

AEFFE

MOSCHINO

POLLINI

ALBERTA FERRETTI

PHILOSOPHY

DI
LORENZO SERAFINI

PRESS RELEASE

- In The Second Quarter 2021 Strong Acceleration Of Sales (+76%). Exceeding Pre-Pandemic Turnover
- In 1H 2021 Revenues Increase Of 31% At Constant Exchange Rates And Significant Rise Of Margins
- Reached 100% Of Moschino With The Acquisition Of The 30% Minority Shareholding

San Giovanni in Marignano, 30th July 2021 - The Board of Directors of Aeffe SpA approved today the Interim consolidated financial statement as of June 30, 2021. The company, listed on the STAR segment of Borsa Italiana, operates in the luxury sector, with a presence in the prêt-à-porter, footwear and leather goods division under renowned brand names such as Alberta Ferretti, Philosophy di Lorenzo Serafini, Moschino and Pollini.

- Consolidated revenues of €155.0m compared to €118.9m in 1H 2020, with a 31% increase at constant exchange rates (+30.4% at current exchange rates) and double-digit growth in all reference markets
- In 2Q 2021 revenues at €74.9m , with a 76% increase compared to 2Q 2020
- Ebitda of €20.1m, compared to €0.6m in 1H 2020, with a €19.5m increase
- Net Profit of €17.4m, compared to the Net Loss of €12.5m in 1H 2020
- Net financial debt with IFRS 16 effect of €127.2m compared to €150.6m, with a €23.4m improvement. Financial debt net of IFRS 16 effect of €45.1m compared to €62.5m as of June 30, 2020, with a €17.4m improvement
- Enhancement of development strategy thanks to the full control of Moschino

Consolidated Revenues

In 1H 2021, AEFEE consolidated revenues amounted to €155.0m compared to €118.9m in 1H 2020, posting a 30.9% increase at constant exchange rates (+30.4% at current exchange rates). The growth in the first half of the year reflects the extremely positive contribution provided by all markets in which the Group operates. Even more significant is the positive trend posted in the 2Q 21 which registered a 76% increase exceeding pre-pandemic levels (€74.9m compared to €71.1m in 2Q 2019).

Revenues of the *prêt-à-porter* division amounted to €104.9m, posting a 19% increase at constant exchange rates compared with 1H 2020.

Revenues of the footwear and leather goods division increased by 43% to €68.2m, at constant exchange rates, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "We are very satisfied with the performance of the first semester, featuring a significant increase in revenues and marginality for all our brands. Furthermore, on the strategic side, we believe that the acquisition of full control of Moschino and the relative integrated management will be important catalysts for the future development. Looking at the second part of the year, we are therefore positive and we renew our enthusiasm to face the upcoming challenges with initiatives aimed at increasingly enhancing the distinctiveness of our brands and the evolutions of the current context".

Revenues Breakdown by Region

(migliaia di Euro)	1H 21 Reported	1H 20 Reported	% Change	% Change*
Italy	58.683	50.145	17,0%	17,0%
Europe (Italy excluded)	51.183	37.934	34,9%	34,9%
Asia and Rest of the World	34.872	25.062	39,1%	39,2%
America	10.283	5.722	79,7%	88,6%
Total	155.020	118.862	30,4%	30,9%

(*) Calculated at constant exchange rates

In the first Half 2021, the Group registered double-digit growth in all markets in which operates, with very strong increases in Europe, Asia, Rest of the World and America.

In **Asia and in the Rest of the World**, the Group's sales totalled €34.9m, amounting to 23% of consolidated sales, recording an increase of 39.2% at constant exchange rates compared to 1H 2020. The Greater China area and the Middle East drove growth, reporting 50% and 68% increase respectively. In particular, in 2Q 21 revenues grew by 79% compared to 2Q 20.

Sales in **America**, contributing to 6.6% of consolidated sales, posted an increase of 88.6% at constant exchange rates, thanks to the excellent trend of both the retail and the wholesale channels, online included. 2Q 21 sales grew by 272% compared to the corresponding period of 2020, surpassing the pre-pandemic levels.

