

Stefanel Group

STEFANEL

Sale Procedure - Potential Investment



June 2020

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- *The operating data is based on inhouse data for Stefanel and which has therefore not been audited.*

Agenda

- 1. Group Overview and Sale Procedure**
- 2. Stefanel BU Overview**
- 3. Interfashion BU Overview**

1. Group Overview and Sale Procedure

Stefanel Group

The Stefanel Group was founded in Italy in 1959. In its 59-year history, Stefanel has become one of the leading brands in Italian fashion and a symbol of excellence. Since the very beginning the Group has worked with a strong international approach, establishing its presence in the main European fashion markets, such as London, Berlin and Milan.

In 1961 was transformed into "*Maglificio Piave*" by Carlo Stefanel & C. S.a.s. " and in 1979 in a joint-stock company, with the name of "*Maglificio Piave S.p.A.*".

In 1982, "*Stefanel*" was established, and in 1983, the company acquired the entire share capital of Maglificio Piave S.p.A., later incorporated in January 1984.

In 1987 the company was listed on the Italian Stock Exchange in Milan, in the FTSE Italia Small Caps segment.

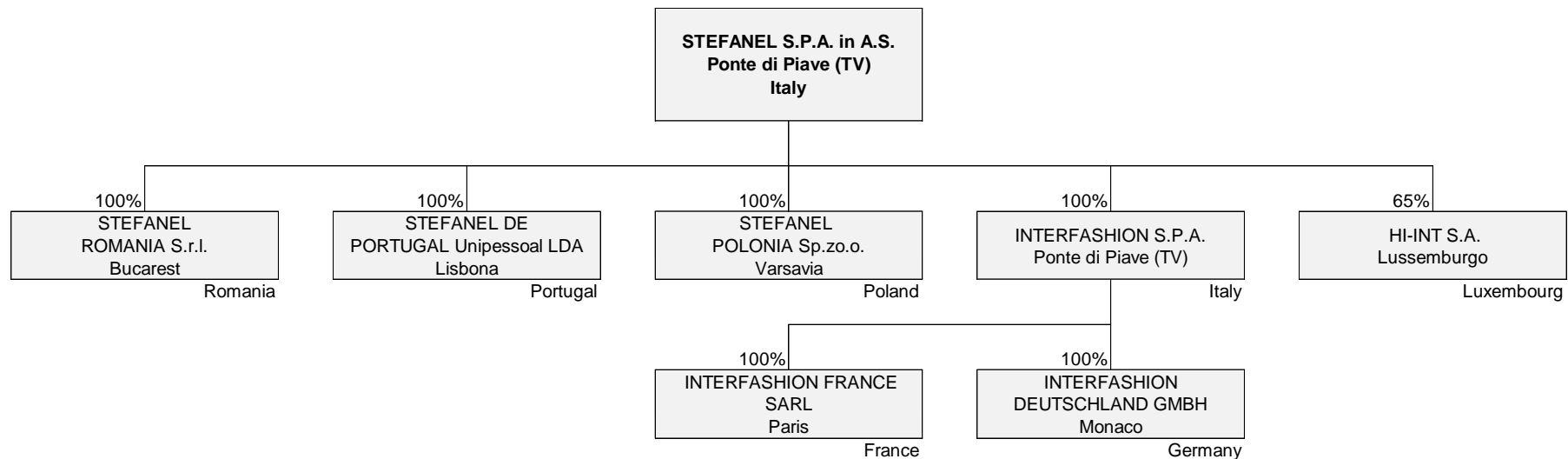
This was followed by a period of international expansion that in the 1990s saw the establishment of the Interfashion *Business Unit*, dedicated to the production and marketing of garments with licensed brands. In 2007 Interfashion S.p.A. began marketing garments under the *HIGH* brand.

Stefanel Group currently operates through two *Business Units*: Stefanel and Interfashion. The BU Stefanel consolidates Stefanel S.p.A., which owns Stefanel's brand and the foreign subsidiaries; the BU Interfashion BU is composed of Interfashion S.p.A. and its subsidiaries and HI-INT S.A.

