

BasicNet S.p.A.

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PRESS RELEASE

BASICNET - Q1 2020: LOCKDOWN DUE TO COVID-19 EMERGENCY REVERSES THE GROWTH OF 15.3% IN CONSOLIDATED REVENUES IN JANUARY AND FEBRUARY 2020.

CONSOLIDATED REVENUES FOR Q1 2020 TOTAL EURO 70.6 MILLION, -5.3%

AGGREGATED SALES OF LICENSEES EURO 216.7 MILLION, -10.3% (+9.4% IN THE FIRST TWO MONTHS OF 2020).

Turin, May 7, 2020. The Board of Directors of BasicNet S.p.A., in a meeting today chaired by Marco Boglione, reviewed the Group Q1 2020 commercial performance.

The Q1 2020 consolidated commercial results reported below reflect the restrictive measures put in place by the public authorities of the individual countries to contain the spread of the Coronavirus (Covid-19). In summary:

- aggregate sales of Group products by the global Licensee Network for the licensees were as follows:
 - commercial licensees Euro 159.2 million (Euro 184 million in Q1 2019), -13.5% and
 - productive licensees Euro 57.5 million (Euro 57.6 million in Q1 2019), -0.2%.
 totalling Euro 216.7 million (Euro 241.6 million in 2019), -10.3%.
- The first quarter saw a drop in aggregate sales across all regions: Europe reported a 9.1% slowdown, the Americas 9%, the Middle East and Africa 18.7%, while Asia and Oceania, where the impacts from the health emergency were dealt with earlier, reported a decline of 33.6%;
- consolidated revenues of Euro 70.6 million (-5.3% on Q1 2019) are broken down as follows:
 - royalties and sourcing commissions of Euro 12.2 million (-5.4% on 2019) and
 - direct sales of Euro 58.4 million (-5.3% on Q1 2019). This result was particularly impacted by Covid-19, which initially caused a considerable slowing of operations and thereafter the full closure of physical stores - from March 9 in Italy and number of weeks later across the rest of Europe.

The initial two months of the year saw excellent commercial growth, despite an Asian market already impacted by the pandemic:

- aggregate commercial and productive licensee sales: +9.4%;
- consolidated revenues: +15.3%, supported by a 17.3% increase in direct sales.

Covid-19 update

As known, since January 2020, the domestic and international environment has been dominated by the gradual spread of Covid-19 and the resulting restrictive containment measures implemented by the governments of the countries affected.

The uncertainty related to the duration of the pandemic, the consequent restrictive measures and consumption forecasts for "Phase 2" do not currently permit reliable estimates upon the commercial performance for the current year.

In order to deal with the emerging scenario, BasicNet in February promptly created a "Crisis unit" to handle the Covid-19 emergency, through which measures to protect the health and safety of employees were introduced and all possible strategies to safeguard the operating and financial sustainability of the Group were rolled out.

Shareholders' Meeting

The Board of Directors has decided to review on May 28, 2020 the allocation of the 2019 net profit and the other proposals to be drawn up for a Shareholders' Meeting to be held by June 30, 2020.

The Chief Executive Officer Federico Trono will present to the market the Q1 2020 commercial results during a video conference call **this afternoon at 5.30 PM.**

To join the video conference call (to be held in English), click on:

[Attend the Microsoft Teams meeting](#)

[+39 02 0062 4808](#) Italy, Milan

ID conference: 507 073 272#

The presentation may be downloaded from the website www.BasicNet.com, from the section: "financial data/other information and presentations" shortly before the video conference, at the following link:

www.basiconet.com/contenuti/datifinanziari/informazioniannuali.asp?menuSelectedID=3g&language=IT

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 this press release:

Aggregated sales of Commercial licensees:

sales by commercial licensees, recognised by the BasicNet Group to the "royalties" account of the income statement;

Aggregated sales of Productive licensees:

sales by productive licensees, recognised by the BasicNet Group to the "sourcing commissions" account of the income statement;

Consolidated Revenues

the sum of royalties, sourcing commissions and sales of the licensee company BasicItalia S.p.A. and its subsidiaries BasicRetail S.r.l., BasicRetail Suisse S.A. and the companies of the Kappa Europe S.A.S. Group, in addition to the parent company BasicNet S.p.A..

The Executive Officer for Financial Reporting, Ms. Paola Bruschi, declares in accordance with Article 154-bis, paragraph 2, of the Consolidated Finance Act that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.