

AEFFE



HALF-YEAR FINANCIAL REPORT AT June 30, 2022

Disclaimer

This Half-year financial report at June 30, 2022 has been translated into English solely for the convenience of the International reader. In the event of conflict or inconsistency between the terms used in the Italian Version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

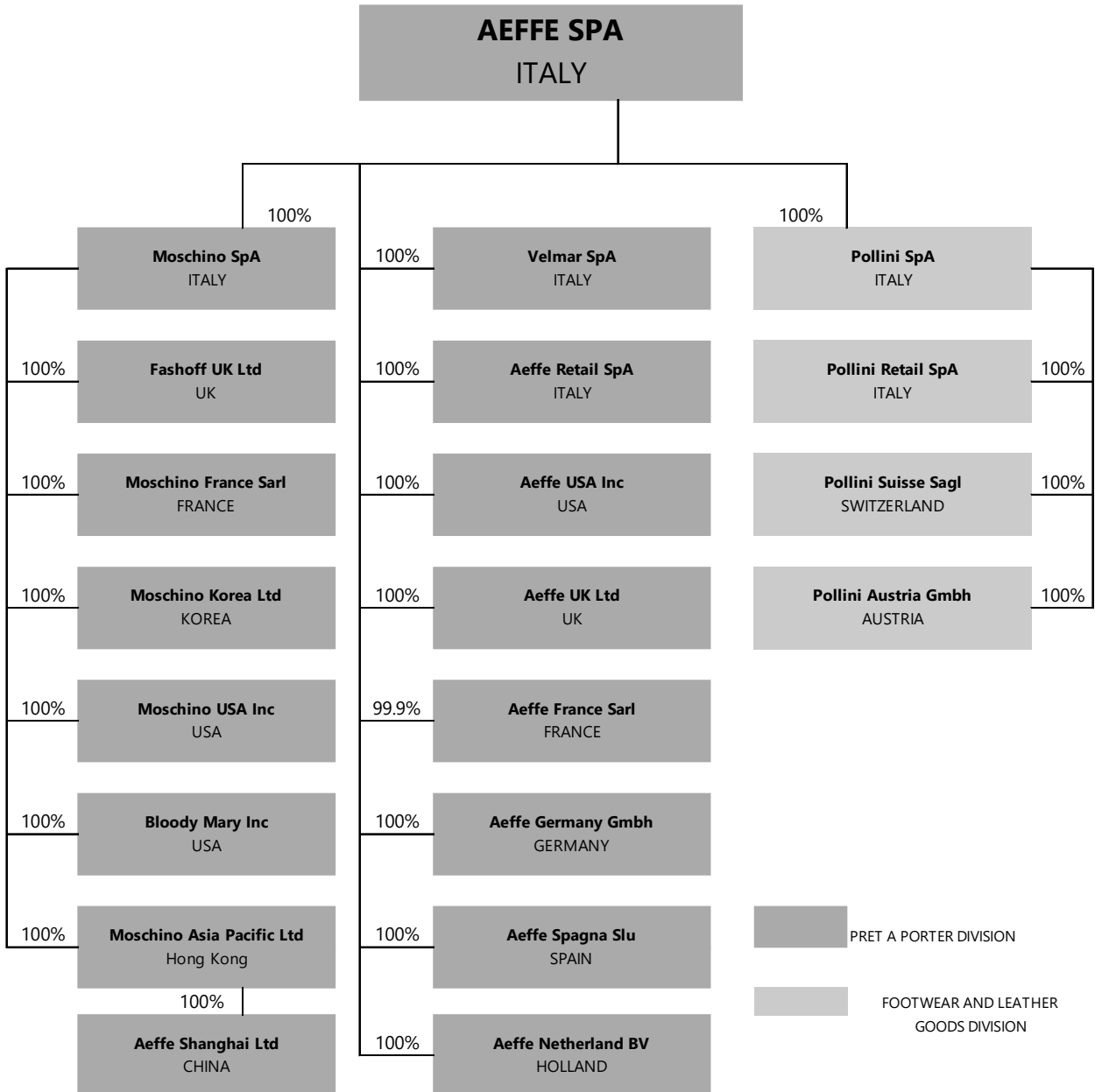
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Corporate Boards of the Parent Company

Board of Directors	Chairman Massimo Ferretti – Member of Executive Committee
	Deputy Chairman Alberta Ferretti
	Chief Executive Officer Simone Badioli – Member of Executive Committee
	Directors Giancarlo Galeone – Member of Executive Committee Roberto Lugano Bettina Campedelli Francesca Pace Marco Francesco Mazzù Daniela Saitta
Board of Statutory Auditors	President Stefano Morri
	Statutory Auditors Fernando Ciotti Carla Trotti
	Alternate Auditors Nevio Dalla Valle Daniela Elvira Bruno
Compensation Committee	President Daniela Saitta
	Members Roberto Lugano Marco Francesco Mazzù
Risk and Sustainability Control Committee	President Bettina Campedelli
	Members Roberto Lugano Daniela Saitta

Organization chart



Brands portfolio

AEFFE SPA

Ready To Wear - Accessories

ALBERTA FERRETTI



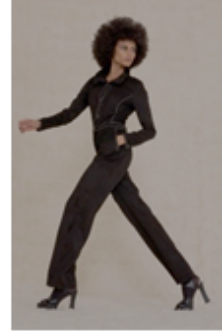
MOSCHINO



PHILOSOPHY
DI
LORENZO SERAFINI



BOUTIQUE
MOSCHINO



POLLINI SPA

Footwear - Leather Goods

POLLINI

MOSCHINO.

LOVE
MOSCHINO

MOSCHINO SPA

Licences - Retail - Design

MOSCHINO.

BOUTIQUE
MOSCHINO

LOVE
MOSCHINO

VELMAR SPA

Beachwear - Underwear - Lingerie

MOSCHINO.



CHIARA FERRAGNI

Headquarters

AEFFE

Via Delle Querce, 51
47842 - San Giovanni in Marignano (RN)
Italy

MOSCHINO

Via San Gregorio, 28
20124 – Milan (MI)
Italy

POLLINI

Via Erbosa I° tratto, 92
47030 - Gatteo (FC)
Italy

VELMAR

Via Delle Querce, 51
47842 - San Giovanni in Marignano (RN)
Italy



Showrooms

MILAN

(FERRETTI – PHILOSOPHY – POLLINI)

Via Donizetti, 48

20122 - Milan

Italy

MILAN

(MOSCHINO)

Via San Gregorio, 28

20124 - Milan

Italy

LONDON

(FERRETTI – PHILOSOPHY – MOSCHINO)

28-29 Conduit Street

W1S 2YB - London

UK

PARIS

(FERRETTI – PHILOSOPHY – MOSCHINO)

43, Rue du Faubourg Saint Honoré

75008 - Paris

France

NEW YORK

(GROUP)

30 West 56th Street

10019 - New York

USA



Main flagshipstore locations under direct management

ALBERTA FERRETTI

Milan
Rome
Paris
London

POLLINI

Milan
Venice
Bolzano
Varese

SPAZIO A

Florence
Venice

MOSCHINO

Milan
Rome
Capri
Paris
London
New York
Seoul
Pusan
Daegu



Main economic-financial data

		1 st Half 2022	1 st Half 2021
Total revenues	(Values in millions of EUR)	180.8	158.4
Gross operating margin (EBITDA) *	(Values in millions of EUR)	20.9	20.1
Net operating profit (EBIT)	(Values in millions of EUR)	7.0	7.6
Profit before taxes	(Values in millions of EUR)	5.7	6.3
Net profit for the Group	(Values in millions of EUR)	2.9	13.3
Basic earnings per share	(Values in units of EUR)	0.029	0.133
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	15.8	29.6
Cash Flow/Total revenues	(Values in percentage)	8.7	23.4

* EBITDA is represented by operating profit before provisions and depreciation. EBITDA thus defined is a measure used by management to monitor and evaluate the operational performance and is not identified as an accounting measure under both Italian Accounting Principles and IFRS and therefore should not be considered an alternative measure for evaluating the Group's results. Since EBITDA is not regulated by applicable accounting standards, the criteria used by the Group might not be consistent with that adopted by others and therefore may not be comparable.

		At June 30, 2022	At December 31, 2021	At June 30, 2021	At December 31, 2020
Net capital invested	(Values in millions of EUR)	304.9	288.9	323.5	319.7
Net financial indebtedness	(Values in millions of EUR)	182.9	168.7	127.2	141.0
Group net equity	(Values in millions of EUR)	122.0	120.2	161.7	148.2
Group net equity per share	(Values in units of EUR)	1.1	1.1	1.5	1.4
Current assets/ current liabilities	(Ratio)	1.8	1.8	2.1	2.1
Current assets less invent./ current liabilities (ACID test)	(Ratio)	0.8	0.9	1.0	0.9
Net financial indebtedness/ Net equity	(Ratio)	1.5	1.4	0.6	0.8

Aeffe Group

Interim management report

1. SUMMARY OF THE GROUP'S KEY ACTIVITIES

Aeffe Group operates worldwide in the fashion and luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods. The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Philosophy di Lorenzo Serafini", "Moschino" and "Pollini", and under licensed brands. The Group has also licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, children's lines, sunglasses and other).

The Group's business is divided, based on the various product lines and brands it sells, into two segments: (i) prêt-a-porter (which includes prêt-a-porter lines, lingerie and swimwear); and (ii) footwear and leather goods.

Prêt-a-porter Division

The Prêt-a-porter Division, which is composed of the companies Aeffe, Moschino and Velmar, is mainly involved in the design, production and distribution of luxury prêt-a-porter garments and lingerie, beachwear and loungewear.

In terms of the prêt-a-porter collections, the activity is carried out by Aeffe, both for the production of the Group's proprietary brands ("Alberta Ferretti", "Philosophy di Lorenzo Serafini", "Moschino", "Boutique Moschino" and "Love Moschino") and brands licensed from other companies. Aeffe also handles the distribution of all Division products both through the retail channel (via subsidiaries) and through the wholesale channel.

Velmar manufactures and distributes lingerie and swimwear collections, and specifically men's/women's lingerie, underwear, beachwear and loungewear. Collections are produced and distributed under the Group's proprietary brands, as "Moschino", and under third-party licensed brands.

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the "Moschino" brand licensing agreement relating to the *Love* line, "Moschino" branded perfumes and "Moschino" branded sunglasses.

Aeffe

Aeffe is the brainchild of designer Alberta Ferretti, who set up her own business in 1972. The history of the Parent Company has developed in parallel with that of its founder, whose personal involvement in fashion has been a key factor in Aeffe's development.

The growth of the Parent Company as an industrial and creative entity has been distinguished from the start by a multi-brand approach, with Aeffe producing and distributing the prêt-a-porter collections of leading fashion houses utilising the know-how acquired in the production of luxury prêt-a-porter lines.

This provides the context for the partnership between Aeffe and designer Franco Moschino, whose brand "Moschino Couture!" it has produced and distributed under an exclusive licence since 1983.

Between 1995 and 2013, Aeffe worked with designer Jean Paul Gaultier producing and distributing the women prêt-à-porter collections branded "Jean Paul Gaultier".

In 2001, Aeffe gained control of Pollini, an established manufacturer of footwear and leather goods. This allowed Aeffe to supplement the collections produced in-house with an accessories line.

In 2002, Aeffe took over Velmar, a firm that had collaborated with Aeffe for some time on the production and distribution of lingerie, beachwear and loungewear lines.

In 2007, Aeffe, obtained the Consob Nulla Osta to public the offering memorandum relating to the Public Offering and the listing on the MTA – Star Segment – of Aeffe S.p.A. ordinary shares, closes successfully the Offer of shares and starts to be traded on the MTA – Star Segment – by Borsa Italiana.

Moschino

Moschino was founded in 1983 and grew during the 1990s to become an internationally renowned brand. Following the disappearance in 1994 of its founder, Franco Moschino, his family, staff and friends have kept the designer's legacy alive, respecting his creative identity and philosophy. Rossella Jardini, who has worked for Franco Moschino since 1981, succeeded him as artistic director and becoming in charge of brand image and styling. The company provides design, marketing and agency services from the Milan showroom for Moschino collections in Italy and overseas.