STEFANEL
— HIGH —



Stefanel Group



Note: The chart doesn't include the companies in liquidation

Amministrazione Straordinaria – Insolvency Procedure

On 8 July 2019 the Court of Venice declared the insolvency of Stefanel S.p.A and, in September 2019, the subsequent admission to the “Amministrazione Straordinaria” procedure (i.e. “Extraordinary Administration”).

By subsequent decree dated 19 September 2019, the Minister for Economic Development appointed Extraordinary Commissioner Mr. Raffaele Cappiello, who submit the Extraordinary Administration Program on 16 January 2020 and approved by the Ministry on 8 June 2020.

The Italian Extraordinary Administration proceedings is both a court and an administrative-directed procedure available to large insolvent companies and aimed at protecting the company’s assets, goodwill and employees through the continuation, reactivation or conversion of business activities.

In the Program, the Commissioner established that the sale of the company’s assets, through the continuation of business activities, was the best way to achieve the conservation of the Company's productive assets: Stefanel BU and Interfashion BU.

Stefanel BU & Interfashion BU

Stefanel BU is the core (administrative - commercial – technical - organizational) of the Group.

The perimeter is composed of:

1. the Stefanel trade mark;
2. the Stefanel headquarter located in Ponte di Piave (TV) in the building owned by the Company where administrative, technical/organisational and commercial activities are carried out;
3. the network of more than 30 sales stores leased in Italy; and
4. certain equity investments in foreign subsidiaries: Stefanel De Portugal Unipessoal LDA, Stefanel Romania S.r.l., Stefanel Polonia Sp.zo.o. and the sales stores abroad managed by these companies (such investments could be separated should they not be of any interest to the potential purchaser).

Interfashion BU is composed of:

1. Interfashion S.p.A. with headquarter in Rimini (RN), which produces and distributes, under licence, HIGH-branded garments and which holds shares in two companies of the same name with registered offices in Germany and France;
2. HI - INT S.A. (with registered office in Luxembourg).

These companies are controlled by Stefanel respectively by 100% and 65% (the remaining 35% of HI is owned by Claire Campbell).

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— HIGH —

Sale Procedure

The Sale Procedure's terms and conditions are provided by «Disciplinare della Procedura di Cessione», as stated in the Extraordinary Administration program (the "Program"), prepared in compliance with the provisions of Articles 54 and 56 of Legislative Decree no. 270/1999. Disciplinare provides the rules of the sale procedure, the conditions for the submission of expressions of interest, the arrangements for due diligence activities, the form of requested binding offers, the criteria for the offers selection, information on the Sale Agreement and the completion of the transfer of the compendium, in order to ensure the conditions of fairness and transparency and in compliance with the provisions of Articles 62 and 63 of Legislative Decree no 270 of 8 July 1999.

Starting on June, a call for expressions of interest* related to Stefanel's company assets (2 BU, also sold separately), is published on certain newspapers.

Expressions of interest, prepared in compliance with the terms, criteria and conditions that can be found in the informative notice published on <http://www.amministrazionestraordinariastefanel.it>

The Extraordinary Commissioner appointed Spada Partners Associazione Professionale (Corso Italia 22, 20122 Milano, tel. +39 02 76014181 www.spadapartners.it) as Advisors, for the management with regard to the scouting activities of potential purchasers. All communications or enquiries relating to the potential Transaction should be directed to any of the individuals at Spada Partners listed below:

- Roberto Spada – Partner – roberto.spada@spadapartners.it
- Cristiano Proserpio - Partner - cristiano.proserpio@spadapartners.it
- Davide Pula – Associate - davide.pula@spadapartners.it
- Gabriele Conca – Associate – gabriele.conca@spadapartners.it



