



1H 2020 Conference call

July 30th 2020

Business model's flexibility softens the impact of the global pandemic on 1H results.

After a strong start to the year (January and February: + 15,3% YoY), **1H aggregated sales** amounted to € 367,6m, with sales of licensees at € 259,6m and sales of sourcing centers of € 108,0m.

€ 368m
Aggregated Sales

Consolidated sales amounted to € 109,1m: royalties income from ASL stood at € 19,5m, royalties income from ASSC at € 7,3m and direct sales at € 86,7m. Direct sales included a remarkable growth of the online channel (+87%). After reopening in mid May, sales from Plug@Sell shops performed better than expected, despite still lower YoY.

€ 109m
Consolidated Sales

EBITDA was slightly positive, after including communication investments exceeding € 20m, with a slight increase YoY (expected to support 2H and future sales).

€ 0,8m
EBITDA

Net Financial Position stood at € 81,6m (€ 78,3m at YE 2019) after € 10,5m cash out to finalize the 2019 acquisition of BasicVillage Milano and € 2,9m CAPEX, through a careful management of trade working capital.

€ 82m
NFP

Acquisition of Aprica Costruzioni

On January 30, 2020, BasicVillage S.p.A. completed the 2019 acquisition of 100% of Aprica Costruzioni S.r.l., that owns an industrial building of approximately 4.000 square meters in **Milan**, for an overall value of € **10,5 million**.

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.

Reorganization of Real Estate activities

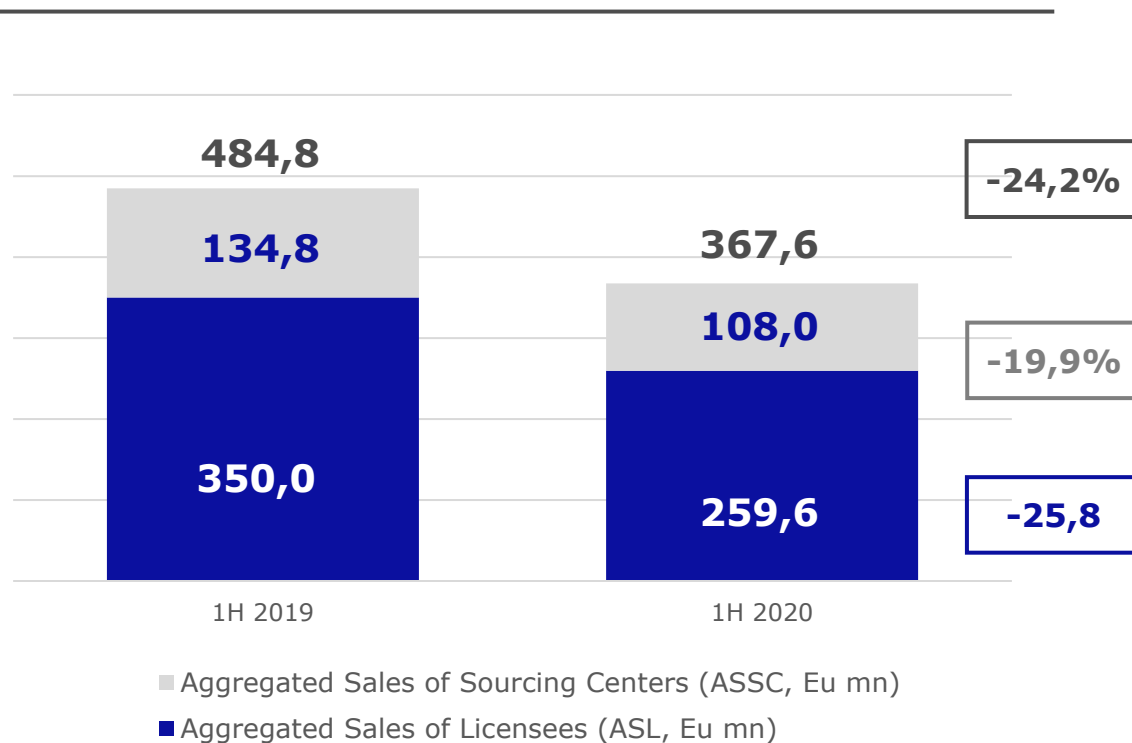
Following the acquisition of the BasicVillage in **Milan**, BasicNet Group has started the reorganization of its real estate activities within BasicVillage S.p.A. for efficiency purposes.

Under this plan, BasicVillage has incorporated Aprica Costruzioni and the real estate property of BasicItalia.