The company also directly manages five single-brand Moschino stores, two in Milan, one in Rome, one in Capri and on-line.

In 2013 Jeremy Scott was appointed as creative director of the "Moschino" brand.

In 2021 Aeffe SpA. took over from Sinv Holding S.p.A., Sinv Real Estate S.p.A. and Sinv Lab S.r.l., the minority stake of 30% of Moschino S.p.A., thus coming to own the entire capital.

Velmar

Velmar was created in 1983 in San Giovanni in Marignano and is active in the production and distribution of lingerie, underwear, beachwear and loungewear.

In 1990, a partnership began between Velmar and designer Anna Molinari to manufacture lingerie and beachwear lines. That same year, talks began with Aeffe and Genny. Between 1990 and 1995, Velmar worked with Genny and Fendi, producing all of the swimwear lines designed by the two fashion houses. Between 1990 and 2001, Velmar worked with Itierre and Prada on the design and production of the active and sportswear lines sold under the "Extee" and "Prada" menswear labels.

Between 1995 and 1998, Velmar produced and distributed under licence the beachwear line for Byblos menswear and womenswear. In 1998, Velmar signed a licensing agreement with Blufin for the production and distribution of "Blugirl" lines. In 2001, Aeffe acquired 75% of Velmar. Again, this represented a natural progression of the existing partnership between the two companies. In 2006, Velmar obtained a licence for the production and distribution of the men's beachwear and underwear lines and women's lingerie lines under the "Moschino" brand. In 2010, Aeffe acquires the remaining 25% of Velmar's share capital.

In 2020 Velmar signed a multi-year licensing agreement with Chiara Ferragni for the production and distribution at global level of Chiara Ferragni underwear and beachwear collections.

Aeffe USA

Aeffe USA is 100% owned by Aeffe S.p.A. and was incorporated in May 1987 under the laws of the State of New York.

The company operates in the wholesale segment of the North American market (United States and Canada) distributing items of clothing and accessories produced by the Parent Company, Pollini S.p.A. and Velmar S.p.A. and other third-party licensed manufacturers, with different collections, of the brands produced by the Parent Company. The company also acts as agent for some of these lines. The company operates out of its showroom located in midtown Manhattan.

Aeffe Retail

Aeffe Retail operates in the retail segment of the Italian market and directly manages 14 stores, both mono-brand and multi-brand located in major Italian cities such as Milan, Rome, Venice, Florence and Capri, manages also an on-line mono-brand store.

Aeffe UK

Aeffe UK is 100% owned by Aeffe S.p.A. and manages the store in London's Sloane Street, which sells clothing and accessories under the Alberta Ferretti and Philosophy di Lorenzo Serafini brands.

Aeffe France

Aeffe France is 99.9% owned by Aeffe S.p.A. and manages the store in Rue St. Honorè in Paris, selling apparel and accessories under the brand "Alberta Ferretti". The company also acts as an agent for the French market for the brands "Alberta Ferretti" and "Philosophy di Lorenzo Serafini".

Aeffe Germany

Aeffe Germany is 100% owned by Aeffe S.p.A. and manages the store in Metzingen in Germany, which sells clothing and accessories under the Group labels.

Aeffe Spagna

Aeffe Spagna is 100% owned by Aeffe S.p.A. and manages the store in Barcelona in Spain, which sells clothing and accessories under the Group labels.

Aeffe Netherland

Aeffe Netherland is 100% owned by Aeffe S.p.A. and manages the store in Roermond in Holland, which sells clothing and accessories under the Group labels.

Moschino Korea

Moschino Korea is 100% owned by Moschino S.p.A. and is based in Seoul. The company operates in the retail segment through flagship stores under direct management which sell Moschino-branded collections.

Fashoff UK

Fashoff UK operates by the showroom in London, acting as agent for the collections Moschino, Alberta Ferretti and Philosophy di Lorenzo Serafini.

The company also directly manages a single-brand Moschino store in London.

Moschino France

Moschino France is based in the Paris showroom and acts as agent for Moschino collections.

The company also manages one single-brand Moschino stores in Paris.

Bloody Mary

Bloody Mary, company based in New York and 100% owned by Moschino S.p.A..

Moschino USA

Moschino USA, company founded in 2014 with base in New York and 100% owned by Moschino S.p.A., directly manage a single-brand Moschino store in New York.

Moschino Asia Pacific

Moschino Asia Pacific, company founded in 2021 with base in Hong Kong and 100% owned by Moschino S.p.A., carries out commercial services for the Asian markets.

Aeffe Shanghai

Aeffe Shanghai, based in Shanghai, is a company 100% owned by Moschino Asia Pacific Ltd., and directly manages numerous stores in China.

Footwear and leather goods Division

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials.

The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies. The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture "Pollini" products such as umbrellas, foulards and ties.

Pollini

Pollini was established in 1953 in the shoemaking district of San Mauro Pascoli, following in the Italian tradition of handmade leather goods and shoes. Italy is a leading producer of footwear: due to expertise required to make these products, nearly all production sites are located in areas with a long-standing shoemaking tradition, such as San Mauro Pascoli, Vigevano and Strà (PD). The company's philosophy is focused on promoting Pollini in other countries as an amalgam of traditional quality and Italian style, offering a range of products that include shoes, bags and matching accessories.

Between 1957 and 1961, Pollini produced the footwear collections of the designer Bruno Magli.

In the 1960s and early 1970s, Pollini began making shoes under its own label, presenting "themed" collections (such as the "Daytona" sports footwear collection, inspired by the world of motorbike racing).

In the 1970s, Pollini rose to international fame: at that point, its collections were shown in Düsseldorf, Paris and New York, as well as in Milan and Bologna. Around the same time, the first stores opened in Milan, Verona, Varese and Venice.

In 1989, Pollini moved into its new office in Gatteo, in the Italian province of Forlì-Cesena. The new site measures 50,000 sq. m., just over a third of it indoor, with a production workshop and seven-storey building housing the showroom and offices. The new site brought the footwear and leather goods divisions and sales and administration offices under one roof.

In 2001, Aeffe and Pollini reached an agreement whereby Aeffe would acquire a controlling stake in Pollini. The acquisition was a natural progression of the increasingly concentrated partnership between the two companies, enabling the growth of the footwear and leather goods lines designed by Alberta Ferretti.

Always in 2008, Pollini has entered into new license agreements with Drops S.r.l., for the manufacturing of umbrellas, as well as Larioseta S.p.A., for the manufacturing and distribution of neckwear, including women's shawls, women's and men's scarves and ties. In 2011 Aeffe S.p.A. has acquired the remaining 28% shareholding of Pollini S.p.A., becoming the sole shareholder.

Pollini Retail

Pollini Retail is active in the retail segment of the Italian market and directly manages 20 stores, between boutiques and outlets, in major Italian cities such as Milan and Venice.

Pollini Suisse

Pollini Suisse directly manages the mono-brand Pollini store in Mendrisio, Switzerland.

Pollini Austria

Pollini Austria directly manages two stores in Pandorf, one of which is a mono-brand that sells the Pollini lines and one that sells clothing and accessories for the Group's brands.

2. CONSOLIDATED RICLASSIFIED INCOME STATEMENT

(Values in units of EUR)	1 st Half 2022	% on revenues	1 st Half 2021	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	176,506,070	100.0%	155,019,816	100.0%	21,486,254	13.9%
Other revenues and income	4,249,458	2.4%	3,429,973	2.2%	819,485	23.9%
TOTAL REVENUES	180,755,528	102.4%	158,449,789	102.2%	22,305,739	14.1%
Changes in inventory	24,302,020	13.8%	(4,865,924)	(3.1%)	29,167,944	(599.4%)
Costs of raw materials, cons. and goods for resale	(89,843,096)	(50.9%)	(55,841,645)	(36.0%)	(34,001,451)	60.9%
Costs of services	(53,207,959)	(30.1%)	(43,986,960)	(28.4%)	(9,220,999)	21.0%
Costs for use of third parties assets	(4,014,367)	(2.3%)	(1,457,088)	(0.9%)	(2,557,279)	175.5%
Labour costs	(34,399,226)	(19.5%)	(30,621,509)	(19.8%)	(3,777,717)	12.3%
Other operating expenses	(2,711,399)	(1.5%)	(1,594,968)	(1.0%)	(1,116,431)	70.0%
Total Operating Costs	(159,874,027)	(90.6%)	(138,368,094)	(89.3%)	(21,505,933)	15.5%
GROSS OPERATING MARGIN (EBITDA)	20,881,501	11.8%	20,081,695	13.0%	799,806	4.0%
Amortisation of intangible fixed assets	(2,011,980)	(1.1%)	(2,119,393)	(1.4%)	107,413	(5.1%)
Depreciation of tangible fixed assets	(2,280,454)	(1.3%)	(2,173,934)	(1.4%)	(106,520)	4.9%
Depreciation of right-of-use assets	(8,627,092)	(4.9%)	(7,838,881)	(5.1%)	(788,211)	10.1%
Revaluations / (write-downs) and provisions	(999,902)	(0.6%)	(313,087)	(0.2%)	(686,815)	219.4%
Total Amortisation, write-downs and provisions	(13,919,428)	(7.9%)	(12,445,295)	(8.0%)	(1,474,133)	11.8%
NET OPERATING PROFIT / LOSS (EBIT)	6,962,073	3.9%	7,636,400	4.9%	(674,327)	(8.8%)
Financial income	1,121,312	0.6%	304,848	0.2%	816,464	267.8%
Financial expenses	(1,506,052)	(0.9%)	(603,519)	(0.4%)	(902,533)	149.5%
Financial expenses on right-of-use asset	(915,597)	(0.5%)	(1,035,987)	(0.7%)	120,390	(11.6%)
Total Financial Income/(expenses)	(1,300,337)	(0.7%)	(1,334,658)	(0.9%)	34,321	(2.6%)
PROFIT / LOSS BEFORE TAXES	5,661,736	3.2%	6,301,742	4.1%	(640,006)	(10.2%)
Total Income Taxes	(2,795,167)	(1.6%)	11,125,315	7.2%	(13,920,482)	(125.1%)
NET PROFIT / LOSS	2,866,569	1.6%	17,427,057	11.2%	(14,560,488)	(83.6%)
(Profit) / loss attributable to minority shareholders	-	0.0%	(4,141,016)	(2.7%)	4,141,016	(100.0%)
NET PROFIT / LOSS FOR THE GROUP	2,866,569	1.6%	13,286,041	8.6%	(10,419,472)	(78.4%)

SALES

In the first semester of 2022, Aeffe consolidated revenues amount to EUR 176,506 thousand compared to EUR 155,020 thousand in the first semester of 2021, with a 13.9% increase at current exchange rates (+13.2% at constant exchange rates).

Sales by brand

(Values in thousands of EUR)	1 st Half 2022	%	1 st Half 2021	%	Change Δ	%
Alberta Ferretti	10,752	6.1%	7,402	4.8%	3,350	45.3%
Philosophy	7,231	4.1%	7,176	4.6%	55	0.8%
Moschino	139,451	79.0%	128,324	82.8%	11,127	8.7%
Pollini	16,544	9.4%	11,186	7.2%	5,358	47.9%
Other	2,528	1.4%	932	0.6%	1,596	171.1%
Total	176,506	100.0%	155,020	100.0%	21,486	13.9%

In 1H 2022, Alberta Ferretti brand increases by 45.3%, generating 6.1% of consolidated sales, while Philosophy brand increases by 0.8%, generating 4.1% of consolidated sales.

In the same period, Moschino brand sales increase by 8.7%, contributing to 79.0% of consolidated sales.

Pollini brand records an increase of 47.9%, generating the 9.4% of consolidated sales.

