

PORTOBELLO

PRESS STATEMENT

**PORTOBELLO: strong growth results approved as at 31/12/2020.
Revenues of Euro 64 million (+ 39%), EBITDA of approximately Euro 10.9 million (+ 31.8%),
Net profit of approximately Euro 6 million (+ 25.4%)**

- **Value of production + 39% equal to 64.0 million euros (46.0 million euros at 31 December 2019)**
- **EBITDA + 31.8% equal to approximately € 10.9 million (€ 8.2 million at 31 December 2019)**
- **EBIT + 26.3% equal to approximately € 8.6 million (€ 6.8 million at 31 December 2019)**
- **Net result + 25.4% equal to approximately Euro 6.0 million (Euro 4.8 million at 31 December 2019)**
- **Net Financial Position € 13.4 million (€ 4.8 million at 31 December 2019), current NFP € 1.2 million**

Rome, 16 March 2021

Portobello SpA (“Portobello “ or the “Company”), the company owner of the same-named retail chain of quality products at affordable prices, operating through *barter* activities in the field of *media advertising*, listed on the multilateral trading system AIM Italia, organized and managed by Borsa Italiana SpA, announces that today the Board of Directors of the Company has examined and approved the draft financial statement as at 31 December 2020, which will be submitted to the Shareholders’ Meeting on April 19, 2021, and, if necessary, in second call on April 20, 2021.

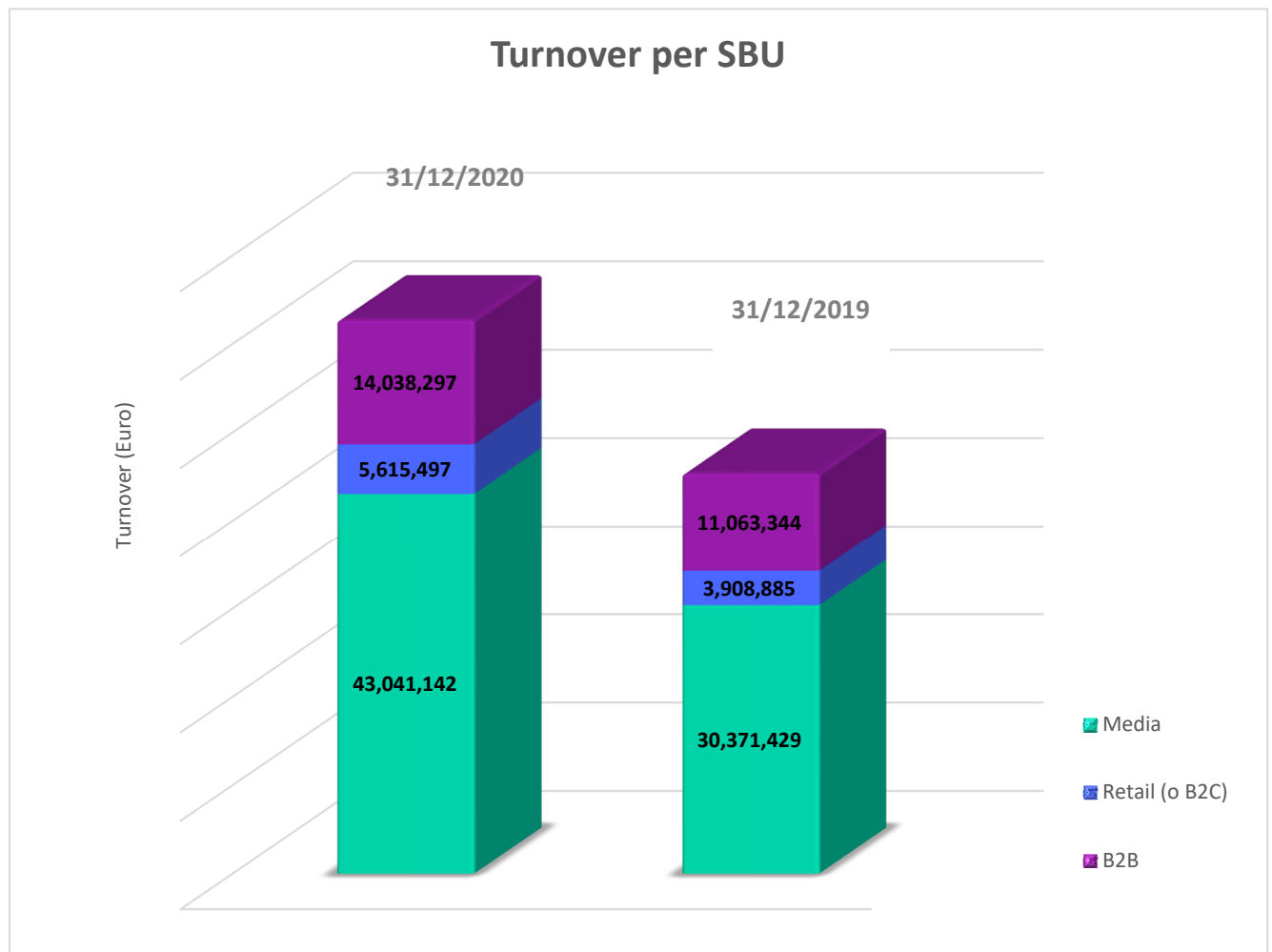
Roberto Panfili, Co-founder and COO of **Portobello SpA**, stated that:

“For the fourth consecutive year, Portobello has recorded a significant growth on all the main economic-financial performance indicators like + 39% in the Value of Production and + 32% in EBITDA, and closing with a Net Profit of 6 million euros, thus ranking among the best Companies listed on the Italian Stock Exchange, in contrast to the general trend of the reference markets afflicted by the pandemic. The main success factors that made the Company a valuable player on a national scale are its unique and innovative business model, the strengthening of the organizational structure and the expansion of the retail network.”

Economic and financial results as at 31 December 2020

Portobello continues its strong growth, recording a value of production of 64 million euros (+ 39% compared to 46.0 million euros at 31 December 2019). The breakdown of the net turnover of 62.7 million euros in 2020, per business area, is shown below. In 2020, the Media sector in particular registered a turnover growth of 42%, reaching 43.0 million euros (30.4 million euros at 31 December 2019) while B2C (Retail) grew by 44% up to 5.6 million euros (3.9 million euros at 31 December 2019); the B2B segment also grew by 27% reaching 14.0 million euros (11.0 million euros at 31 December 2019).

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These are the results that emerged from an intense activity on the various *business areas*, in particular:

- **MEDIA.** Although the advertising market in Italy witnessed a significant contraction in 2020, the turnover of the Portobello Media channel recorded an increase of 42% in the same year, compared to the previous one. A remarkable growth, obtained in every collecting channel. This was made possible by the peculiar and innovative business model of the Company which strengthened its position in the national market, becoming one of the main players in terms of reliability and competitiveness in the advertising sector. Thanks to the uniqueness of the Company's business model, advertisers can program their advertising campaigns without having to access the cash reserve, that is, by purchasing advertising services in exchange with goods, thus obtaining a double benefit: the possibility of building promotional campaigns without using company liquidity and the reductions of unsold inventory in their warehouses. Furthermore, these companies can benefit from the tax credit (so-called *advertising bonus*) up to 50% of the advertising investment made in 2020.

During the year 2020, Portobello acquired a stake - equal to 20.30% of the share capital - in the SAE Group (Sapere Aude Editori) Srl which took over from the Gedi News Network SpA group the business branches relating to the following newspapers:

- Il Tirreno
- La Gazzetta di Reggio
- La Nuova Gazzetta di Modena
- La Nuova Ferrara

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Said acquisition is part of the Portobello development plan and assumes a strategic role, given the possibility of obtaining access – through privileged commercial agreements by virtue of this participation – to quality media capable of increasing advertising spaces available to the Company. Furthermore, direct participation in these newspapers will prove to be important in promoting the Company's retail activity in the areas covered by the aforementioned publications (Tuscany and Emilia Romagna).