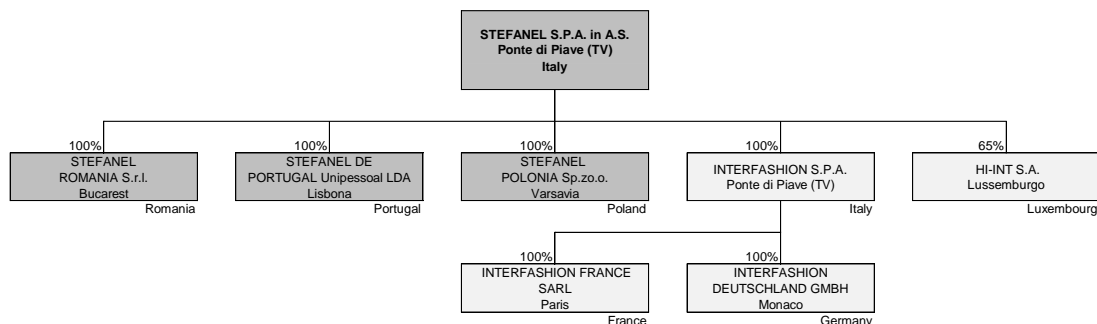
* The call doesn't represent a public offering under Art. 1336 of the Italian Civil Code or Art. 94 et seq. of Italian Legislative Decree No. 58/1998

2. Stefanel BU Overview

Stefanel BU

Stefanel Business Unit is composed of the Stefanel brand, the network of more than 30 sales outlets leased in Italy and certain equity investments in foreign subsidiaries (shown in the chart below).

Moreover, the BU is composed of the Stefanel head office located in Ponte di Piave (TV) owned by the Company where administrative, technical/organizational and commercial activities are carried out.



Economics by country - Stefanel BU		
€'000	2018	2019
Net sales		
Italy	27.419	21.239
Romania	5.261	4.979
Portugal	4.338	4.469
Poland	2.590	2.488
Subtotal	39.608	33.175
COGS		
Italy	(15.744)	(11.297)
Romania	(3.301)	(3.057)
Portugal	(2.791)	(2.821)
Poland	(1.710)	(1.500)
Subtotal	(23.547)	(18.676)
Gross Margin	16.062	14.499

Source : Management information

Note: the information provided in the table above, only refers to sell-out to customers in stores located in the above-mentioned countries.