Other brands sales increase by 171.1%, equal to 1.4% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	1 st Half		1 st Half		Change	
	2022	%	2021	%	Δ	%
Italy	71,301	40.4%	58,683	37.9%	12,618	21.5%
Europe (Italy excluded)	59,316	33.6%	51,183	33.0%	8,133	15.9%
Asia and Rest of the World	31,546	17.9%	34,872	22.5%	(3,326)	(9.5%)
America	14,343	8.1%	10,282	6.6%	4,061	39.5%
Total	176,506	100.0%	155,020	100.0%	21,486	13.9%

Having overcome the difficulties of the acute health crisis caused by the Covid-19 coronavirus and despite the complex scenario linked to the evolution of the conflict in Ukraine, in the first semester of 2022 the Group recorded double-digit growth in all the markets in which it operates with the exception of the Far East, with very strong increases in Italy, Europe and America.

Sales on the ITALY market, representing 40.4% of turnover, increased by 21.5% to EUR 71,301 thousand compared to 2021 thanks to the excellent results achieved by the retail channel (+59.9% compared to 2021). The wholesale channel also recorded a 9.9% increase.

Sales in EUROPE, with an incidence on turnover of 33.6%, reported an increase of 15.9% to EUR 59,316 thousand compared to 2021, driven by the significant acceleration of the retail channel, which showed an increase of 104.1% compared to the same period last year.

In ASIA and in the REST OF THE WORLD, the Group achieved revenues of EUR 31,546 thousand, with an incidence on turnover of 17.9%, down by 9.5% compared to the same period of 2021. This decrease was mainly driven by the wholesale channel as a result of the Group taking over the direct management of the Chinese market along with the impact of the continuing health emergency.

Sales in AMERICA, with an incidence on turnover of 8.1%, recorded growth of 39.5% to EUR 14,343 thousand compared to 2021. The increase is directly attributable to the excellent result achieved by the wholesale channel (+71.4% year-on-year).

Sales by distribution channel

(Values in thousands of EUR)	1 st Half		1 st Half		Change	
	2022	%	2021	%	Δ	%
Wholesale	129,677	73.5%	121,036	78.1%	8,641	7.1%
Retail	39,494	22.4%	27,946	18.0%	11,548	41.3%
Royalties	7,335	4.1%	6,038	3.9%	1,297	21.5%
Total	176,506	100.0%	155,020	100.0%	21,486	13.9%

In the first half of 2022, the Group recorded a strong growth, particularly in the RETAIL channel, reporting +41.3% compared to the same period last year. The WHOLESALE channel showed sustained growth (+7.1%), despite the penalisation of revenues in China in the second quarter of the year due to the reorganisation of local distribution. The related benefits from the transaction are expected on Retail Revenues generated from

Q3 2022 onwards. In particular, the successful project in China resulted in the opening of 18 direct Retail sites, will change the sales methods and approach to the local market in that area.

Revenues of the WHOLESale CHANNEL, which represents 73.5% of turnover (EUR 129,677 thousand), recorded growth of 7.1% at constant exchange rates, despite the reorganisation of the Chinese market.

Revenues of the RETAIL CHANNEL (including directly operated stores and online channels) equal to 22.4% of Group sales (EUR 39,494 thousand), showed an increase of 41.3% at current exchange rates compared to the corresponding period of the previous year.

ROYALTIES INCOMES, which represent 4.1% of consolidated turnover (EUR 7,335 thousand), grew by 21.5% compared to the same period of 2021.

LABOUR COSTS

Labour costs increase from EUR 30,622 thousand in 1H 2021 to EUR 34,399 thousand in 1H 2022 with an incidence on revenues which decrease from 19.8% in the first semester 2021 to 19.5% in the first semester 2022.

The workforce increases from an average of 1,275 units in the 1H 2021 to 1,325 units in the 1H 2022.

Average number of employees by category	1 st Half 2022	1 st Half 2021	Change Δ	%
Workers	232	258	(26)	(10.1%)
Office staff-supervisors	1,063	987	76	7.7%
Executive and senior managers	30	30	-	0.0%
Total	1,325	1,275	50	3.9%

GROSS OPERATING MARGIN (EBITDA)

In the first semester of 2022, consolidated EBITDA was positive for EUR 20,881 thousand (with an incidence of 11.8% on turnover), registering an increase of 4% compared to the EBITDA of the first semester 2021 equal to EUR 20,082 thousand (with an incidence of 13% on turnover). The project in China affected the result for Q2 2022 by penalising Ebitda due to higher costs incurred.

In 1H 2022 Ebitda of the prêt-à-porter division amounted to EUR 12,784 thousand (10.6% of sales), compared to EUR 12,041 thousand (11.5% of sales) in 1H 2021, registering a EUR 743 thousand growth.

Ebitda of the footwear and leather goods division amounted to EUR 8,098 thousand (10.1% of sales) compared to EUR 8,041 thousand (11.8% of sales) in 1H 2021, with a EUR 57 thousand increase.

NET OPERATING PROFIT / LOSS (EBIT)

Consolidated EBIT is positive for EUR 6,962 thousand compared to EUR 7,636 thousand negative in 1H 2021, showing a decrease of EUR 674 thousand.

PROFIT / LOSS BEFORE TAXES

The result before taxes amounts to a profit of EUR 5,662 thousand compared with a profit of EUR 6,302 thousand in the first semester 2021, with a EUR 640 thousand decrease.

NET PROFIT / LOSS

Net profit was equal to EUR 2,867 thousand, compared to the net profit of EUR 13,286 thousand in 1H 2021. The net profit of the period is increased of EUR 4.5 million compared to the adjusted net profit of 2021, net of extraordinary fiscal benefits related to revaluations and realignments implemented in accordance with art. 110 of Law Decree 104/2020 ("August Decree").

3. RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Values in units of EUR)	At June 30, 2022	At December 31, 2021	At June 30, 2021
Trade receivables	58,208,354	50,034,112	49,216,981
Stock and inventories	116,319,939	91,406,571	103,266,594
Trade payables	(92,598,951)	(78,690,149)	(68,246,919)
Operating net working capital	81,929,342	62,750,534	84,236,656
Other short term receivables	34,339,305	32,513,758	29,492,264
Tax receivables	10,919,992	6,636,204	7,246,450
Derivative assets	116,102	-	197,947
Other short term liabilities	(28,418,025)	(17,582,148)	(17,998,549)
Tax payables	(3,997,211)	(4,447,875)	(4,124,510)
Derivative liabilities	-	(22,223)	-
Net working capital	94,889,505	79,848,250	99,050,258
Tangible fixed assets	60,024,064	58,770,962	60,186,264
Intangible fixed assets	67,604,661	68,866,417	70,678,096
Right-of-use assets	86,161,530	85,961,940	93,034,493
Equity investments	30,069	30,069	30,269
Other fixed assets	2,413,290	1,565,654	2,132,012
Fixed assets	216,233,614	215,195,042	226,061,134
Post employment benefits	(4,152,196)	(4,478,746)	(4,530,771)
Provisions	(2,054,719)	(1,758,142)	(1,578,798)
Assets available for sale	-	-	-
Long term not financial liabilities	(470,373)	(1,120,371)	(1,164,315)
Deferred tax assets	14,466,029	15,164,461	20,762,977
Deferred tax liabilities	(14,017,950)	(13,945,178)	(15,068,735)
Net capital invested	304,893,910	288,905,316	323,531,750
Share capital	24,696,521	24,917,359	24,949,859
Other reserves	93,666,281	110,437,855	110,534,935
Profits/(Losses) carried-forward	725,475	(27,320,768)	12,905,405
Profits/(Loss) for the period	2,866,569	12,126,006	13,286,041
Group interest in shareholders' equity	121,954,846	120,160,452	161,676,240
Minority interest in shareholders' equity	-	-	34,643,791
Total shareholders' equity	121,954,846	120,160,452	196,320,031
Short term financial receivables	(3,177,047)	(2,913,650)	(2,776,843)
Cash	(22,970,296)	(31,306,566)	(42,576,814)
Long term financial liabilities	80,689,230	90,697,332	50,354,800
Long term financial receivables	-	-	-
Short term financial liabilities	51,058,966	36,595,368	40,188,702
Financial debt without IFRS 16	105,600,853	93,072,484	45,189,845
Short term lease liabilities	14,406,387	13,320,667	13,151,159
Long term lease liabilities	62,931,824	62,351,713	68,870,715
Financial debt	182,939,064	168,744,864	127,211,719
Shareholders' equity and financial debt	304,893,910	288,905,316	323,531,750

NET INVESTED CAPITAL

Compared to December 31, 2021, net invested capital increased by 5.5%.

NET WORKING CAPITAL

Net working capital amounts to EUR 94,890 thousand (27.4% of LTM sales) compared with EUR 99,050 thousand of June 30, 2021 (32.4% of sales).

The changes in the main items included in the net working capital are described below:

- At June 30, 2022, operating net working capital amount to EUR 81,929 thousand (23.7% of LTM sales) compared to EUR 84,237 thousand at June 30, 2021 (27.6% of LTM sales).
- the sum of other short term receivables and payables decrease of EUR 9,010 thousand mainly due to increase of other short term liabilities;
- the net effect of tax receivables/payables increases net working capital of EUR 4,734 thousand, mainly determined by the increase of VAT receivable.

FIXED ASSETS

The variation in fixed assets of EUR 1,039 thousand to June 30, 2022 from December 31, 2021, is due to the amortisation of the period and to the capex made during the first half 2022.

NET FINANCIAL POSITION

The financial position of the Group at June 30, 2022 shows a DEBT of EUR 105,601 thousand net of the IFRS 16 effect (EUR 45,190 thousand as at June 30, 2021).

Please note that during 2021 Aeffe Group has finalized two extraordinary transactions for a total consideration of EUR 70.2 million, that regards the acquisition of the 30% minority stake in Moschino S.p.A., for a consideration of EUR 66.6 million, and the early acquisition of the license for the production and marketing of the "Love Moschino" women's clothing collections for a consideration of EUR 3.6 million. Net of these extraordinary effects, the NET FINANCIAL POSITION would have been equal to EUR 35.5 million (an improvement of EUR 9.7 million compared to June 30, 2021).

SHAREHOLDERS' EQUITY

The shareholders' equity increases for EUR 1,795 thousand from EUR 120,160 thousand as of December 31, 2021 to EUR 121,955 thousand as of June 30, 2022.

The number of shares is 107,362,504.

4. RESEARCH & DEVELOPMENT ACTIVITIES

Considering the particular nature of the Group's products, research & development activities consist in the continual technical/stylistic renewal of models and the constant improvement of the materials employed in production. Such costs were charged in full to the Income Statement.

5. TRANSACTIONS BETWEEN GROUP COMPANIES AND WITH RELATED PARTIES

During the period, there were no transactions with related parties, including intragroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of July 28, 2006, is provided in Note "Related party transactions".

6. SIGNIFICANT EVENTS OF THE PERIOD

On 28 June 2022, the Board of Directors of Aeffe S.p.A. has approved, pursuant to the law, the Articles of Association and through deliberation done by public act, to merge by absorption the 100% directly owned company Velmar S.p.A..

7. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

8. RISKS, UNCERTAINTIES AND PROSPECTIVES FOR THE REMAINING SIX MONTHS OF THE YEAR

The risks to world growth and the inflationary pressures increase. The cyclical indicators for the second quarter point to downside risks for economic activity in most of the advanced and emerging economies. The prices of energy commodities have recorded considerable increases, especially in connection with the ongoing war in Ukraine. This has led to new peaks in inflation, also pushed up by the prices of food products. The latest forecasts of the international institutions for this year indicate a marked slowdown in the global economic cycle, which is being affected by the repercussions of the conflict, the erosion of households' purchasing power and the negative impact of the heightened uncertainty on private investment.

The macroeconomic outlook is heavily influenced by the duration and intensity of the war in Ukraine, whose effects on the Italian economy remain highly uncertain. In the short term, the resurgence of the pandemic constitutes an additional downside risk.