- **RETAIL.** Retail channel recorded a 44% increase in turnover in 2020 compared to the same period of 2019. This is mainly due to the increase in the sales area as a consequence of the opening of new stores in 2019 which then entered full capacity in 2020. However, even with reference to the same scope of the existing stores as of December 31, 2019, the like-for-like turnover is in line with that of the same period in 2019, excluding the forced lockdown period (March 12, 2020 - May 17, 2020). Very positive results were also recorded in relation to the gross margin, which grew by 46.2% in absolute value (11.2% in relation to turnover) compared to 2019. The online channel recorded extremely positive performances with a turnover growth of 306% in 2020 compared to the same period in 2019.

During the year 2020, three new stores were opened:

- Corso Buenos Aires in Milan: in one of the most important shopping streets in Italy, the Portobello store has an area of almost 450 square meters over two floors, with an escalator.
 - Corso Genova in Milan: touchstone of the city's nightlife, the Portobello shop consists of two levels with a lift, almost 650 square meters wide.
 - Via dei Colli Portuensi in Rome: an area with a high population density, the shop has an area of about 200 square meters with 5 windows and a great visual impact on the street.
- **B2B.** B2B sales also recorded excellent growth - equal to 27% compared to the same period of 2019 - thanks to the increase in trade-in contracts and the Company's ability to seize opportunities to monetize *stock* without loss of margins. This type of activity is opportunistic and useful for monetizing those products that are not resalable in Portobello stores, or related to purchases that have too high volumes compared to the stores currently open.

Compared to the values on 31 December 2019, the **EBITDA** (10.9 million euros as at 31 December 2020) had an improvement by 2.6 million euros, equal to a change of 31.8%. The incidence of EBITDA on turnover stood at 17.3%, demonstrating how the Company was able to maintain a high profitability index even in a context with marked elements of complexity linked to the global pandemic from Covid-19.

EBIT recorded a positive change of 26.3%, settling at 8.6 million euros compared to 6.8 million euros at 31 December 2019, demonstrating the high profitability of the business model. The **EBT** also recorded an increase of 24.5% compared to 31 December 2019, reaching 8.3 million euros as at 31 December 2020, compared to 6.7 million in the same period of 2019.

The **Net income** as at 31 December 2020 settles down to 6 million euros, also showing strong growth compared to the same period of 2019, which closed at 4.8 million euros, with an increase of 25.4%. The incidence on turnover was 9.5%, demonstrating how the Company was able to maintain a high profitability index.

The **fixed assets** increased by 1.5 million euros, equal to 42.2%, net of amortization of 1.9 million euros. The **inventory** increased by approximately € 7 million to € 16 million at 31 December 2020, an increase in line with the Company's development plan. The other items of the **working capital**, excluding the inventory, recorded a negative value of -2.7 million euros compared to 5 million euros in 2019, with a lower absorption of resources for a total of 7.7 million euros and an improvement of 282% compared to the previous year. Overall, current commercial assets fell by €0.6 million, equal to -4.5%.

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The **Net assets**, equal to € 16.1 million, increased thanks to the profit achieved in 2020.

The overall **Net Financial Position** is negative for 13.4 million Euros (negative at 31 December 2019 for 4.8 million Euros), while the current NFP is negative for 1.2 million Euros. This change is mainly due to the important investments made by the Company in the opening of new stores, in the new logistics structure, in acquisitions and in the national communication plan.

Proposal for the allocation of the operating income

The Board of Directors decided to submit a proposal to the Shareholders' Meeting to allocate the operating income, equal to Euro 5,954,646, to the legal reserve (Euro 3,684) and to the extraordinary reserve (Euro 5,950,962).

Foreseeable evolution of operations and events subsequent to 31 December 2020

The health crisis triggered by the Covid-19 pandemic is still ongoing and we are witnessing a new peak of infections throughout Europe with an increasing use of total or partial *lockdown*. According to analysts' forecasts, the first half of 2021 will be similar to 2020, that is, still marked by a strong global recession and then gradually returning to a situation of normality which, however, is unlikely to be fully achieved before 2022. Therefore, at the present moment, it is not possible to make a forecast on the duration of these problems nor, even less, on their economic and financial effect on the Company in the near future.

