

BasicNet S.p.A.

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BASICNET - BUSINESS MODEL ENABLES POSITIVE OPERATING AND FINANCIAL RESULTS, DESPITE CHALLENGING MARKET ENVIRONMENT. GROUP CONTINUES TO INVEST IN DRIVING GROWTH.

Turin, October 29, 2020. The Board of Directors of BasicNet S.p.A. has approved the consolidated results for the first nine months of 2020.

The first 9 months report:

- **aggregate sales** of Group products by the Global licensees Network of Euro 608.4 million, decreasing 21.8% on Euro 777.6 million in 2019 - as follows:
 - commercial licensees of Euro 442.7 million (Euro 565.4 million in 9M 2019, -21.7%) and
 - productive licensee sales of Euro 165.7 million (Euro 212.2 million in 9M 2019, -21.9%),
 with a partial recovery on the main markets of the impact on sales caused by the measures taken by the various countries to fight the spread of COVID-19;
- **consolidated revenues** of Euro 196.5 million (Euro 235.8 million in 9M 2019, -16.7%, reducing to -10.8% in the third quarter alone), as follows:
 - royalties from commercial and productive licensees: Euro 33.2 million (Euro 40 million in 9M 2019, -17%) and
 - direct sales: Euro 163.3 million (Euro 195.8 million in 2019, -16.6%).

Quarterly disclosure

BasicNet's Board of Directors today, in order to provide a more complete and timely disclosure to the market, also in light of the uncertainty linked with the COVID-19 pandemic, supplemented its quarterly reporting on the commercial performance with the economic and financial key performance indicators, which are monitored by the Group on an ongoing basis.

The key indicators are:

- **EBITDA:** Euro 16.1 million (Euro 38.2 million in 9M 2019). Marketing and communication investment, both in Italy and overseas, amounted to Euro 33 million (Euro 34.1 million in 2019), reflecting the continued commitment to consolidating and developing own brands;
- **EBIT:** Euro 7.4 million (Euro 29.4 million in 9M 2019);
- **net debt:** Euro 80.1 million, down on Euro 93.3 million at September 30, 2019 and with a contained increase on Euro 78.3 million at December 31, 2019.

Three major investments were rolled out in the period to support the Group's growth and consolidation; in September, the Kappa brand in Japan was reacquired for a consideration of Euro 10.9 million and the acquisition of Kappa Europe was completed for a consideration of Euro 1.9 million, while in January the acquisition of the Milan BasicVillage was concluded for a consideration of 10.5 million.

Outlook

The uncertainties regarding the development of the pandemic and the consequent containment measures make forecasts for the current year difficult.

The Chief Executive Officer Federico Trono will present to the market the 9M 2020 results during a video conference to be held today at 5:30 PM CET.

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

Attend the Microsoft Teams meeting

+39 02 0062 4808 Italy, Milan (charges applied)

ID conference: 617 131 356#

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=3g&language=IT

In relation to the “alternative performance measures”, as defined by the ESMA/2015/1415 guidelines, we provide below a definition of the measures used in this press release:

- **Commercial licensees or licensees:** independent business owners, granted licenses to distribute Group brand products in their respective regions.
- **Productive licensees or sourcing centers:** third-party firms to the Group. Their function is to manufacture and market merchandise and are located in various countries worldwide, depending on what type of goods they produce.
- **Commercial licensee aggregate sales:** sales by commercial licensees, recognised by the BasicNet Group to the “royalties and sourcing commissions” account of the income statement.
- **Productive licensee aggregate sales:** sales by productive licensees, recognised by the BasicNet Group to the “royalties and 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.
- **Marketing and communication investment** the sum of sponsorship and media costs and other communication costs including overheads.
- **EBITDA:** “operating result” before “amortisation and depreciation”.
- **EBIT:** “operating result”.
- **Net debt:** total of current and medium/long-term financial payables, less cash and cash equivalents and other current financial assets.

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.