First half results reflect the effective business model of the AEFPE Group and the appreciation for the collections, with a significant growth in sales of all brands in the different sales channels, with a strong progression especially in retail. We are therefore satisfied of the Group's performances, as well as for the evolution of the new strategic direction of Moschino and the completion of the project related to the direct management of the distribution on the Chinese market, with the related benefits expected already in the coming months. We continue to carefully monitor the challenging market context, focusing our efforts on a path of constant and sustainable growth, both in the ready-to-wear and accessories segments, together with an expansion of our geographical presence in high-potential markets, including Greater China and United States

Half-year condensed financial statements at June 30, 2022

Financial statement

CONSOLIDATED BALANCE SHEET (*)

(Values in units of EUR)	Notes	At June 30, 2022	At December 31, 2021	Change
Trademarks		66,254,144	68,000,906	(1,746,762)
Other intangible fixed assets		1,350,517	865,511	485,006
Intangible fixed assets	(1)	67,604,661	68,866,417	(1,261,756)
Lands		17,123,494	17,123,494	-
Buildings		25,460,884	25,763,396	(302,512)
Leasehold improvements		10,599,842	8,600,124	1,999,718
Plant and machinery		3,716,475	3,971,601	(255,126)
Equipment		438,174	326,581	111,593
Other tangible fixed assets		2,685,195	2,985,766	(300,571)
Tangible fixed assets	(2)	60,024,064	58,770,962	1,253,102
Right-of-use assets	(3)	86,161,530	85,961,940	199,590
Equity investments	(4)	30,069	30,069	-
Long term financial receivables		-	-	-
Other fixed assets	(5)	2,413,290	1,565,654	847,636
Deferred tax assets	(6)	14,466,029	15,164,461	(698,432)
NON-CURRENT ASSETS		230,699,643	230,359,503	340,140
Stocks and inventories	(7)	116,319,939	91,406,571	24,913,368
Trade receivables	(8)	58,208,354	50,034,112	8,174,242
Tax receivables	(9)	10,919,992	6,636,204	4,283,788
Derivate assets	(10)	116,102	-	116,102
Cash	(11)	22,970,296	31,306,566	(8,336,270)
Financial receivables	(12)	3,177,048	2,913,650	263,398
Other receivables	(13)	34,339,305	32,513,758	1,825,547
CURRENT ASSETS		246,051,036	214,810,861	31,240,175
Assets available for sale		-	-	-
TOTAL ASSETS		476,750,679	445,170,364	31,580,315
Share capital		24,696,521	24,917,359	(220,838)
Other reserves		93,666,281	110,437,855	(16,771,574)
Profits / (losses) carried-forward		725,475	(27,320,768)	28,046,243
Net profit / (loss) for the Group		2,866,569	12,126,006	(9,259,437)
SHAREHOLDERS' EQUITY	(14)	121,954,846	120,160,452	1,794,394
Provisions	(15)	2,054,719	1,758,142	296,577
Deferred tax liabilities	(6)	14,017,950	13,945,178	72,772
Post employment benefits	(16)	4,152,196	4,478,746	(326,550)
Long term financial liabilities	(17)	143,621,054	153,049,045	(9,427,991)
Long term not financial liabilities	(18)	470,373	1,120,371	(649,998)
NON-CURRENT LIABILITIES		164,316,292	174,351,482	(10,035,190)
Trade payables	(19)	92,598,951	78,690,149	13,908,802
Tax payables	(20)	3,997,211	4,447,875	(450,664)
Derivate liabilities	(10)	-	22,223	(22,223)
Short term financial liabilities	(21)	65,465,354	49,916,035	15,549,319
Other liabilities	(22)	28,418,025	17,582,148	10,835,877
CURRENT LIABILITIES		190,479,541	150,658,430	39,821,111
Liabilities available for sale		-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		476,750,679	445,170,364	31,580,315

Pursuant to Consob Resolution N. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated statement of financial position are presented in the specific scheme provided in the attachment I and are further described in the paragraph "Related party transactions".

CONSOLIDATED INCOME STATEMENT (*)

(Values in units of EUR)	Notes	1 st Half		1 st Half	
		2022	%	2021	%
REVENUES FROM SALES AND SERVICES	(23)	176,506,070	100.0%	155,019,816	100.0%
Other revenues and income	(24)	4,249,458	2.4%	3,429,973	2.2%
TOTAL REVENUES		180,755,528	102.4%	158,449,789	102.2%
Changes in inventory		24,302,020	13.8%	(4,865,924)	(3.1%)
Costs of raw materials, cons. and goods for resale	(25)	(89,843,096)	(50.9%)	(55,841,645)	(36.0%)
Costs of services	(26)	(53,207,959)	(30.1%)	(43,986,960)	(28.4%)
Costs for use of third parties assets	(27)	(4,014,367)	(2.3%)	(1,457,088)	(0.9%)
Labour costs	(28)	(34,399,226)	(19.5%)	(30,621,509)	(19.8%)
Other operating expenses	(29)	(2,711,399)	(1.5%)	(1,594,968)	(1.0%)
Amortisation, write-downs and provisions	(30)	(13,919,428)	(7.9%)	(12,445,295)	(8.0%)
Financial income/(expenses)	(31)	(1,300,337)	(0.7%)	(1,334,658)	(0.9%)
PROFIT / LOSS BEFORE TAXES		5,661,736	3.2%	6,301,742	4.1%
Taxes	(32)	(2,795,167)	(1.6%)	11,125,315	7.2%
NET PROFIT / LOSS		2,866,569	1.6%	17,427,057	11.2%
(Profit)/loss attributable to minority shareholders		-	0.0%	(4,141,016)	(2.7%)
NET PROFIT / LOSS FOR THE GROUP		2,866,569	1.6%	13,286,041	8.6%
Basic earnings per share	(33)	0.029		0.133	
Dilutive earnings per share	(33)	0.029		0.133	

(*) Pursuant to Consob Resolution N. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated Income Statement are presented in the specific scheme provided in the attachment II and are further described in the paragraph "Related party transactions".

COMPREHENSIVE INCOME STATEMENT

(Values in units of EUR)	1 st Half	1 st Half
	2022	2021
Profit/(loss) for the period (A)	2,866,569	17,427,057
Remeasurement of defined benefit plans	-	-
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-
Total other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1)	-	-
Gains/(losses) on cash flow hedges	99,732	394,350
Gains/(losses) on exchange differences on translating foreign operations	441,412	448,591
Income tax relating to components of Other Comprehensive income / (loss)	-	-
Total other comprehensive income that will be reclassified subsequently to profit or loss, net of tax (B2)	541,144	842,941
Totale Other comprehensive income, net of tax(B1)+(B2)=(B)	541,144	842,941
Total Comprehensive income / (loss) (A) + (B)	3,407,713	18,269,998
Total Comprehensive income / (loss) attributable to:	3,407,713	18,269,998
Owners of the parent	3,407,713	14,128,982
Non-controlling interests	-	4,141,016

CONSOLIDATED CASH FLOW STATEMENT (*)

(Values in thousands of EUR)	Notes	1 st Half 2022	1 st Half 2021
Opening balance		31,307	39,828
Profit/loss before taxes		5,662	6,302
Amortisation / write-downs		13,920	12,445
Accrual (+)/availment (-) of long term provisions and post employment benefits		(30)	(335)
Paid income taxes		(2,475)	(927)
Financial income (-) and financial charges (+)		1,300	1,335
Change in operating assets and liabilities		(16,261)	(3,030)
Cash flow (absorbed) / generated by operating activity	(34)	2,116	15,790
Increase (-)/ decrease (+) in intangible fixed assets		(750)	(308)
Increase (-)/ decrease (+) in tangible fixed assets		(3,535)	(702)
Increase (-)/ decrease (+) in right-of-use assets		(8,827)	(401)
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-	101
Cash flow (absorbed) / generated by investing activity	(35)	(13,112)	(1,310)
Other variations in shareholders' equity		(1,051)	137
Dividends paid		-	-
Proceeds (+)/repayment (-) of financial payments		4,455	(4,744)
Proceeds (+)/ repayment (-) of lease payments		1,666	(6,185)
Increase (-)/ decrease (+) in long term financial receivables		(1,111)	396
Financial income (+) and financial charges (-)		(1,300)	(1,335)
Cash flow (absorbed) / generated by financing activity	(36)	2,659	(11,731)
Closing balance		22,970	42,577

*) Pursuant to Consob Resolution N. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated statement of cash flows are presented in the specific scheme provided in the attachment III and are further described in the paragraph "Related party transactions".

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Values in thousands of EUR)

	Share capital	Share premium reserve	Cash flow reserve	Other reserves	Fair Value reserve	IAS reserve	Reassessment of defined benefit plans reserve	Translation reserve	Profit/(losses) carried-forward	Net profit / loss for the Group	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
At December 31, 2021	24,917	69,334	(16)	28,610	7,901	7,607	(1,466)	(1,532)	(27,321)	12,126	120,160		120,160
Allocation of 2021 income/(loss)	-	-	-	(15,920)	-	-	-	-	28,046	(12,126)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	(221)	(1,392)	-	-	-	-	-	-	-	-	(1,613)	-	(1,613)
Total comprehensive income/(loss) at 30/06/22	-	-	100	-	-	-	-	441	-	2,867	3,408	-	3,408
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
At June 30, 2022	24,696	67,942	84	12,690	7,901	7,607	(1,466)	(1,091)	725	2,867	121,955	-	121,955

(Values in thousands of EUR)

	Share capital	Share premium reserve	Cash flow reserve	Other reserves	Fair Value reserve	IAS reserve	Reassessment of defined benefit plans reserve	Translation reserve	Profit/(losses) carried-forward	Net profit / loss for the Group	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
At December 31, 2020	25,044	70,144	(252)	49,756	7,901	7,607	(1,343)	(2,502)	13,274	(21,397)	148,232	30,524	178,756
Allocation of 2020 income/(loss)	-	-	-	(21,028)	-	-	-	-	(369)	21,397	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	(94)	(473)	-	-	-	-	-	-	-	-	(567)	-	(567)
Total comprehensive income/(loss) at 30/06/21	-	-	394	-	-	-	-	449	-	13,286	14,129	4,141	18,270
Other changes	-	-	-	(118)	-	-	-	-	-	-	(118)	(21)	(139)
At June 30, 2021	24,950	69,671	142	28,610	7,901	7,607	(1,343)	(2,053)	12,905	13,286	161,676	34,644	196,320

Explanatory notes

GENERAL INFORMATION

Aeffe Group operates worldwide in the luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods.

The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including "Alberta Ferretti", "Philosophy di Lorenzo Serafini", "Moschino" and "Pollini", and licensed brands.

The Group also has licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, junior and children's lines, watches, sunglasses and other).

The Group's business is divided, based on the various product lines and brands it sells, into two segments: prêt-a-porter (which includes prêt-a-porter, lingerie and swimwear) and footwear and leather goods.

The Parent Company Aeffe, an Italian legal entity incorporated as a public limited company (società per azioni) based in San Giovanni in Marignano (RN), is currently listed in the – STAR Segment – of the MTA, the Italian Stock Exchange operated by Borsa Italiana.

Aeffe is controlled by Fratelli Ferretti Holding S.r.l..

These consolidated financial statements include the financial statements of the Parent Company Aeffe and its subsidiaries and the Group's equity interests in affiliated companies. They consist of the balance sheet, income statement, comprehensive income statement, cash flow statement, statement of changes in equity and these notes.

The financial statements are expressed in euro, since this is the currency in which most of the Group's transactions are conducted. Foreign operations are included in the consolidated financial statements according to the principles stated in the notes that follow.

DECLARATION OF CONFORMITY AND REPORTING PRINCIPLES

The half-year condensed financial statements at June 30, 2022 have been prepared in accordance with International Financial Reporting Standards –"IFRS"- (the designation IFRS also includes all valid International Accounting Standards –"IAS"-, as well as all interpretations of the International Financial Reporting Interpretations Committee –"IFRIC"-, formerly the Standing Interpretations Committee –"SIC"-), issued by the International Accounting Standards Board –"IASB"- endorsed by the European Commission according to the procedures in art. 6 of (EC) Regulation n. 1606/2002 of the European Parliament and Council dated July 19, 2002. In particular, these half-year condensed financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

In the "Accounting policies" section are showed the international accounting principles adopted.