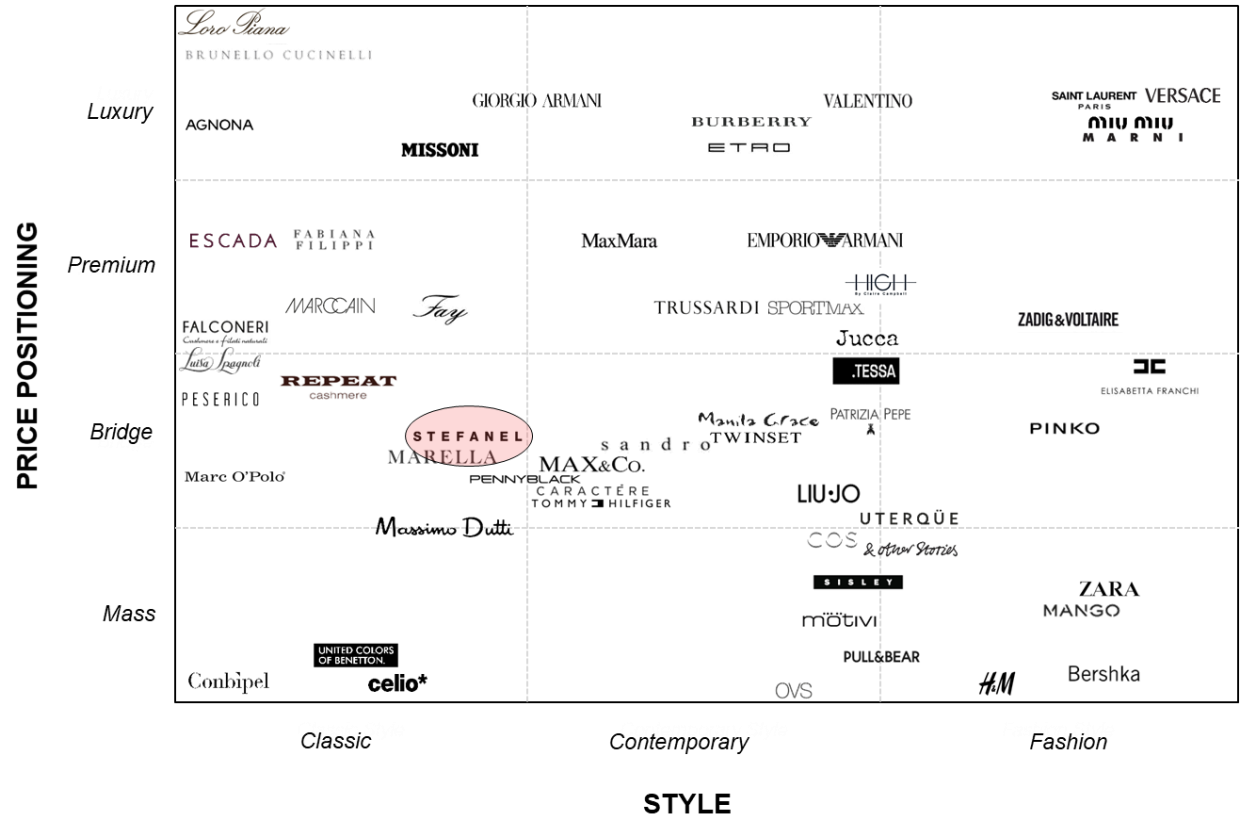
Brand positioning

The brand is positioned in the Bridge segment.

Price positioning above mainstream Mass brands and under Exclusive luxury brands.

The products are design with a great attention to details, following latest trends, but not setting them.

An enriched store experience based on a certain level of service that however remains under the luxury standards.



Product and Sales Channels

Stefanel has been transforming wool into fashion for more than 50 years. The cashmere collections are proof of Stefanel's history and experience developed over decades thanks to constant technical improvement and the skills of partners and craftsmen who have handed on their expertise over time.

The international style team constantly provides top notch product innovation and harmonization among the brand DNA and new styles. Different pricing levels to offer also entry point prices, cashmere and leather clothing included. Stefanel constantly work on a well balanced collection and consistent category mix.

The distribution network of the Stefanel BU is mainly based on monobrand stores of sale in order to pursue a widespread distribution of the product and support the positioning of the brand and its perception by the consumer. The sales channels are:

- monobrand «DOS» (Directly Operated Store): Stefanel is the owner of the lease and the warehouse and the employees are directly hired by Stefanel;
- monobrand «COES» (Consignment Store) stores located mainly in strategic positions, managed indirectly under commercial affiliation; this channel also includes franchised stores;
- multibrand stores (which, however, have a decidedly limited weight on the Company's overall revenues), i.e. multi-brand stores, in Italy and abroad.

The following table shows the percentage of sell-out by products for the last three collections (SS18, FW18 and SS19):

Product Category	% on total SS 18	% on total FW 18	% on total SS 19
Knit	26%	39%	27%
Trousers	19%	13%	19%
Skirts	3%	3%	4%
Dresses	17%	8%	15%
Shirts	11%	4%	10%
T-shirt	11%	2%	9%
Coat	4%	10%	4%
Knitted coat	5%	11%	6%
Jackets	2%	1%	1%
Accessories	2%	10%	4%
Total	100%	100%	100%

Source : Management information

The following table shows the percentage of sell-out for each retail channel for the last three collections (SS18, FW18, SS19):

Store Type	% on total SS 18	% on total FW18	% on total SS 19
DOS	75%	82%	81%
DeptSt	3%	0%	0%
Franch	6%	4%	4%
CoEs	16%	13%	15%
Total	100%	100%	100%