At constant exchange rates, in 1H 2021, sales in **Europe**, contributing to 33% of consolidated sales, increased by 34.9% mainly thanks to the positive trend of Germany, UK and Eastern Europe in the wholesale channel. The retail channel continued to be partially influenced by the limited tourists' flow. 2Q 21 trend was very positive with a 68% increase compared to 2Q 20.

In 1H 2021, sales in the **Italian market** increased by 17% to €58.7m compared to 1H 2020, thanks to the excellent results achieved by the wholesale and e-commerce, with a positive trend in 2Q 21 (+63%) compared to 2Q 20.

Revenues by distribution channel

(In thousands of Euro)	1H 21 Reported	1H 20 Reported	% Change	% Change*
Wholesale	121.036	86.728	39,6%	40,0%
Retail	27.946	27.111	3,1%	3,5%
Royalties	6.037	5.023	20,2%	20,2%
Total	155.020	118.862	30,4%	30,9%

(*) Calculated at constant exchange rates

The wholesale channel, contributing to 78.1% of consolidated sales, recorded a 40% growth at constant exchange rates. In 2Q 21, revenues amounted to €56.1m, with an 80% increase compared to 2Q 20.

The sales of directly-operated stores (DOS), including direct online, (retail channel), equal to 18% of consolidated sales, showed a good recovery in the last month of the semester compared to the first 5 months of the year thanks to the progressive easing of the restrictions to the international travels. The retail channel showed an increase of 3.5% at constant exchange rates compared to the correspondent period of last year. E-commerce sales, considered stand alone, posted instead a very positive trend in the period, recording excellent performances across all brands and geographies. In 2Q 21 the retail sales, equal to €15.8m, posted a 72% growth compared to the corresponding period of 2020.

Royalty incomes increased by 20.2% compared to 1H 2020 and represented 3.9% of consolidated sales, with a positive trend in 2Q21 (+33%) compared to 2Q 20.

Network of Monobrand Stores

DOS	1H 21	FY 20	Franchising	1H 21	FY 20
Europe	42	42	Europe	38	40
Americas	1	1	Americas		
Asia	14	16	Asia	100	104
Total	57	59	Total	138	144

The changes in the whole stores network reflect some openings and closures in Europe and in the Asian market due to the strategic repositioning of the stores.

Group's Operating and Net Result Analysis

In 1H 2021 the consolidated Ebitda was equal to €20.1m (with an incidence of 13.0% of total sales), compared to €0.6m in 1H 2020 (0.5% of total sales), with a €19.5m increase.

The marginality grew more than proportionally compared to the sales increase. This reflects both the significant sales increase and the positive results deriving from costs savings for personnel, rents and overheads, coming from the actions the Group put in place to face the consequences of the spread of the virus on a global scale.

More in detail, on the costs front, the actions were concentrated on: 1) request for a reduction in rents for boutiques and offices; 2) use of social safety systems and vacation periods not yet taken to make labour costs more flexible until the reopening of the stores; 3) postponement of costs related to advertising and public relations that are not detrimental to the strengthening and support of brands; 4) request, in all the countries where the Group operates, for all the facilities made available by the various government authorities to deal with the effects of the pandemic.

In 1H 2021 Ebitda of the *prêt-à-porter* division amounted to €12.0m (11.7% of sales), compared to the substantial breakeven (€7 thousands) in 1H 2020, registering a €12.3m growth.

Ebitda of the footwear and leather goods division amounted to €8.0m (11.8% of sales) compared to a €0.6m in 1H 2020 (1.2% of sales), with a €7.4m increase due to the sales progression.

Consolidated Ebit was equal to €7.6m, compared to a negative amount of €12.8m in 1H 2020, with a €20.4m growth due to the Ebitda increase.

Net Profit was equal to €17.4m, compared to the Net Loss of €12.5m in 1H 2020. The adjusted Net profit of the period, net of extraordinary fiscal benefits related to revaluations and realignments implemented in accordance with art. 110 of Law Decree 104/2020 ("August Decree"), amounted to €2.5m.