Unless otherwise indicated in the measurement bases described below, these consolidated financial statements were prepared in accordance with the historic cost principle.

The measurement bases were applied uniformly by all Group companies.

CONSOLIDATION PRINCIPLES

The scope of consolidation at June 30, 2022 includes the financial statements of the Parent Company Aeffe and those of the Italian and foreign companies in which Aeffe holds control either directly or through its subsidiaries and associates or in which it exerts a dominant influence.

If necessary, adjustments were made to the financial statements of subsidiaries to bring their accounting policies into line with those adopted by the Group.

Companies are consolidated using the line-by-line method. The principles adopted for the application of this method are essentially as follows:

- the book value of equity investments held by the Parent Company or other consolidated companies is written-off against the corresponding net equity at June 30, 2022 in relation to assumption of the assets and liabilities of the subsidiaries;
- the difference between historical cost and fair value of the net equity of shareholdings on the acquisition date is allocated as much as possible to the assets and liabilities of the shareholdings. The remainder is allocated to goodwill. In accordance with the transitional provisions of IFRS 3, the Group, in case it was present, has ceased to depreciate goodwill, instead subjecting it to impairment tests;
- significant transactions between consolidated companies are written-off, as are receivables and payables and earnings not yet realised from third parties arising from transactions between Group companies, excluding any tax effect;
- minority interests in shareholders' equity and net profit are reported in the relevant items of the consolidated balance sheet and income statement;
- companies acquired during the period are consolidated from the date on which majority control was achieved.

Subsidiaries

Subsidiaries are enterprises controlled by the Company. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are consolidated from the date on which the Group acquires control and until the date when such control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition cost is determined by adding together the fair values of the assets transferred, the shares issued and the liabilities assumed on the acquisition date, plus the costs directly associated with the acquisition. Any surplus acquisition cost over the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill.

If the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate exceeds acquisition cost, the difference is immediately recorded in the income statement.

Intercompany balances, transactions, revenue and costs are eliminated in the consolidated statements.

Furthermore, intercompany business combinations are recognised by maintaining the same book value of assets and liabilities as previously recorded in the consolidated financial statements.

Associates

An associate is an enterprise in which the Group has significant influence, but has neither sole or joint control, by taking part in decisions regarding the company's financial and operating strategy.

Trading results and the assets and liabilities of associates are accounted for in the consolidated financial statements based on the equity method, except where they are classified as held for sale.

According to this method, equity interests in associates are recorded in the balance sheet at cost, adjusted to take account of changes following the acquisition of their net assets, excluding any loss in value of individual investments. Losses of associates that exceed the Group's percentage interest in them (including long-term receivables that essentially form part of the Group's net investment in the associate) are not recognised unless the Group has an obligation to cover them. The surplus acquisition cost over the parent's percentage share of the present value of the identifiable assets, liabilities and contingent liabilities of the associate on the acquisition date is recognised as goodwill. Goodwill is included in the carrying amount of the investment and

is subjected to impairment tests. The historical cost deficit compared with the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of associates on the acquisition date is credited to the income statement in the year of acquisition. With reference to operations between a Group company and an associate, unrealised gains and losses are eliminated in equal measure to the Group's percentage interest in the associate, except for cases where the unrealised losses constitute evidence of impairment of the asset transferred.

SCOPE OF CONSOLIDATION

The companies included in the scope of consolidation are listed in the following table:

Company	Location	Currency	Share capital	Direct interest	Indirect interest
Companies included in the scope of consolidation					
Italian companies					
Aeffe Retail S.p.A.	S.G. in Marignano (RN) Italy	EUR	8,585,150	100%	
Moschino S.p.A.	S.G. in Marignano (RN) Italy	EUR	66,817,108	100%	
Pollini S.p.A.	Gatteo (FC) Italy	EUR	6,000,000	100%	
Pollini Retail S.r.l.	Gatteo (FC) Italy	EUR	5,000,000		100% (i)
Velmar S.p.A.	S.G. in Marignano (RN) Italy	EUR	120,000	100%	
Foreign companies					
Aeffe France S.a.r.l.	Paris (FR)	EUR	50,000	100%	
Aeffe UK Ltd.	London (GB)	GBP	310,000	100%	
Aeffe USA Inc.	New York (USA)	USD	600,000	100%	
Aeffe Germany G.m.b.h.	Metzingen (DE)	EUR	25,000	100%	
Aeffe Spagna S.l.u.	Barcelona (E)	EUR	320,000	100%	
Aeffe Netherlands B.V.	Rotterdam (NL)	EUR	25,000	100%	
Pollini Suisse S.a.g.l.	Chiasso (CH)	CHF	20,000		100% (i)
Pollini Austria G.m.b.h.	Vienna (A)	EUR	35,000		100% (i)
Fashoff UK Ltd.	London (GB)	GBP	1,550,000		100% (ii)
Moschino Korea Ltd.	Seoul (ROK)	KRW	6,192,940,000		100% (ii)
Moschino France S.a.r.l.	Paris (FR)	EUR	50,000		100% (ii)
Moschino USA Inc.	New York (USA)	USD	10,000		100% (ii)
Bloody Mary Inc.	New York (USA)	USD	100,000		100% (ii)
Moschino Asia Pacific Ltd.	Hong Kong (HK)	HKD	500,000		100% (ii)
Aeffe Shanghai Ltd	Shanghai (CN)	CNY	17,999,960		100% (ii)

Notes (details of indirect shareholdings):

- (i) 100% owned by Pollini Spa;
- (ii) 100% owned by Moschino Spa;

The following operations were completed during the period:

- a) Opening of the company Aeffe Netherland;
- b) Closing of the company Aeffe Japan;
- c) Closing of the company Moschino Japan;
- d) Transfer of Aeffe Shanghai shares from Aeffe Spa to Moschino Asia Pacific.

FOREIGN CURRENCIES

Functional and reporting currency

The amounts in the financial statements of each Group enterprise are measured using the operating currency or the currency of the economic area in which the enterprise operates. These consolidated financial statements are presented in euro, which is the operating and reporting currency of the Parent Company.

Foreign currency transactions

Foreign currency transactions are converted into the operating currency at the exchange rate in force on the transaction date. Cash assets and liabilities denominated in foreign currencies are converted at the exchange rate in force on the balance sheet date. Any exchange rate differences arising from the elimination of these transactions or from the conversion of cash assets and liabilities are posted to the income statement. Non-cash assets and liabilities in foreign currencies that are measured at fair value are converted at the exchange rates in force on the date on which the fair value was determined.

Financial statements of foreign companies

The financial statements of companies outside the euro-zone are translated into euro based on the following procedures:

- (i) assets and liabilities, including goodwill and fair value adjustments arising from consolidation are converted at the exchange rate in force on the balance sheet date;
- (ii) revenue and costs are converted at the average rate for the period, which must be close to the exchange rate in force on the transaction date;
- (iii) exchange rate differences are recognised in a separate account in shareholders' equity. When a foreign company is sold, the total amount of accumulated exchange rate differences relating to that company are recorded in the income statement.

The exchange rates used for the conversion into euro of the financial and equity statements of companies included in the scope of consolidation are listed in the following table:

Currency description	Average exchange rate 1 st Half 2022	Actual exchange rate 30/06/2022	Average exchange rate FY 2021	Actual exchange rate 31/12/2021	Average exchange rate 1 st Half 2021	Actual exchange rate 30/06/2021
Hong Kong Dollar	8.5559	8.1493	9.1932	8.8333	9.3551	9.2293
Renminbi chinese (yuan)	7.0823	6.9624	7.6282	7.1947	7.7960	7.6742
United States Dollar	1.0934	1.0387	1.1827	1.1326	1.2053	1.1884
United Kingdom Pound	0.8539	0.8582	0.8596	0.8403	0.8680	0.8581
Japanese Yen	134.3071	141.5400	129.8767	130.3800	129.8681	131.4300
South Korean Won	1347.8400	1351.6000	1354.0600	1346.3800	1347.5387	1341.4100
Swiss Franc	1.0319	0.9960	1.0811	1.0331	1.0946	1.0980

FINANCIAL STATEMENT FORMATS

As part of the options available under IAS 1 for the preparation of its economic and financial position, The Group has elected to adopt a balance sheet format that distinguishes between current and non-current assets and liabilities, and an income statement that classifies costs by type of expenditure, since this is deemed to reflect more closely its business activities. The cash flow statement is presented using the "indirect" format.

With reference to Consob Resolution n. 15519 dated July 27, 2006 regarding the format of the financial statements, additional schedules have also been presented for the income statement, the statement of financial position and the statement of cash flows in order to identify any significant transactions with related parties. This has been done to avoid any compromising the overall legibility of the main financial statements.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this half-year financial report are the same used as those used in the preparation of the consolidated financial statement as of December 31, 2021, except for the following interpretations and amendments to the accounting principles that have been mandatory since January 1, 2022.

Accounting standards, amendments and interpretations approved by the European Union, applicable from 1 January 2022, which were applied for the first time in the consolidated half-yearly financial statements of the AEFEE Group closed as at 30 June 2022

IFRS 17 - Insurance Contracts (including amendments published in June 2020)

The new standard establishes the principles for the recognition, evaluation, presentation and disclosure of insurance contracts under the IAS / IFRS international accounting standards. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents such contracts.

This information provides users of the financial statements with a basis for evaluating the effect that insurance contracts have on the financial position, financial results and cash flows of the entity.

IFRS 17 was issued in May 2017 and applies to annual financial years starting on or after 1 January 2023.

Accounting standards, amendments and interpretations published by the IASB but not yet approved by the European Union:

- Amendments to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued respectively on January 23, 2020 and July 15, 2020);
- Amendments to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2": Disclosure of Accounting policies (issued on 12 February 2021);
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates (issued on 12 February 2021);
- Amendments to IAS 12 "Income Taxes": Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021);
- Amendments to IFRS 17 "Insurance contracts": Initial Application of IFRS 17 and IFRS 9 - Comparative Information (issued on 9 December 2021).

The principles listed in this paragraph are not applicable as they are not approved by the European Union, which, during the approval process, could only partially transpose, or not transpose, these principles.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

1. INTANGIBLE FIXED ASSETS

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)	Brands	Other	Total
Net book value at January 1, 2022	68,001	865	68,866
Increases	-	746	746
- increases externally acquired	-	746	746
- increases from business aggregations	-	-	-
Disposals	-	-	-
Translation diff. / other variations	-	5	5
Amortisation	(1,747)	(265)	(2,012)
Net book value at June 30, 2022	66,254	1,351	67,605

Changes in intangible fixed assets highlight the following variations:

- increases equal to EUR 746 thousand, mainly related to "Other";
- amortisation of the period equal to EUR 2,012 thousand.

Brands

This item includes the Group's own-label brands ("Alberta Ferretti", "Moschino" and "Pollini"). A breakdown of brands is given below:

(Values in thousands of EUR)	Brand residual life	June 30, 2022	December 31, 2021
Alberta Ferretti	21	2,583	2,646
Moschino	23	37,023	37,987
Pollini	19	26,648	27,368
Total		66,254	68,001

Other

The item other mainly includes software licences.

2. TANGIBLE FIXED ASSETS

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)

	Lands	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
Net book value at January 1, 2022	17,123	25,763	8,600	3,972	327	2,986	58,771
Increases	-	6	3,067	60	148	190	3,471
Disposals	-	-	(5)	-	(1)	(7)	(13)
Translation diff. / other variations	-	-	63	-	2	10	75
Depreciation	-	(308)	(1,125)	(316)	(38)	(493)	(2,280)
Net book value at June 30, 2022	17,123	25,461	10,600	3,716	438	2,686	60,024

Tangible fixed assets are changed as follows:

- Increases for new investments of EUR 3,471 thousand. These mainly refer to new investments in leasehold improvements and buildings.
- Disposals, net of the accumulated depreciation, of EUR 13 thousand.
- Increase for translation differences and other variations of EUR 75 thousand.
- Depreciation of EUR 2,280 thousand charged in relation to all tangible fixed assets, except for land, using the rates applicable to each category.