However, the results achieved during the year 2020 have clearly demonstrated the Company's resilience and effectiveness in responding to the crisis that has hit the world economy.

We believe that the Portobello business model may benefit from the tensions that persist both on consumers and on small and medium-sized enterprises, and we expect the barter business to continue its growth also in 2021, favored by the extension to the two-year period 2021- 2022 of the advertising tax credit in its new formulation. Investments in new direct stores will continue and the Franchising project will take shape, the start of which, initially scheduled for the second half of 2020, has been postponed compared to the initial forecasts following an in-depth assessment of the reference context by the Issuer's management.

There are no significant events after 31 December 2020.

Convening the Shareholders Meetings

The Board of Directors has decided to call the Ordinary and Extraordinary Shareholders' Meeting on April 19th, 2021 in first call and, if necessary, on April 20th, 2021 in second call.

The Board of Directors, convened today, also approved to propose the attribution to the Board of a mandate to increase the share capital and to issue bonds (including convertible ones) within the term of 5 years from the relative resolution. The capital increase and the issue of bonds that will be proposed in resolution are functional to allow Portobello to make investments and any acquisitions that allow it to further develop its growth path.

The topics on the agenda of the Shareholders' Meeting are the following:

Ordinary part

- Approval of financial statements for 2014
- Appointment of the Board of Directors
- Appointment of the Board of Statutory Auditors
- Appointment of the auditing company

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- Proposal to amend the stock grant plan upon revocation of the stock option plan

Extraordinary part

- Proposal to amend the articles of association
- Modification of the free-of-charge capital increase to service the stock grant plan
- Granting of a mandate to the board of directors to increase the share capital and issue bonds, including convertible ones

Within the terms established by current legislation, the notice convening the Shareholders' Meeting (which will also indicate the modalities of participation given the needs dictated by the current emergency situation) will be made available to the public at the Company's registered office and made available on the Company's website at the address www.portobellogroup.it, where the annual financial report as at 31 December 2020 and the explanatory reports of the directors to the Shareholders' Meetings on the proposals concerning the items on the agenda will also be available.

The press statement is available online on the website www.portobellogroup.it in the area "Investor Relation" and [www.http://www.1info.it/](http://www.1info.it/)

Attachments

Below are the main Portobello SpA financial statements relating to the year 2020 ended December 31, 2020 compared with the corresponding comparative values (in Euro), and specifically:

- Income statement as at 31/12/2020 (vs income statement as at 31/12/2019);
- Balance sheet as at 31/12/2020 (vs balance sheet as at 31/12/2019);
- Cash Flow Statement as of 12/31/2020 (vs Cash Flow Statement as of 12/31/2019);

recalling that the data reported therein are being certified by the appointed Auditing Company.

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INCOME STATEMENT

Income statement of the Company (in EUR)	31/12/2020	31/12/2019	Absolute Variation	Variation %
Revenues from sales and services	62,694,936	45,343,658	17,351,278	38.3%
Other revenues and income	1,308,851	690,983	617,868	89.4%
VALUE OF PRODUCTION	64,003,787	46,034,641	17,969,146	39.0%
Raw materials, ancillary and consumables and goods	51,240,993	31,048,470	20,192,523	65.0%
Services	4,409,893	2,812,332	1,597,561	56.8%
Leased assets	1,831,503	969,938	861,565	88.8%
Personal	2,624,428	1,874,375	750,053	40.0%
Variations in stocks of raw, ancillary, consumables materials and goods	(7,376,691)	887,268	(8,263,959)	-931.4%
Other management fees	407,048	199,812	207,236	103.7%
EBITDA	10,866,613	8,242,446	2,624,167	31.8%
%	17.3%	18.2%	(-0.8%)	
Depreciation, provisions and devaluation	2,288,730	1,453,186	835,544	57.5%
EBIT	8,577,883	6,789,260	1,788,623	26.3%
%	13.7%	15.0%	(-1.3%)	
Other financial income	529	5,705	5,176	-90.7%
Interest and other financial expenses	(294,218)	(141,059)	(153,159)	108.6%
EBT	8,284,194	6,653,906	1,630,288	24.5%
Income taxes for the year, current, deferred and prepaid	2,329,548	1,903,491	426,057	22.4%
Profit (loss) for the year	5,954,646	4,750,415	1,204,231	25.4%
%	9.5%	10.5%	(-1.0%)	

