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PRESS RELEASE - BasicNet reacquires the Kappa brand in Japan.

Turin, July 31, 2020 - BasicTrademark, the Group's brand owning company, a wholly-owned subsidiary of BasicNet S.p.A., today signed an agreement to reacquire the Kappa brand for Japan from the Chinese Group DongXiang, listed on the Hong Kong Stock Exchange.

The closing of the transaction, which is expected to take place in the coming months, stipulates consideration of USD 13 million for the purchase of all related rights. The acquisition is limited to intellectual property assets only and does not include any related business unit.

The rights for the exploitation of the brand for Japan had been sold in 1994 to Phenix, a Japanese licensee company, by the newly incorporated BasicNet to finance the acquisition of Maglificio Calzificio Torinese. In 2008, the Phenix Group was acquired by the Chinese Group DongXiang, owner since 2006 of the Kappa brand for the territories of China mainland and Macao.

Japan is a key market in the world of sportswear that has been appreciating our products since the early '80s, coming to reach a position of high market standing over time to then begin a prolonged period of stagnation. In 2019, sales of Kappa brand products in the territory amounted to over USD 30 million. With the integration to the BasicNet Business System and the selection of new licensee partners, we hope to give a major boost to the development of the brand in the country, also thanks to the very positive feedback that our brand continues to receive at a global level.

The Chairman of the BasicNet Group, Marco Boglione, regarding the transaction stated: *"I admit that the satisfaction with repurchasing the Kappa brand in Japan is immense. With the world's third largest economy entering the BasicNet system, the global strategic project for the "omini" brand is completed. The DongXiang Group will independently manage the People's Republic of China and BasicNet the rest of the world. I would like to take this opportunity to thank my friend Mr. Chen Yihong, founder and Chairman of the DongXiang Group, who has been working with passion, courage and intelligence to develop the standing and growth of the Kappa brand for almost 20 years now"*

Mr. Chen Yihong, Chairman and Executive Director of China Dongxiang, said: *"The disposal enables the Group to better integrate its resources and focus on the development of Kappa brand in the PRC, which is in the interests of the Group's long-term development and the shareholders as a whole. Looking forward, we will, as always, continue to develop our business in the PRC through a multi-brand strategy, as well as to explore market opportunities."* Chairman Chen concluded, *"In 2005, China Dongxiang acquired from BasicNet all rights of Kappa brand in China and Macau. In 2008, the Group acquired Phenix, which owned and managed Kappa brand in Japan, becoming the owner of Kappa in both China and Japan. Today, the sale of Kappa Japan back to BasicNet reflects our close and harmonious relationship. In our nearly two decades of cooperation, I'm delighted that we have been respecting each other's core interests, and continued to deepen our cooperation. I would like to express my sincere gratitude to Mr. Marco Boglione, Chairman of BasicNet. I hope that we can treasure what we had in the past and look forward to the future, working on our new foundation and bring the century-old brand Kappa towards a new milestone."*

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