3. RIGHT-OF-USE ASSETS

The table below illustrates the changes of this item:

(Values in thousands of EUR)	Buildings	Car	Other	Total
Net book value at January 1, 2022	84,780	244	938	85,962
Increases	7,587	559	170	8,316
Disposals	-	-	-	-
Translation diff. / other variations	511	-	-	511
Depreciation	(8,210)	(183)	(234)	(8,627)
Net book value at June 30, 2022	84,668	620	874	86,162

The balance mainly includes the usage rights linked to the rental contracts of the retail channel, showrooms and other properties.

The entry is changed as follows:

- Increases of EUR 8,316 thousand.
- Positive differences arising on translation of EUR 511 thousand.
- Depreciation of EUR 8,627 thousand.

4. EQUITY INVESTMENTS

This item includes holdings represented by the cost.

5. OTHER FIXED ASSETS

This item mainly includes receivables for security deposits related to commercial leases.

6. DEFERRED TAX ASSETS AND LIABILITIES

The table below illustrates the breakdown of this item at June 30, 2022 and at December 31, 2021:

(Values in thousands of EUR)	Receivables		Liabilities	
	At June 30, 2022	At December 31, 2021	At June 30, 2022	At December 31, 2021
Tangible fixed assets	2	2	(17)	(17)
Intangible fixed assets	8	14	(144)	(144)
Provisions	5,028	5,146	(4)	(6)
Costs deductible in future periods	608	1,478	(17)	(18)
Income taxable in future periods	-	-	(166)	(192)
Tax losses carried forward	763	1,477	-	-
Other	3,398	2,603	(1,378)	(1,077)
Tax assets (liabilities) from transition to IAS	4,659	4,444	(12,292)	(12,491)
Total	14,466	15,164	(14,018)	(13,945)

Changes in temporary differences during the period are illustrated in the following table:

(Values in thousands of EUR)	Opening balance	Differences arising on translation	Recorded in the income statement	Other	Closing balance
Tangible fixed assets	(15)	-	-	-	(15)
Intangible fixed assets	(130)	-	(6)	-	(136)
Provisions	5,140	11	(127)	-	5,024
Costs deductible in future periods	1,460	2	(871)	-	591
Income taxable in future periods	(192)	-	26	-	(166)
Tax losses carried forward	1,477	4	1,451	(2,169)	763
Other	1,526	(3)	509	(12)	2,020
Tax assets (liabilities) from transition to IAS	(8,047)	22	434	(42)	(7,633)
Total	1,219	36	1,416	(2,223)	448

Deferred tax assets related to costs deductible in future periods mainly relate to the deferred taxation on provisions for doubtful investments and for risks and charges.

CURRENT ASSETS

7. STOCKS AND INVENTORIES

This item comprises:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2022	2021	Δ	%
Raw, ancillary and consumable materials	8,819	9,309	(490)	(5.3%)
Work in progress	6,706	6,668	38	0.6%
Finished products and goods for resale	100,713	75,393	25,320	33.6%
Advance payments	82	37	45	121.6%
Total	116,320	91,407	24,913	27.3%

Inventories of raw materials and work in progress mainly relate to the production of the Autumn/Winter 2022 collections, while finished products mainly concern the Spring/Summer 2022 and the Autumn/Winter 2022 collections and the Spring/Summer 2023 sample collections.

The value of inventories is already indicated net of the obsolescence provision equal to EUR 21,983 thousand. The obsolescence provision reflects the best estimate made by management on the basis of the breakdown

by year and season of inventories, on the considerations derived from the past experience of sales through alternative channels and the future prospects of sales volumes.

8. TRADE RECEIVABLES

This item is illustrated in details in the following table:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change	
			Δ	%
Trade receivables	61,393	53,761	7,632	14.2%
(Allowance for doubtful account)	(3,185)	(3,727)	542	(14.5%)
Total	58,208	50,034	8,174	16.3%

Trade receivables amount to EUR 58,208 thousand at June 30, 2022, with a 16.3% increase compared with the amount at December 31, 2021 mainly due to the increase in sales.

Management considers that the fair value of amounts due from customers approximates their book value.

The allowance for doubtful accounts is determined by reference to a detailed analysis of the available information and, in general, is based on historical trends.

The following table shows the movements of the bad debt provision for the year:

(Values in thousands of EUR)	At December 31, 2021	Increases	Decreases / Other variations	At June 30, 2022
(Allowance for doubtful account)	3,727	532	(1,074)	3,185
Total	3,727	532	(1,074)	3,185

9. TAX RECEIVABLES

This item is illustrated in details in the following table:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change	
			Δ	%
VAT	6,389	2,086	4,303	206.3%
Corporate income taxes (IRES)	2,005	2,776	(771)	(27.8%)
Local business tax (IRAP)	452	452	-	n.a.
Amounts due by tax authority for withheld taxes	-	-	-	n.a.
Other tax receivables	2,074	1,322	752	56.9%
Total	10,920	6,636	4,284	64.6%

As of June 30, 2022, the Group's tax receivables amount to EUR 10,920 thousand, recording an increase of EUR 4,284 thousand compared to December 31, 2021, mainly due to the increase of VAT receivable.

10. DERIVATE ASSETS AND LIABILITIES

The AEFEE Group, characterized by an important presence in international markets, is exposed to exchange rate risk mainly for purchases by the subsidiary Pollini in US Dollars (USD). The Group signs forward currency derivative contracts (USD) at term (Forward) with primary credit institutions to cover the aforementioned risk.

These contracts are set up to cover a specific percentage of expected purchase volumes in USD. At the balance sheet date, the notional amount of forward currency contracts stipulated is USD 4,000 thousand (USD 8,500 thousand at 30/06/2021). All contracts opened at 30/06/2022 will expire in 2022.

The composition of the derivative financial instruments in place at June 30, 2022 and December 31, 2021 is summarized below with an indication of the respective current and non-current accounting values referring to the fair value and fair value of the cash flow hedge reserve, this last shown net of the related deferred tax effect:

(Values in thousands of EUR)	At June 30, 2022			At December 31, 2021		
	Assets	Liabilities	Hedging Reserve	Assets	Liabilities	Hedging Reserve
Forward contracts for cash flow hedge exchange rate risk	-	-	-	-	-	-
TOTAL NON CURRENT	-	-	-	-	-	-
Forward contracts for cash flow hedge exchange rate risk	116	-	84	-	(22)	(16)
TOTAL CURRENT	116	-	84	-	(22)	(16)

The cash flow hedge reserve relating to forward contracts hedging the currency risk on currencies amounts to EUR 84 thousand net of the related tax effect (EUR -32 thousand).

The transfer to the 1st Half 2022 income statement of the effect of the hedging transactions on exchange rate risk was equal to EUR 327 thousand brought to costs decrease.

11. CASH

This item includes:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2022	2021	Δ	%
Bank and post office deposits	22,359	30,674	(8,315)	(27.1%)
Cheques	64	30	34	113.3%
Cash in hand	547	603	(56)	(9.3%)
Total	22,970	31,307	(8,337)	(26.6%)

Bank and postal deposits represent the nominal value of the current account balances with credit institutions, including interest accrued on the balance sheet date. Cash in hand and equivalents represent the nominal value of the cash held on the balance sheet date.

The decrease in cash and cash equivalent, recorded at June 30, 2022 compared with the amount recorded at December 31, 2021, is EUR 8,337 thousand. About the reason of this variation refer to the Statement of Cash Flows.

12. FINANCIAL RECEIVABLES

The item is compared with the respective value at December 31, 2021:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change	
			Δ	%
Financial receivables	3,177	2,914	263	9.0%
Total	3,177	2,914	263	9.0%

The item increased exclusively due to a foreign exchange effect.

13. OTHER RECEIVABLES

This caption comprises:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change	
			Δ	%
Credits for prepaid costs	27,767	26,249	1,518	5.8%
Advances for royalties and commissions	15	25	(10)	(40.0%)
Advances to suppliers	148	321	(173)	(53.9%)
Accrued income and prepaid expenses	3,479	2,395	1,084	45.3%
Other	2,930	3,524	(594)	(16.9%)
Total	34,339	32,514	1,825	5.6%

Other current receivables increase by EUR 1,825 thousand mainly for the increase of prepaid leases and credits for prepaid costs and of prepayments and accrued income generated by the seasonality of the business.

Credits for prepaid costs relate to the costs incurred to design and make samples for the Spring/Summer 2023 collections, which the corresponding revenues from sales have not been realised yet for and the partial suspension of the same costs for the Autumn/Winter 2022 collections.

14. SHAREHOLDERS' EQUITY

Described below are the main categories of shareholders' equity at June 30, 2022, while the corresponding variations are described in the prospect of shareholders' equity.

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change	
			Δ	
Share capital	24,696	24,917	(221)	
Share premium reserve	67,942	69,334	(1,392)	
Cash flow reserve	84	(16)	100	
Other reserves	12,690	28,610	(15,920)	
Fair value reserve	7,901	7,901	-	
IAS reserve	7,607	7,607	-	
Reamasurement of defined benefit plans reserve	(1,466)	(1,466)	-	
Translation reserve	(1,091)	(1,532)	441	
Profits / (losses) carried-forward	725	(27,321)	28,046	
Net profit / (loss) for the Group	2,867	12,126	(9,259)	
Total	121,955	120,160	1,795	

SHARE CAPITAL

Share capital as of June 30, 2022, totally subscribed and paid, (gross of treasury shares) totals EUR 26,841 thousand), and is represented by 107,362,504 shares, par value EUR 0.25 each. At June 30, 2022 the Parent Company holds 8,576,421 treasury shares, representing the 7.988% of its share capital.

There are no shares with restricted voting rights, without voting rights or with preferential rights. During the period, 883,354 treasury shares were purchased by the Parent Company for a total value of Euro 1,613,322.

SHARE PREMIUM RESERVE

The variation in the share premium reserve amounts to EUR 1,392 thousand and it is related to the purchase of treasury shares made during the period.

CASH FLOW RESERVE

For the change in the cash flow hedge reserve of EUR 100 thousand, please refer to note 10 of the assets and liabilities for derivatives.

OTHER RESERVES

The changes in these reserves reflect the allocation of prior-year result of the Parent Company.

FAIR VALUE RESERVE

The fair value reserve derives from the application of IAS 16 in order to measure the land and buildings owned by the Company at their fair value, as determined with reference to an independent appraisal.

IAS RESERVE

The IAS reserve, formed on the first-time adoption of IFRS, reflects the differences in value that emerged on the transition from ITA GAAP to IFRS. The differences reflected in this equity reserve are stated net of tax effect, as required by IFRS 1. Each difference was allocated on a pro rata basis to minority interests.

REAMISUREMENT OF DEFINED BENEFIT PLANS RESERVE

The reamasurement of defined benefit plans reserve amounts to EUR -1.466 thousand and it remains unchanged since December 31, 2021.

TRANSLATION RESERVE

The translation reserve amounts to EUR -1,091 thousand and is related to the conversion of companies' financial statements in other currency than EUR.

PROFITS/(LOSSES) CARRIED-FORWARD

The caption Profits/(losses) carried-forward increase mainly as a consequence of the consolidated result recorded during the year ended at December 31, 2021.

NON-CURRENT LIABILITIES

15. PROVISIONS

Provisions are illustrated in the following statement:

(Values in thousands of EUR)	At December 31, 2021	Increases	Decreases	At June 30, 2022
Pensions and similar obligations	555	537	-	1,092
Other	1,203	-	(240)	963
Total	1,758	537	(240)	2,055

The supplementary clientele severance indemnity fund is determined based on an estimate of the liability relating to the severance of agency contracts, taking account of statutory provisions and any other relevant factor, such as statistical data, average duration of agency contracts and their rate of turnover. The item is calculated based on the actual value of the outflow necessary to extinguish the obligation.