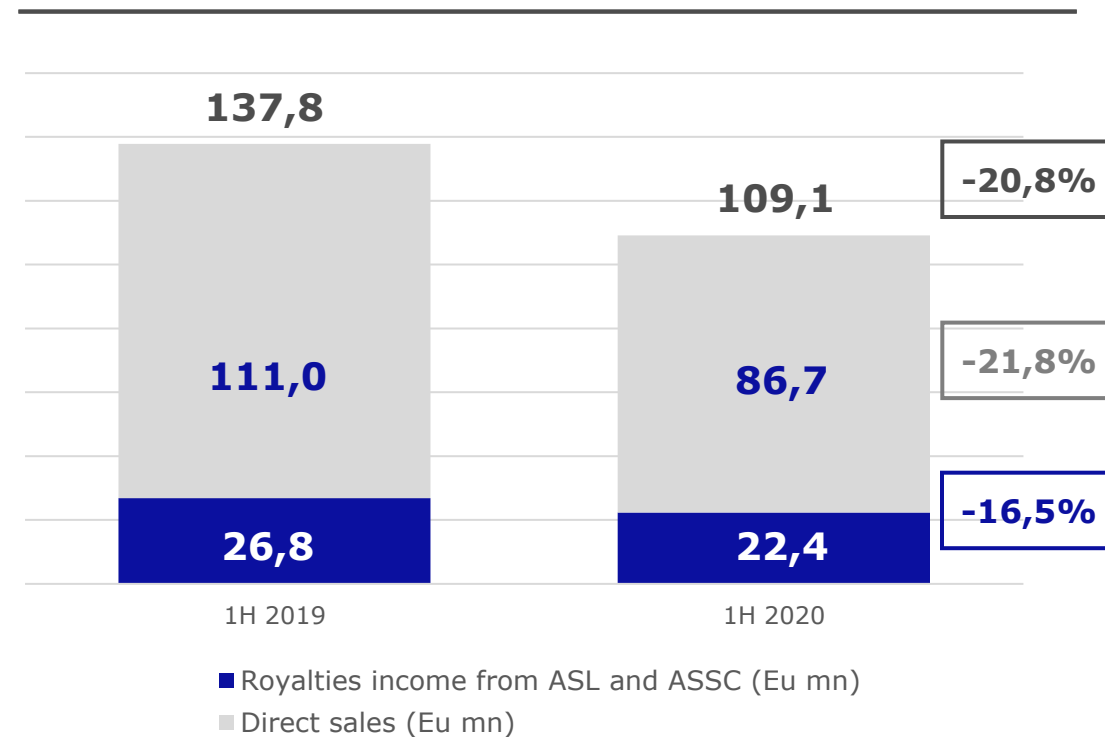
Reorganization of Group's Brands Portfolio

BasicNet has launched a corporate reorganization, with the goal of concentrating the ownership of its **brands** in BasicTrademark, which, as of today, directly owns the brands Kappa®, Robe di Kappa®, Superga®, Briko® and Jesus® Jeans, and -indirectly through Fashion S.r.l.- Sabelt®.