Group's Balance Sheet Analysis

Looking at the balance sheet as of 30th June 2021, Shareholders' equity is equal to €161.7m and financial debt with IFRS 16 effect amounts to €127.2m compared to €150.6m as of 30th June 2020, with a €23.4m improvement (€141.0m at the end of 2020) thanks to both better economic results achieved and to the effective management of working capital.

The financial debt net of IFRS 16 effects at the end of June 2021 amounts to €45.1m compared to €62.5m at the end of June 2020, registering a €17.4m improvement.

As of 30th June 2021 operating net working capital amounts to €84.2m (27.6% of LTM sales) compared to €90.4m as of 30th June, 2020 (30.5% of LTM sales). The improvement of the incidence of net working capital on sales mainly refers to lower inventories, only partially offset by the temporary increase in trade receivables following the greater shipments made to wholesale clients in 1H 21 compared to 1H 20.

Capex in 1H 2021 amount to €1.0m and are mostly related to refurbishment and IT technologies.

AEFFE at 100% Of Moschino With The Acquisition Of The 30% Minority Shareholding

On 28 July 2021, Aeffe S.p.A. acquired from Sinv Holding S.p.A., Sinv Real Estate S.p.A. and Sinv Lab S.r.l., the minority stake of Moschino S.p.A., allowing Aeffe to take full ownership of the Company.

The transaction is part of the strategy related to the Moschino brand, which aims at the process of future integration of the womens' apparel collections into Aeffe Group to enhance their potential thanks to the exploitation of synergies.

The transaction has a high strategic value for the AEFEE Group and represents an important opportunity for business growth and development allowing an agile and flexible planning of medium-long term strategies and activities related to the Moschino brand, with the aim to strengthening its positioning and enhancing its high great growth potential. The operation is part of the development strategy focused on a completely independent business model, with full controll of the brand value chain, from product to quality and with positive effects on image, distribution and communication.

The consideration for the purchase of the shares, equal to Euro 66,571,000, was paid for Euro 30 million at the same time as the transfer of the shares, while the remining amount of Euro 36,571,000 will be paid to the sellers by 30 November 2021. The fairness of the price was confirmed by an independent fairness opinion issued by Deloitte Financial Advisory S.r.l. on 22 July 2021.

To pay the fee, Aeffe has used and will use cash on hand, existing credit lines and new medium / long-term loans.

Others Information

It is also communicated that, during the month of July, the Company, in accordance with the provisions of the new Code of Conduct of Borsa Italiana as well as following the provisions of Consob resolutions 21623 and 21624 as of December 10, 2020, adopted the Regulation for the Operating of the Board of Directors and the Policy for the Management of Dialogue with the Shareholders of Aeffe S.p.A. (available on the website www.aeffe.com), along with the new Procedure for Transactions with Related Parties (also available on the website www.aeffe.com).

Income Statement, Reclassified Balance Sheet and Cash Flow Statement are attached below. It is specified that financial data included in the Consolidated Interim Report of this press release were subject to limited review by the Auditors' company.

Please note that the Interim Consolidated Financial Statements and the Results Presentation at 30th June 2021 are available at the following link: <http://www.aeffe.com/aeffeHome.php?pattern=11&lang=ita>, as well as on the authorized storage site www.emarketstorage.com.

"The executive responsible for preparing the company's accounting documentation Marcello Tassinari declares pursuant to paragraph 2 of art. 154 bis of the Consolidate Financial Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries".

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GROUP'S PROFIT & LOSS
(In thousands of Euro)

	1H 21	%	1H 20	%	Change %
Revenues from sales and services	155.020	100,0%	118.862	100,0%	30,4%
Other revenues and income	3.430	2,2%	4.664	3,9%	(26,5%)
Total Revenues	158.450	102,2%	123.526	103,9%	28,3%
Total operating costs	(138.368)	(89,3%)	(122.954)	(103,4%)	12,5%
EBITDA	20.082	13,0%	572	0,5%	3.412,7%
Total Amortization and Write-downs	(12.445)	(8,0%)	(13.385)	(11,3%)	(7,0%)
EBIT	7.636	4,9%	(12.813)	(10,8%)	(159,6%)
Total Financial Income /(expenses)	(1.335)	(0,9%)	(1.313)	(1,1%)	1,6%
Profit/(Loss) before taxes	6.302	4,1%	(14.126)	(11,9%)	(144,6%)
Taxes	11.125	7,2%	1.654	1,4%	572,8%
Net Profit/(Loss)	17.427	11,2%	(12.473)	(10,5%)	(239,7%)
(Profit)/Loss attributable to minority shareholders	(4.141)	(2,7%)	1.573	1,3%	(363,3%)
Net Profit/(Loss) for the Group	13.286	8,6%	(10.900)	(9,2%)	(221,9%)