The other provisions mainly relate to provisions for future charges and risks linked to organizational changes.

Potential tax liabilities for which no reserves have been established, since it is not considered probable that they will give rise to a liability for the Group, are described in the paragraph "Contingent liabilities".

16. POST-EMPLOYMENT BENEFITS

The severance indemnities payable on a deferred basis to all employees of the Group are deemed to represent a defined benefits plan (IAS 19), since the employer's obligation does not cease on payment of the contributions due on the remuneration paid, but continue until termination of the employment relationship.

For plans of this type, the standard requires the amount accrued to be projected forward in order to determine the amount that will be paid on the termination of employment, based on an actuarial valuation that takes account of employee turnover, likely future pay increases and any other applicable factors. This methodology does not apply to those employees whose severance indemnities are paid into approved supplementary pension funds which, in the circumstances, are deemed to represent defined contributions plans.

Changes in the provision are illustrated in the following statement:

(Values in thousands of EUR)	At December 31, 2021	Increases	Decreases/ Other variations	At June 30, 2022
Post employment benefits	4,479	131	(458)	4,152
Total	4,479	131	(458)	4,152

Increases include the share of post employment benefits matured in the year and the related revaluation, while the entry decreases/other changes includes the decrease for the liquidation of the post employment benefits and the actuarial loss.

17. LONG-TERM FINANCIAL LIABILITIES

The following table contains details of long-term borrowings:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change	
			Δ	%
Loans from financial institutions	80,689	90,697	(10,008)	(11.0%)
Lease liabilities	62,932	62,352	580	0.9%
Total	143,621	153,049	(9,428)	(6.2%)

The entry "Loans from financial institutions" relates to the portion of bank loans due beyond 12 months. It is about unsecured loans and bank finance not assisted by any form of security and they are not subject to special clauses, except for the early repayment clauses normally envisaged in commercial practice. The only exception is a mortgage loan on the property located in Gatteo headquarters of the subsidiary Pollina S.p.A. of EUR 15,000 thousand.

Furthermore, there are no covenants to comply with specific financial terms or negative pledges.

Lease liabilities relate to the application of IFRS 16.

The following table contains details of bank loans as of June 30, 2022, including the current portion and long term portion:

(Values in thousands of EUR)	Total amount	Current portion	Long term portion
Bank borrowings	95,157	14,468	80,689
Total	95,157	14,468	80,689

It should be noted that the amount due beyond five years amounts to EUR 10,392 thousand.

18. LONG-TERM NOT FINANCIAL LIABILITIES

The item amounts to EUR 470 thousand at June 30, 2022, decreasing of EUR 650 thousand compared to December 31, 2021. The change is mainly attributable to the accounting in the short-term liabilities of the yearly amount of the substitute tax payable referring to the operations carried out as required by art. 110 of the Law Decree n. 104/2020 "August Decree".

CURRENT LIABILITIES

19. TRADE PAYABLES

The item is compared with the respective value at December 31, 2021:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change	
			Δ	%
Trade payables	92,599	78,690	13,909	17.7%
Total	92,599	78,690	13,909	17.7%

Trade payables are due within 12 months and concern debts for supplying goods and services.

20. TAX PAYABLES

Tax payables are analysed in comparison with the related balances as of December 31, 2021 in the following table:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change Δ	%
Local business tax (IRAP)	198	634	(436)	(68.8%)
Corporate income tax (IRES)	754	341	413	121.1%
Amounts due to tax authority for withheld taxes	1,830	2,344	(514)	(21.9%)
VAT due to tax authority	567	428	139	32.5%
Other	648	701	(53)	(7.6%)
Total	3,997	4,448	(451)	(10.1%)

Tax payables decrease of EUR 451 thousand compared with December 31, 2021.

21. SHORT-TERM FINANCIAL LIABILITIES

A breakdown of this item is given below:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change Δ	%
Due to banks	51,059	36,595	14,464	39.5%
Lease liabilities	14,406	13,321	1,085	8.1%
Total	65,465	49,916	15,549	31.2%

Current bank debts include advances granted by credit institutions, current loans and the current portion of long-term financing commitments. Advances mainly consist of withdrawals from short-term credit facilities to finance the working capital requirement.

Leasing payables relate to the application of IFRS16.

22. OTHER LIABILITIES

Other current liabilities are analysed on a comparative basis in the following table:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021	Change Δ	%
Due to total security organization	3,306	3,307	(1)	(0.0%)
Due to employees	7,407	5,765	1,642	28.5%
Trade debtors - credit balances	3,471	2,721	750	27.6%
Accrued expenses and deferred income	10,682	2,227	8,455	379.7%
Other	3,552	3,562	(10)	(0.3%)
Total	28,418	17,582	10,836	61.6%

The entry Other liabilities records an increase of EUR 10,836 thousand compared to December 31, 2021.

The increase in the amount due to employees is mainly assignable to the presence of the thirteenth monthly pay accrual as of June 30, 2022 which has no equivalent as of December 31, 2021.

Increase of the caption accrued expenses and deferred income which mainly refers to the deferred income relating to the deferment to the next half year of the revenues not of competence. The other liabilities mainly include commission payables.

SEGMENT INFORMATION REGARDING PROFIT OR LOSS, ASSETS AND LIABILITIES

In order to apply the IFRS 8 the Group has considered to delineate as operative sectors the same used by IAS 14 Segment reporting: *Prêt-à porter* Division and footwear and leather goods Division. Such decision has been taken because they represent business activities from which the entity may earn revenues and incur expenses, whose operating result are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Prêt-à porter Division is mainly represented by the companies Aeffe, Moschino and Velmar, operating in the design, production and distribution of luxury prêt-à porter and lingerie, beachwear and loungewear collections.

In terms of prêt-à porter collections, the activity is carried out by Aeffe, both for the production of the Group's own-label brands ("Alberta Ferretti", "Philosophy", "Moschino", "Boutique Moschino" and "Love Moschino") and brands licensed from other companies. Aeffe also handles the distribution of all Division products, which takes place via the retail channel through subsidiaries and via the wholesale channel.

Velmar manufactures and distributes lingerie and swimwear collections, and specifically men's/women's lingerie, underwear, beachwear and loungewear. Collections are produced and distributed under the Group's own-label brands such as "Moschino", and under third-party licensed brands.

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the "Moschino" brand licensing agreement relating to the *love* line, "Moschino" branded perfumes and "Moschino" branded sunglasses.

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials. The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies.

The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture "Pollini" products such as umbrellas, foulards and ties.

The following tables indicate the main economic data for the first half-year 2022 and 2021 of the *Prêt-à porter* and Footwear and leather goods Divisions:

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
1 st Half 2022				
SECTOR REVENUES	120,181	80,172	(23,847)	176,506
Intercompany revenues	(8,737)	(15,110)	23,847	-
Revenues with third parties	111,444	65,062	-	176,506
Gross operating margin (EBITDA)	12,784	8,098	-	20,882
Amortisation	(10,629)	(2,291)	-	(12,920)
Other non monetary items:				
Write-downs	(780)	(220)	-	(1,000)
Net operating profit / loss (EBIT)	1,375	5,587	-	6,962
Financial income	466	681	(26)	1,121
Financial expenses	(1,722)	(725)	26	(2,421)
Profit / loss before taxes	119	5,543	-	5,662
Income taxes	(1,022)	(1,773)	-	(2,795)
Net profit / loss	(903)	3,770	-	2,867

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
1 st Half 2021				
SECTOR REVENUES	104,899	68,202	(18,081)	155,020
Intercompany revenues	(7,314)	(10,767)	18,081	-
Revenues with third parties	97,585	57,435	-	155,020
Gross operating margin (EBITDA)	12,041	8,041	-	20,082
Amortisation	(9,939)	(2,194)	-	(12,133)
Other non monetary items:				
Write-downs	(200)	(113)	-	(313)
Net operating profit / loss (EBIT)	1,902	5,734	-	7,636
Financial income	140	208	(43)	305
Financial expenses	(1,351)	(331)	43	(1,639)
Profit / loss before taxes	691	5,611	-	6,302
Income taxes	10,193	932	-	11,125
Net profit / loss	10,884	6,543	-	17,427

The following tables indicate the main patrimonial and financial data at June 30, 2022 and December 31, 2021 of the Prêt-à porter and Footwear and leather goods Divisions:

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
At June 30, 2022				
SECTOR ASSETS	350,523	136,510	(35,668)	451,365
<i>of which non-current assets (*)</i>				
<i>Intangible fixed assets</i>	<i>40,919</i>	<i>26,686</i>	-	<i>67,605</i>
<i>Tangible fixed assets</i>	<i>52,074</i>	<i>7,950</i>	-	<i>60,024</i>
<i>Right-of-use assets</i>	<i>79,227</i>	<i>6,935</i>	-	<i>86,162</i>
<i>Other non-current assets</i>	<i>2,352</i>	<i>91</i>	-	<i>2,443</i>
OTHER ASSETS	19,548	5,838	-	25,386
CONSOLIDATED ASSETS	370,071	142,348	(35,668)	476,751
SECTOR LIABILITIES	291,286	81,163	(35,668)	336,781
OTHER LIABILITIES	12,166	5,849	-	18,015
CONSOLIDATED LIABILITIES	303,452	87,012	(35,668)	354,796

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

(Values in thousand of EUR) At December 31, 2021	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
SECTOR ASSETS	328,272	129,668	(34,571)	423,369
<i>of which non-current assets (*)</i>				
<i>Intangible fixed assets</i>	41,449	27,417	-	68,866
<i>Tangible fixed assets</i>	51,054	7,717	-	58,771
<i>Right-of-use assets</i>	77,804	8,158	-	85,962
<i>Other non-current assets</i>	1,506	90	-	1,596
OTHER ASSETS	16,736	5,065	-	21,801
CONSOLIDATED ASSETS	345,008	134,733	(34,571)	445,170
SECTOR LIABILITIES	264,134	77,054	(34,571)	306,617
OTHER LIABILITIES	12,194	6,199	-	18,393
CONSOLIDATED LIABILITIES	276,328	83,253	(34,571)	325,010

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

Segment information by geographical area

The following table indicates the revenues for the first half-year 2022 and 2021 divided by geographical area:

(Values in thousands of EUR)	1 st Half 2022		1 st Half 2021		Change	
		%		%	Δ	%
Italy	71,301	40.4%	58,683	37.9%	12,618	21.5%
Europe (Italy excluded)	59,316	33.6%	51,183	33.0%	8,133	15.9%
Asia and Rest of the World	31,546	17.9%	34,872	22.5%	(3,326)	(9.5%)
America	14,343	8.1%	10,282	6.6%	4,061	39.5%
Total	176,506	100.0%	155,020	100.0%	21,486	13.9%

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

23. REVENUES FROM SALES AND SERVICES

Accounting Policy:

Revenues from sales and services derive mainly from the sale of goods with the recognition of "at point in time" revenues when the asset was transferred to the customer. This is provided for both the Wholesale distribution (shipment of goods to the customer, and for retail distribution when the asset is sold through a physical store. With regard to the export of goods, the control can be transferred in various stages depending on the type of product). Incoterm applied to the specific customer. This premise leads to a limited judgment on the identification of the control passage of the asset and the consequent recognition of the revenue.

A part of the group's revenues derives from the recognition of the Royalties, agreed, based on a predetermined percentage in the contract with the customer, on the net turnover. The royalties accrue "at point in time", therefore at the time of issue by the Licensee, of the invoices for the sale of the products granted.

Determination of the transaction price:

Most of the Group's revenues derive from list prices that can vary depending on the type of product, brand and geographical region. Some contracts with the Group's Retail Companies provide for the transfer of control with the right of return. Being intra-group transactions they do not impact the consolidated financial statements as they are eliminated.

With regard to the recognition of Royalties, these are calculated based on a percentage of the Licensee's net sales. The percentage may vary depending on the type of product.