Source : Management information

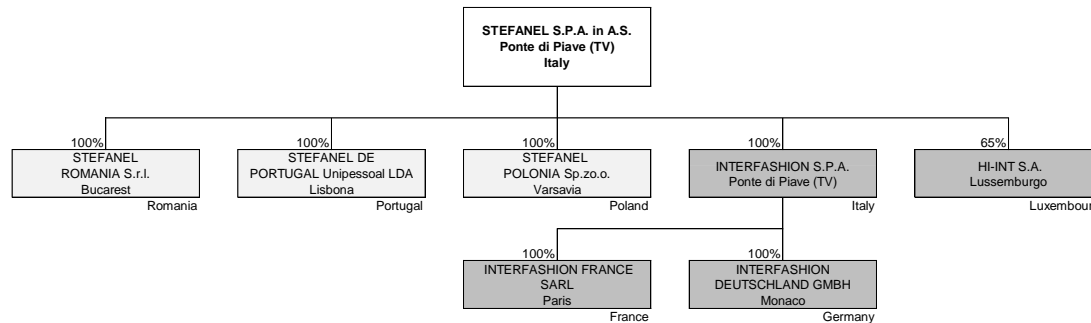
3. Interfashion BU Overview

Business Unit Interfashion

The Interfashion BU is a distinct core branch that could be transferred separately from the BU Stefanel.

The branch consists of Interfashion S.p.A. (with registered office in Rimini) and HI-INT S.A. (with registered office in Luxembourg), both controlled by Stefanel, by respectively 100% and 65%.

The Interfashion BU also consolidates two direct foreign subsidiaries: Interfashion Deutschland, with 2 showrooms and 3 DOS, and Interfashion France, with a sales outlet at Galeries Lafayette in Paris.



€ 000	2018	2019
Multibrand	24.026	21.687
Franchising	5.605	5.140
Stock and other	1.144	1.318
Sell-in	30.775	28.145
Web	3.253	3.557
DOS	1.909	1.694
Sell-Out	5.162	5.251
Net Sales	35.937	33.396
COGS	(18.074)	(17.293)
COGS %	50,3%	51,8%
Gross Margin	17.863	16.103
Gross Margin %	49,7%	48,2%

