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PRESS RELEASE
BASICNET - 2019 preliminary results reviewed. AGGREGATE SALES EXCEED 1 BILLION. GROWTH CONTINUES.

Aggregate sales of the commercial and productive licensees of Euro 1,025 million (+17.1%).

Consolidated revenues of Euro 305.7 million (+45.3%).

EBITDA of Euro 42.5 million (+28.7%). EBIT of Euro 30.6 million (+15.0%).

Turin, February 14, 2020 – The Board of Directors of BasicNet S.p.A., at a meeting today chaired by Marco Boglione, reviewed the 2019 preliminary results, ahead of the definitive results which will be reviewed by the Board on March 4 next.

In summary:

- aggregate sales of Group products by the Global licensee Network of Euro 1,025 million, up 17.1% as follows:

In Euro millions	2019	2018	% Change
Commercial licensees sales	742.9	622.6	+19.3%
Productive licensees sales	282.4	252.7	+11.8%
Licensees aggregate sales	1,025.3	875.3	+17.1%

European market growth continues (+17.3%). Major American market growth (+38.5%), with significant recovery on Middle Eastern and African markets (+35.9%). The Asian and Oceania markets grew 6.1%.

- Consolidated revenues growth was supported by the inclusion from January 2019 in the Group's scope of Kappa Europe, the holding company of a group of Kappa® brand licensee companies for France, UK, Switzerland, Spain and Portugal. The acquisition added Euro 77.6 million to direct sales growth and resulted in the elimination of royalties matured on revenues generated by Kappa Europe Group for Euro 6.8 million:

In Euro millions	2019	2019 like for like (**)	2018	% Change	Cge. % like-for-like
Consolidated revenues:	305.7	235.2	210.5	+45.3%	+11.8%
<i>of which royalties and sourcing commissions</i>	<i>55.6</i>	<i>62.4</i>	<i>54.8</i>	<i>+1.3%</i>	<i>+13.8%</i>
<i>of which direct sales</i>	<i>250.1</i>	<i>172.8</i>	<i>155.6</i>	<i>+60.7%</i>	<i>+11.1%</i>

- EBITDA of Euro 42.5 million (Euro 33 million in 2018), up 28.7%, including the effects from applying IFRS 16 for the reclassification of Euro 5.5 million of lease charges to amortisation and interest charges;

- EBIT of Euro 30.6 million (Euro 26.6 million in 2018), +15.0%;
- financial debt of Euro 78.3 million (Euro 51.7 million at December 31, 2018). The balance includes the effects of the first-time adoption of IFRS 16 which resulted in the recognition of a debt of Euro 19.3 million and the debt of Kappa Europe Group of approx. Euro 15 million. The debt/equity ratio at December 31, 2019 (net of the application of IFRS 16) at 0.48 is substantially in line with 0.46 at the end of 2018.
Dividends of Euro 6.5 million were distributed in the year (Euro 3.3 million in 2018), with Euro 4.4 million invested to acquire treasury shares.

"Our marketplace's solidity and sustainability is reflected in our licensees exceeding Euro 1 billion of aggregate sales - stated Chief Executive Officer Federico Trono - and confirms our Group's competitive strength on the global market".

SUBSEQUENT EVENTS

Chinese Health Crisis

The Board at today's meeting also reviewed the impacts from the ongoing Chinese health crisis. The status of the Chinese productive licensees is being closely monitored. BasicNet's business model inherently diversifies production by geographical area. In terms of distribution, after the sale of the Kappa® brand in China, the Chinese market has become marginal.

Basic Village

The transaction announced on August 5 was completed on January 30 with the full acquisition of Aprica Costruzioni S.r.l. Aprica owns an industrial building covering approx. 4,000 sq. mtrs. located at Via dell'Aprica 12 in Milan. The post-industrial building complex dating back to 1911 is located near the "Scalo Farini" district.

The transaction was completed for a value of Euro 10.5 million through BasicVillage SpA, a company controlling the Group's real estate assets. It was initially funded by the parent company BasicNet S.p.A..

Through this investment, BasicNet Group will gain a stable presence in Milan, acquiring suitable offices, showrooms and commercial spaces to present BasicNet's range, replicating the successful BasicVillage of Turin in a globally strategic location.

(*) The 2019 results, which were not audited, reflect the acquisition of the French licensee Sport Finance SAS (now Kappa Europe SAS), consolidated from January 2019, in addition to the application of IFRS 16.

The adoption of the new IFRS 16 provides for the application of the finance approach to lease contracts (with effects for BasicNet essentially deriving from the property lease contracts of the Group's more than 60 brand stores), whereby the rights-of-use must be recognised under assets, with the corresponding payable recognised under liabilities. In the income statement, the cost of the service is replaced by the amortisation of the rights-of-use and the interest related to the debt.

The Group adopted IFRS 16, recognising the cumulative effect at the initial application date (modified retrospective method). The 2019 preliminary figures indicated above are therefore not immediately comparable with the corresponding amounts for the previous year. The application of the new standard for 2019 resulted in:

- the recognition of a financial liability (financial payables for operating leases as per IFRS 16) of approx. Euro 19.3 million;
- an EBITDA improvement of Euro 5.5 million, from the reversal of leasing charges, offset by higher amortisation and depreciation and increased financial charges.

(**) Like-for-like concerns pro-forma revenues calculated deconsolidating Kappa Europe from direct sales and considering it as a third-party licensee (as in the 2018 financial year).

The Chief Executive Officer Federico Trono will present the 2019 preliminary results to the market during a video conference to be held **this afternoon at 5 PM**. To join the video conference call (to be held in English), click on:

[Join Skype Meeting](#)

or telephone: +390200624808

(ID conference: 249518155 and PIN conference: 47794)

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.basicnet.com/contenuti/datifinanziari/informazioniannuali.asp?menuSelectedID=3q&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:

- **Commercial licensee aggregate sales:** sales by commercial licensees, recognised by the BasicNet Group to the "royalties" account of the income statement;
- **Productive licensee aggregate sales:** 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..
- **EBITDA:** "operating result" before "amortisation and depreciation".
- **EBIT:** "operating result".
- **Financial debt** this is an indicator of the financial structure and is calculated as the difference between financial liabilities and assets, both short and long term, including from 2019 operating lease payables under IFRS 16.
- **Debt/equity ratio** this is an indicator of the financial structure of the balance sheet and is calculated as the ratio of financial debt to shareholders' equity.

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.