GROUP'S BALANCE SHEET

(In thousands of Euro)

	1H 21	FY 20	1H 20
Trade receivables	49.217	39.095	37.725
Stock and inventories	103.267	109.285	122.690
Trade payables	(68.247)	(69.328)	(69.982)
Operating net working capital	84.237	79.052	90.433
Other receivables	36.937	39.036	50.374
Other liabilities	(22.123)	(20.778)	(23.303)
Net working capital	99.050	97.309	117.504
Tangible fixed assets	60.186	61.658	63.079
Intangible fixed assets	70.678	72.489	74.165
Right of use assets	93.034	100.472	101.962
Investments	30	132	132
Other long term receivables	2.132	2.616	2.693
Fixed assets	226.061	237.367	242.031
Post employment benefits	(4.531)	(4.900)	(5.058)
Long term provisions	(1.579)	(1.544)	(1.931)
Assets available for sale			437
Other long term liabilities	(1.164)	(1.769)	(749)
Deferred tax assets	20.763	21.287	18.287
Deferred tax liabilities	(15.069)	(28.016)	(28.908)
NET CAPITAL INVESTED	323.532	319.734	341.613
Capital issued	24.950	25.044	25.053
Other reserves	110.535	131.312	132.592
Profits/(Losses) carried-forward	12.905	13.274	13.140
Profit/(Loss) for the period	13.286	(21.397)	(10.900)
Group share capital and reserves	161.676	148.232	159.886
Minority interests	34.644	30.524	31.115
Shareholders' equity	196.320	178.756	191.001
Short term financial receivables	(2.777)	(652)	(714)
Liquid assets	(42.577)	(39.828)	(27.975)
Long term financial payables	50.355	34.349	31.720
Long term financial receivables		(2.037)	(2.233)
Short term financial payables	40.189	60.939	61.746
NET FINANCIAL DEBT NET OF IFRS 16 EFFECT	45.190	52.770	62.545
Short term lease liabilities	13.151	12.974	13.226
Long term lease liabilities	68.871	75.233	74.841
NET FINANCIAL POSITION	127.212	140.978	150.612
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	323.532	319.734	341.613

GROUP'S CASH FLOW

<i>(In thousands of Euro)</i>	1H 21	FY 20	1H 20
OPENING BALANCE	39.828	28.390	28.390
Profit/(Loss) before taxes	6.302	(27.587)	(14.126)
Amortizations, provisions and depreciations	12.445	29.059	13.385
Accruals (availments) of long term provisions and post employment benefits	(335)	(598)	(53)
Taxes	(927)	(2.592)	(142)
Financial incomes and financial charges	1.335	3.022	1.313
Change in operating assets and liabilities	(3.030)	8.963	(11.026)
NET CASH FLOW FROM OPERATING ASSETS	15.790	10.267	(10.649)
Increase (decrease) in intangible fixed assets	(308)	(880)	(315)
Increase (decrease) in tangible fixed assets	(702)	(4.504)	(3.237)
Increase (-)/ Decrease (+) in Right of use assets (See Note 3)	(401)	(6.648)	691
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	101		
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(1.310)	(12.032)	(2.861)
Other changes in reserves and profit carried-forward to shareholders'equity	137	(1.080)	(601)
Proceeds (repayment) of financial payments	(4.744)	24.129	22.282
Proceeds (+)/ repayment (-) of lease payables	(6.185)	(7.596)	(7.711)
Increase (decrease) financial receivables	396	772	438
Financial incomes and financial charges	(1.335)	(3.022)	(1.313)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(11.731)	13.203	13.095
CLOSING BALANCE	42.577	39.828	27.975