Source : Management information

Note :The table includes only the financial data of Interfashion Spa

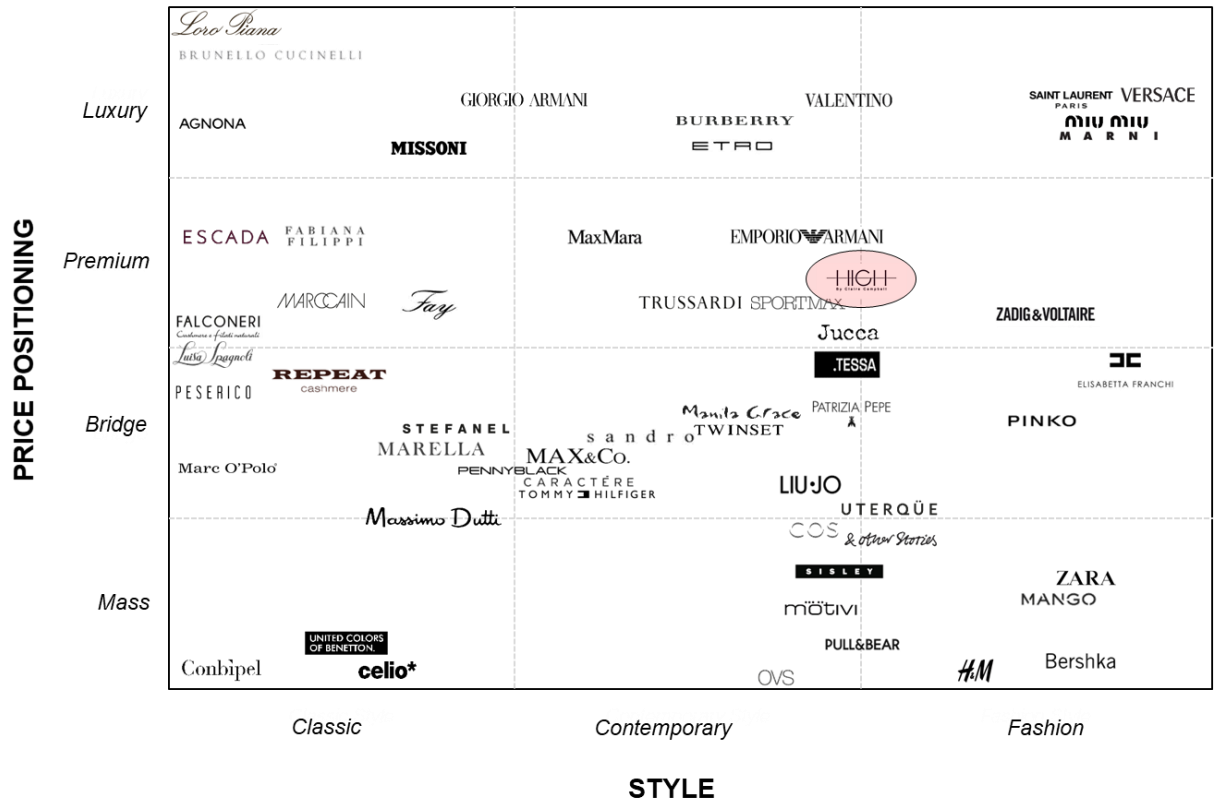
Brand Positioning

Interfashion S.p.A. operates in the apparel and accessories industry and in particular in the high-end casual chic segment and targets women.

The Company designs and markets garments under the HIGH brand, developed since 2007, by designer Claire Campbell

The brand is positioned in the Premium segment. HIGH has conquered a market niche and there are no similar brands in terms of style on the market.

The brand is considered unique and difficult to replace by loyal customers.



Product and Sales Channels

The collection is composed of 3 lines (HIGH USE, HIGH TECH and HIGH MAN):

- HIGH USE: these are work clothes;
- HIGH TECH: garments with high level design tailoring made of fabrics high-performance, low maintenance, coming from the world of sport;
- HIGH MAN: a collection for a man modern with influences from work uniforms and sports team.

In 2019 was introduced the new HIGH AGENDER line, dedicated to female and male customers and designed for garments without gender distinction.

The tables show the percentage of sales divided by lines, product category and channels. Trousers, dresses and knitwear are the best-selling products, and France is the top selling country for every line.

Interfashion BU products are distributed mainly through the wholesale channel and, in particular, through multi-brand boutiques.

Starting from the 2013 F/W season, the Interfashion BU launched a plan of selected openings of monobrand stores, mainly abroad, managed indirectly under commercial affiliation and, starting from the SS 2016 season opened monobrand stores and/or shared with Stefanel. At the end of November 2019, the BU's distribution network consisted of 19 franchises, 6 DOS (two of which - one in Bologna and one in Austria - shared with Stefanel) and the online store.

Lines	% on total	% on total	% on total
	SS 18	FW 18	SS 19
High Man	1%	1%	1%
High Use	59%	60%	52%
High Tech	40%	39%	47%
Total	100%	100%	100%

Source : Management information

Product Category	% on total	% on total	% on total
	SS 18	FW 18	SS 19
Knit	20%	26%	17%
Trousers	27%	25%	25%
Skirts	4%	4%	4%
Dresses	17%	9%	24%
Shirts	6%	9%	8%
T-shirt	5%	2%	3%
Coat	3%	9%	2%
Knitted coat	0%	0%	0%
Jackets	14%	12%	13%
Accessories	4%	4%	4%
Total	100%	100%	100%

Source : Management information

Channels	% on total	% on total	% on total
	SS 18	FW 18	SS 19
Multibrand	72%	69%	68%
Franchising	19%	22%	22%
Web	5%	5%	5%
Dos	4%	5%	5%
Total	100%	100%	100%

Source : Management information