(*) EBITDA indicates the result before financial and extraordinary management, taxes, depreciation of fixed assets, of provisions and credit write-downs. The EBITDA thus defined represents the indicator used by the Directors of Portobello SpA to monitor and evaluate the operational performance of the company. As EBITDA is not identified as a measure accounting in the context of accounting principles, should not be considered an alternative measure for evaluating the trend of results operating principles of Portobello SpA. Since the composition of EBITDA is not regulated by the reference accounting principles, the determination applied by Portobello SpA may not be homogeneous with that adopted by other entities and/or groups and therefore not be comparable.

(**) EBIT indicates the result before financial charges and taxes for the year. EBIT therefore represents the operating result operational before the remuneration of both third party and own capital. The EBIT thus defined represents the indicator used by directors of the Company to monitor and evaluate the operational performance of the company. As EBIT is not identified as accounting measure in the context of national accounting standards and its composition is not regulated by the reference accounting standards, the determination criterion applied by the Company may not be homogeneous with that adopted by other entities and therefore may not result comparable with them.

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

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BALANCE SHEET

Balance Sheet of the Company (data in euros)	31/12/2020	31/12/2019	Variance Absolute	Variance %
Intangible Fixed Assets	2,921,276	2,322,550	598,726	25.8%
Tangible Fixed Assets	747,154	486,494	260,660	53.6%
Financial Fixed Assets	1,415,056	765,061	649,995	85.0%
NET FIXED ASSETS	5,083,486	3,574,105	1,509,381	42.2%
Inventories	16,409,403	9,332,712	7,076,691	75.8%
Customers	2,634,326	6,664,007	(4,029,681)	(-60.5%)
Suppliers	3,494,928	11,140,722	(7,645,794)	(-68.6%)
Other trade receivables	2,445,188	12,331,474	(9,886,285)	(-80.2%)
Other Trade Payables	4,321,483	2,871,379	1,450,104	50.5%
Commercial Working Capital	13,672,506	14,316,092	(643,585)	(-4.5%)
Other activities	22,764,134	6,315,544	16,448,590	260.4%
Other liabilities	11,765,585	9,235,899	2,529,686	27.4%
NET WORKING CAPITAL	24,671,055	11,395,737	13,275,319	116.5%
TFR	197,362	85,377	111,985	131.2%
Other provisions	69,556	-	69,556	n.a.
Net Invested Capital	29,487,623	14,884,465	14,603,159	98.1%
Shares	533,690	515,270	18,420	3.6%
Reserves	9,642,959	4,836,520	4,806,439	99.4%
Profit (loss) for the reporting period	5,954,646	4,750,415	1,204,231	25.4%
NET ASSETS	16,131,295	10,102,205	6,029,090	59.7%
Financial debts	1,680,967	2,000,000	(319,033)	(-16.0%)
Bank payables	14,812,755	4,283,109	10,529,646	245.8%
Liquid assets	3,137,394	1,500,849	1,636,545	109.0%
NFP	13,356,328	4,782,260	8,574,069	179.3%
TOTAL SOURCES	29,487,623	14,884,465	14,603,159	98.1%

(*) Commercial working assets are obtained as the global algebraic sum of credits and debts net of guarantee deposits and of prepaid taxes, while the net invested capital is obtained as the algebraic sum of the current assets, of the fixed assets, accrued income and current liabilities, long-term liabilities and accrued liabilities, excluding assets and liabilities to banks and other lenders. Commercial working capital and net invested capital are not identified as accounting measure in the context of the reference accounting standards. The determination criterion applied by the Company may not be homogeneous with that adopted by other entities and, therefore, the balance obtained by the Company, may not be comparable with that determined by other entities.