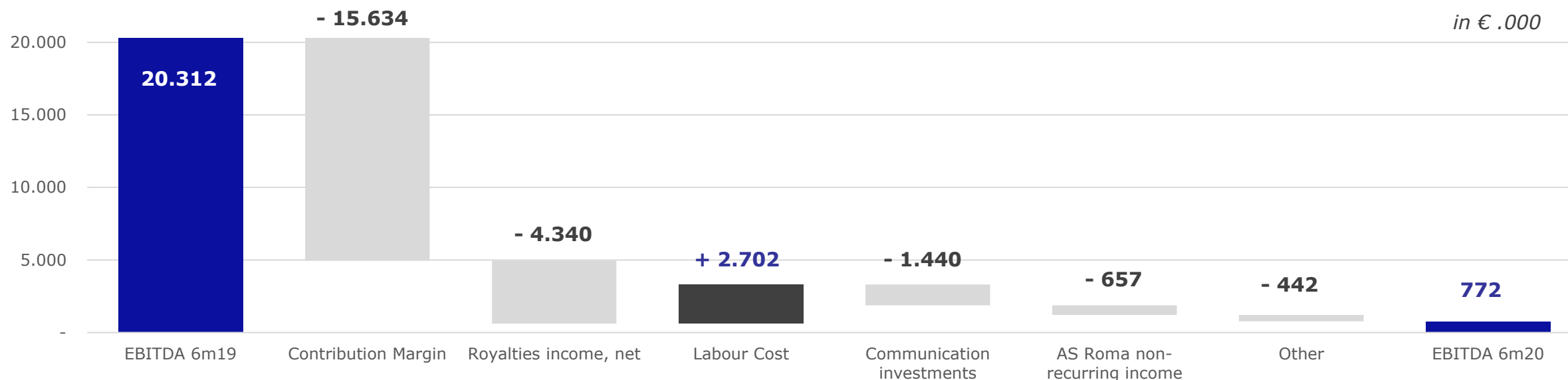
AGGREGATED SALES



CONSOLIDATED SALES



1H 2020 EBITDA Walk



- **Contribution margin** suffered from lower sales volumes and temporary commercial actions on prices
- **Net royalties income** included lower royalties income from **ASL** (- € 3,7m) and **ASSC** (- € 0,7m), net of €0,1m saving on royalties paid to third parties
- **Labour cost** decreased due to temporary layoffs in all countries of operation (Italy, France, Spain and UK)
- **Communication investments** were slightly increased after some savings on sponsorship agreements due to covid-19-driven early stoppage of sports competitions in certain countries
- 6m19 EBITDA benefitted from **non-recurring** income from the settlement of AS Roma litigation
- Other changes include higher **bad debt provision** (+ € 0,4m) to account for possible higher risk of credit collection

1H 2020 Key data

<i>in € million</i>	1H 2020	1H2019	Variance
Total Consolidated revenues	109,1	137,8	- 20,8%
Communication investments	22,7	21,3	+ 6,8%
EBITDA	0,8	20,3	- 96,2%
<i>EBITDA %</i>	<i>0,7%</i>	<i>13,7%</i>	
EBIT	(5,0)	14,6	- 134,1%
<i>EBIT %</i>	<i>-4,2%</i>	<i>9,8%</i>	
Net result	(5,5)	10,4	- 153,1%
Free cash flow	0,3	(9,1)	
Trade Working Capital	77,4	91,2	-15,2%

1H 2020 Consolidated Net Financial Position

BasicNet

in € .000	30.06.20	31.12.19	30.06.19
Net Cash	(30.772)	(27.040)	(31.911)
ST portion of MT Loans	(7.972)	(9.169)	(8.414)
MT Loans	(19.645)	(19.939)	(25.834)
IFRS 16 debt	(20.360)	(19.287)	(17.996)
Put/call option	(2.839)	(2.839)	(2.839)
Net Financial Position:	(81.588)	(78.274)	(86.994)
Equity:	109.691	121.741	114.555
NFP/Equity:	0,74	0,64	0,76

Back-Up

1H 2020 Consolidated results

INCOME STATEMENT

in € .000	1H 2020	1H 2019
Consolidated direct sales	86.765	110.962
Cost of sales	(52.976)	(61.335)
GROSS MARGIN	33.789	49.627
Royalties and Sourcing Commissions	22.382	26.819
Other income	1.884	2.659
Sponsorship and media costs	(19.913)	(18.685)
Other communication costs	(2.779)	(2.567)
Labour cost	(14.018)	(15.876)
SG&A	(20.575)	(21.665)
EBITDA	772	20.312
Depreciation and Amortisation	(5.742)	(5.737)
EBIT	(4.970)	14.576
Net financial income (charges)	10	(795)
EBT	(4.960)	13.781
Income taxes	(562)	(3.373)
NET RESULT	(5.522)	10.408

CASH FLOW STATEMENT

in € .000	1H 2020	1H 2019
Net Financial Position, opening	(78.274)	(51.681)
First adoption of IFRS 16	-	(16.980)
Net result	(5.522)	10.408
Depreciation and Amortisation	5.742	5.737
Changes in Operating Working Capital	12.876	(797)
Other	495	445
Operating Cash Flow	13.591	15.794
Capital expenditures	(2.901)	(7.833)
Changes in Consolidation Area	(10.466)	(17.371)
Disposal of fixed assets	50	264
Capital expenditures, net	(13.317)	(24.940)
New Debts for Right of Use, net	(4.151)	(1.439)
Saving from Covid-19 concessions	564	-
Acquisition of treasury shares	-	(1.279)
Dividends	-	(6.468)
Financing activities, net	(3.587)	(9.186)
Change in Net Financial Position	(3.313)	(18.333)
Net Financial Position, closing	(81.588)	(86.994)

1H 2020 Communication activities

BasicNet

Kappa **ROBE DI KAPPA®**



SUPERGA®



Kappa

ROBE DI KAPPA

Jesus jeans

SUPERGA

KWAY

Sabell

SEBAGO

BRIKO

1H 2020 Communication activities

BasicNet

K-WAY®



SEBAGO®



Aggregated Sales of Licensees (ASL)	sales by commercial licensees
Aggregated Sales of Sourcing Centers (ASSC)	sales by productive licensees
Communication investments	Sponsorship and media costs along with Commercial expenses
Consolidated sales	the sum of royalties income from ASL, sourcing commissions from ASSC and direct sales of goods
Plug@Sell Shops	Italian shops powered by BasicNet either run directly by BasicRetail or through a network of franchisees

BasicNet®