increase) in trade receivables	(2,948,271)	4,029,681
Increase/(decrease) in trade payables	3,314,210	(7,645,794)
Decrease/(Increase) in accrued income and prepaid expenses	(5,927,933)	(16,448,590)
Increase/(decrease) in accrued expenses and prepaid income	5,047,250	2,529,686
Other decreases/(Other increases) in net working capital	1,575,416	9,810,962
<i>Total changes in net working capital</i>	<i>(9,663,411)</i>	<i>(14,800,746)</i>
<i>3) Cash flow after changes in net working capital</i>	<i>(2,267,007)</i>	<i>(4,158,062)</i>
Other adjustments		
Interest collected/(paid)	(183,886)	(293,689)
(Income taxes paid)	(767,251)	(805,706)
(Use of funds)	(11,006)	(14,086)
Other collections/(payments)	(514,400)	(31,672)
<i>Total other adjustments</i>	<i>(1,476,543)</i>	<i>(1,145,153)</i>
Cash flow from operating activities (A)	(3,743,550)	(5,303,215)
B) Cash flows from investment activities		
Tangible fixed assets		
(Investments)	(207,195)	(406,696)
Intangible fixed assets		
(Investments)	(1,114,709)	(2,391,420)
Financial fixed assets		
(Investments)	(665,400)	(649,995)
Current financial assets		
Sale price of divestments		
Cash flow from investment activities (B)	(1,987,304)	(3,448,111)
C) Cash flows from financing activities		
Third party means		
Increase/(decrease) in short-term payables to banks	465,676	960,587
Opening of loans	6,000,000	10,255,000
(Repayment of loans)	(1,499,631)	(1,004,974)
Shareholders' Equity		

Share capital increase against payment	9,999,982	144,000
Cash flow from financing activities (C)	14,966,027	10,354,613
Increase (decrease) in cash and cash equivalents (A ± B ± C)	9,235,173	1,603,287
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	2,604,369	953,676
Cash and cash equivalents	33,222	80,628
Total cash and cash equivalents at the beginning of the year	2,637,591	1,034,304
Cash and cash equivalents at the end of the year		
Bank and postal deposits	11,824,714	2,604,369
Cash and cash equivalents	48,050	33,222
Total cash and cash equivalents at the end of the year	11,872,764	2,637,591

This press release is available online at www.portobellospa.com in the Investor Relations section and www.1info.it

Portobello S.p.A founded in Rome in 2016 and listed on the AIM Italia market, operates through 3 Business Units active in the Media & Advertising, Retail and B2B sectors. The Company deals in the resale of advertising space, either proprietary or purchased from third parties, for a monetary consideration or alternatively through the barter system. The Company also operates a chain of direct and franchised Portobello brand stores, as well as an e-commerce channel (www.portobellocub.it). In 2020, it achieved Revenues of Euro 64 million with an EBITDA of Euro 10.9 million and Net profit of Euro 6 million.

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