(**) It should be noted that during the preparation of the following table, receivables from BEXB for a total of Euro 499,803 (Euro 466,545 as of December 31, 2019) were reclassified among the Liquid Assets, as it is believed that they can be assimilated to liquidity considering that these are tokenized credits that allow, through a special platform, to be able to purchase goods and services as if they were cash.

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CASH FLOW STATEMENT

CASH FLOW STATEMENT - Indirect method	31/12/2020	31/12/2019
A) Financial flows resulting from operating activities (indirect method)		
Profit (loss) for the reporting period	5,954,646	4,750,415
Income taxes	2,329,548	1,903,491
Interests payable/(interests receivable)	293,689	135,354
<i>1) Profit (loss) for the year before taxes on income, interest, dividends and capital gains/losses from transfer</i>	<i>8,577,883</i>	<i>6,789,260</i>
Adjustments of non-monetary items that did not have net working capital offset		
Accrual to capital reserves	126,071	319,583
Depreciation of fixed assets	1,938,730	1,159,863
Write-downs for permanent depreciation		
<i>Total adjustments for non-monetary items not offset in net working capital</i>	<i>2,064,801</i>	<i>1,479,446</i>
<i>2) Financial flow before changes in net working capital</i>	<i>10,642,684</i>	<i>8,268,706</i>
Changes in net working capital		
Decrease/(increase) in inventories	(7,076,691)	1,137,268
Decrease/(Increase) in receivables from customers	4,029,681	(940,052)
Increase/(Decrease) in payables to suppliers	(7,645,794)	2,213,701
Decrease/(Increase) income and prepaid expenses	(16,448,590)	(3,411,348)
Increase/(Decrease) in accrued expenses and deferred income	2,529,686	(4,594,032)
Other decreases/(Other increases) in net working capital	9,810,962	(7,294,923)
<i>Total changes in net working capital</i>	<i>(1,800,746)</i>	<i>(12,889,386)</i>
<i>3) Financial flow after changes in net working capital</i>	<i>(4,158,062)</i>	<i>(4,620,680)</i>
Other adjustments		
Interest received/(paid)	(293,689)	(135,354)
(Paid income tax)	(805,706)	(335,732)
(Use of funds)	(14,086)	(287,556)
Other receivables/(Payables)	(31,672)	2,336,075
<i>Total other adjustments</i>	<i>(1,145,153)</i>	<i>1,577,433</i>
Financial flow from operating activities (A)	(5,303,215)	(3,043,247)
B) Financial flows resulting from investing activities		
Tangible fixed assets		
(Investments)	(406,696)	(287,609)
Intangible fixed assets		
(Investments)	(2,391,420)	(1,261,753)
Financial assets		
(Investments)	(649,995)	(765,056)
Non-fixed financial assets		
Realisable value of divestments		
Financial flow from investing activities (B)	(3,448,111)	(2,314,418)
C) Financial flows deriving from financing activities		
Third-party financing		
Increase /(decrease) in short-term payables to banks	960,587	180,065
New loans	10,255,000	5,622,753
(Repayment of loans)	(1,004,974)	
Own funds		
Paid capital increase	144,000	(1)
Cash flow from financing activities (B)	10,354,613	5,802,817
Increase (decrease) in cash and cash equivalents (A± B ± C)	1,603,287	445,152
Cash and cash equivalents at the beginning of the financial year		

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Bank and post office deposits	953,676	570,003
Cash in hand	80,628	19,149
Total liquid assets at the beginning of the financial year	1,034,304	589,152
Liquid assets at the reporting date		
Bank and post office deposits	2,604,369	953,676
Cash in hand	33,222	80,628
Total liquid assets at the end of the financial year	2,637,591	1,034,304

Portobello SpA, 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 with the resale of advertising space, owned or purchased by third parties, for a monetary consideration or alternatively through the barter system. The Company also manages a chain of Portobello-branded stores (either direct and in franchising), as well as an e-commerce channel (www.portobelloclub.it). In 2020, it achieved revenues of 64 million euros with an EBITDA of 10.9 million euros and a net profit of 6 million euros.

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