Breakdown of revenues from sales and services (IFRS 15)

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
1 st Half 2022				
Geographical area	120,181	80,172	(23,847)	176,506
Italy	50,936	39,320	(18,955)	71,301
Europe (Italy excluded)	31,407	29,736	(1,827)	59,316
Asia and Rest of the World	25,141	6,941	(536)	31,546
America	12,697	4,175	(2,529)	14,343
Brand	120,181	80,172	(23,847)	176,506
Alberta Ferretti	10,878	644	(770)	10,752
Philosophy	7,286	240	(295)	7,231
Moschino	99,729	62,346	(22,624)	139,451
Pollini	11	16,536	(3)	16,544
Other	2,277	406	(155)	2,528
Distribution channel	120,181	80,172	(23,847)	176,506
Wholesale	76,459	71,193	(17,975)	129,677
Retail	30,597	8,919	(22)	39,494
Royalties	13,125	60	(5,850)	7,335
Timing of goods and services transfer	120,181	80,172	(23,847)	176,506
POINT IN TIME (transfer of significant risks and benefits connected to the property of the asset)	107,056	80,112	(17,997)	169,171
POINT IN TIME (Royalties accrual on Licensee's turnover)	13,125	60	(5,850)	7,335

In the first semester of 2022, Aeffe consolidated revenues amount to EUR 176,506 thousand compared to EUR 155,020 thousand in the first semester of 2021, with a 13.9% increase at current exchange rates (+13.2% at constant exchange rates).

24. OTHER REVENUES AND INCOME

This item comprises:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021	Change	
			Δ	%
Other income	4,249	3,430	819	23.9%
Total	4,249	3,430	819	23.9%

In 1H 2022, the caption other revenues and income, which amounts to EUR 4,249 thousand, is composed by co-branding activities, time expiry of receivables and payables that arose in prior years, exchange gains on commercial transaction, rental income, sales of raw materials and packaging.

25. COSTS OF RAW MATERIALS

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021	Change	
			Δ	%
Raw, ancillary and consumable materials and goods for resale	89,843	55,842	34,001	60.9%
Total	89,843	55,842	34,001	60.9%

The entry purchase of raw materials increase of EUR 34,001 thousand.

This item mainly includes costs for the acquisition of raw materials such as fabrics, threads, skins and accessories, purchases of finished products for resale (products sold) and packaging.

26. COSTS OF SERVICES

This item comprises:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021	Change	
			Δ	%
Subcontracted work	13,318	11,071	2,247	20.3%
Consultancy fees	11,057	9,718	1,339	13.8%
Advertising	7,980	6,277	1,703	27.1%
Commission	5,607	5,021	586	11.7%
Transport	6,125	4,455	1,670	37.5%
Utilities	1,477	888	589	66.3%
Directors' and auditors' fees	1,810	1,790	20	1.1%
Insurance	451	383	68	17.8%
Bank charges	697	508	189	37.2%
Travelling expenses	632	298	334	112.1%
Other services	4,054	3,578	476	13.3%
Total	53,208	43,987	9,221	21.0%

Costs of services increase from EUR 43,987 thousand in the 1H 2021 to EUR 53,208 thousand in the 1H 2022, up by 21.0%. The increase is mainly due to the increase in "subcontracted work", "consultancy fees" and "advertising".

27. COSTS FOR USE OF THIRD PARTIES ASSETS

This item comprises:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2022	2021	Δ	%
Rental expenses	3,063	848	2,215	261.2%
Royalties	580	202	378	187.1%
Hire charges and similar	371	407	(36)	(8.8%)
Total	4,014	1,457	2,557	175.5%

The costs for use of third parties assets increases by EUR 2,557 thousand from EUR 1,457 thousand in 1H 2021 to EUR 4,014 thousand in 1H 2022.

28. LABOUR COSTS

The item includes:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2022	2021	Δ	%
Labour costs	34,399	30,622	3,777	12.3%
Total	34,399	30,622	3,777	12.3%

Labour costs increase from EUR 30,622 thousand in 1H 2021 to EUR 34,399 thousand in 1H 2022 with an incidence on revenues which decreases from 19.8% in the first semester 2021 to 19.5% in the first semester 2022.

The workforce changes from an average of 1,275 units in the 1H 2021 to 1,325 units in the 1H 2022.

Average number of employees by category	1 st Half	1 st Half	Change	
	2022	2021	Δ	%
Workers	232	258	(26)	(10.1%)
Office staff-supervisors	1,063	987	76	7.7%
Executive and senior managers	30	30	-	0.0%
Total	1,325	1,275	50	3.9%

29. OTHER OPERATING EXPENSES

This item includes:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2022	2021	Δ	%
Taxes	534	481	53	11.0%
Gifts	122	128	(6)	(4.7%)
Contingent liabilities	94	16	78	487.5%
Write-down of current receivables	261	241	20	8.3%
Foreign exchange losses	1,333	507	826	162.9%
Other operating expenses	367	222	145	65.3%
Total	2,711	1,595	1,116	70.0%

30. AMORTISATION, WRITE-DOWNS AND PROVISIONS

This item includes:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021	Change	
			Δ	%
Amortisation of intangible fixed assets	2,012	2,119	(107)	(5.0%)
Depreciation of tangible fixed assets	2,280	2,174	106	4.9%
Depreciation of right-of-use assets	8,627	7,839	788	10.1%
Write-downs	1,000	313	687	219.5%
Total	13,919	12,445	1,474	11.8%

31. FINANCIAL INCOME/ EXPENSES

This item includes:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021	Change	
			Δ	%
Interest income	207	61	146	239.3%
Foreign exchange gains	867	208	659	316.8%
Financial discounts	48	36	12	33.3%
Financial income	1,122	305	817	267.9%
Bank interest expenses	384	127	257	202.4%
Other interest expenses	135	108	27	25.0%
Foreign exchange losses	633	103	530	514.6%
Other expenses	354	266	88	33.1%
Financial expenses	1,506	604	902	149.3%
Leasing interest expenses	916	1,036	(120)	(11.6%)
Financial expenses on right-of-use asset	916	1,036	(120)	(11.6%)
Total	1,300	1,335	(35)	(2.6%)

The total entry financial income/expenses remains substantially in line with the previous period.

32. INCOME TAXES

This item includes:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021	Change	
			Δ	%
Current income taxes	4,581	4,657	(76)	(1.6%)
Deferred income/(expenses) taxes	(1,416)	(15,766)	14,350	(91.0%)
Taxes related to previous years	(370)	(16)	(354)	2,212.5%
Total income taxes	2,795	(11,125)	13,920	n.a.

Details of deferred tax assets and liabilities and changes in this item are described in the paragraph on deferred tax assets and liabilities.

The reconciliation between actual and theoretical taxation for the 1H 2022 and 1H 2021 is illustrated in the following table:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021
Profit before taxes	5,662	6,302
Theoretical tax rate	24.0%	24.0%
Theoretical income taxes (IRES)	1,359	1,512
Fiscal effect	3,798	(12,797)
Effect of foreign tax rates	(1,420)	830
Total income taxes excluding IRAP (current and deferred)	3,737	(10,455)
IRAP (current and deferred)	(942)	(670)
Total income taxes (current and deferred)	2,795	(11,125)

This reconciliation of the theoretical and effective tax rates does not take account of IRAP, given that it does not use profit before taxes to calculate the taxable amount. Accordingly, the inclusion of IRAP in the reconciliation would generate distorting effects between years.

33. RESULT PER SHARE

Reference earning(loss)

The calculation of basic and dilutive earning/(loss) per share is based on the following elements:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021
From continuing activities		
Earnings for determining basic earnings per share	2,867	13,286
Earnings for determining earnings per share	2,867	13,286
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	2,867	13,286
From continuing and discontinued activities		
Earnings for the period	2,867	13,286
Earnings from discontinued operations	-	-
Earnings for determining basic earnings per share	2,867	13,286
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	2,867	13,286
Number of reference share		
Average number of shares for determining earnings per share	98,786	99,799
Share options	-	-
Average number of shares for determining diluted earnings per	98,786	99,799

Basic earning/(loss) per share

Group earning attributable to holders of ordinary shares of parent company AEFPE S.p.A., amounts to EUR 2,867 thousand (June 2021: EUR +13,286 thousand).

Dilutive earning/(loss) per share

The calculation of diluted earnings per share for the period January - June 2022, matches with the calculation of basic earnings per share, as there are no tools with potential dilutive effects.

COMMENTS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The cash flow absorbed during the first half of 2022 is EUR 8,337 thousand.

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021
Opening balance (A)	31,307	39,828
Cash flow (absorbed)/ generated by operating activity (B)	2,116	15,790
Cash flow (absorbed)/ generated by investing activity (C)	(13,112)	(1,310)
Cash flow (absorbed)/ generated by financing activity (D)	2,659	(11,731)
Increase/(decrease) in cash flow (E)=(B)+(C)+(D)	(8,337)	2,749
Closing balance (F)=(A)+(E)	22,970	42,577

34. CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY

The cash flow generated by operating activity during the first half of 2022 amounts to EUR 2,116 thousand.

The cash flow comprising these funds is analysed below:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021
Profit before taxes	5,662	6,302
Amortisation / write-downs	13,920	12,445
Accrual (+)/availment (-) of long term provisions and post employment benefits	(30)	(335)
Paid income taxes	(2,475)	(927)
Financial income (-) and financial charges (+)	1,300	1,335
Change in operating assets and liabilities	(16,261)	(3,030)
Cash flow (absorbed) / generated by operating activity	2,116	15,790

35. CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY

The cash flow absorbed by investing activity during the first half of 2022 amounts to EUR 13,112 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021
Increase (-)/ decrease (+) in intangible fixed assets	(750)	(308)
Increase (-)/ decrease (+) in tangible fixed assets	(3,535)	(702)
Increase (-)/ decrease (+) in right-of-use assets assets	(8,827)	(401)
Investments and write-downs (-)/ Disinvestments and revaluations (+)	-	-
Cash flow (absorbed) / generated by investing activity	(13,112)	(1,411)

36. CASH FLOW (ABSORBED)/ GENERATED BY FINANCING ACTIVITY

The cash flow generated by financing activity during the first half of 2022 amounts to EUR 2,659 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021
Other variations in reserves and profits carried-forward of shareholders' equity	(1,051)	137
Dividends paid	-	-
Proceeds (+)/repayment (-) of financial payments	4,455	(4,744)
Proceeds (+)/repayment (-) of leasing payments	1,666	(6,185)
Increase (-)/ decrease (+) in long term financial receivables	(1,111)	396
Financial income (+) and financial charges (-)	(1,300)	(1,335)
Cash flow (absorbed) / generated by financing activity	2,659	(11,731)

OTHER INFORMATION

37. INCENTIVE PLANS

Regarding the long term incentive plans reserved to executive directors of Aeffe S.p.A., please refer to the indicated in the Report on remuneration available from the governance section of the following website: www.aeffe.com.

38. STATEMENT OF INDEBTEDNESS

As required by ESMA guidance 32-382-1138 of March 4, 2021, in line with the "Warning no. 5/21 " of April 29, 2021 of Consob, it should be noted that the debt of the Aeffe Group at June 30, 2022 is as follows:

(Values in thousands of EUR)	At June 30, 2022	At December 31, 2021
A - Cash	22,970	31,306
B - Cash equivalents	3,177	2,914
C - Other current financial assets	-	-
D - Liquidity (A + B + C)	26,147	34,220
E - Current financial debt	36,591	27,403
F - Current portion of non-current financial debt	28,874	22,513
G - Current financial indebtedness (E + F)	65,465	49,916
H - Net current financial indebtedness (G - D)	39,318	15,696
I - Non-current financial debt (excluding current portion and debt instruments)	143,621	153,049
J - Debt instruments	-	-
K - Non-current trade and other payables	-	-
L - Non-current financial indebtedness (I + J + K)	143,621	153,049
M - Total financial indebtedness (H + L)	182,939	168,745

The financial position of the Group at June 30, 2022 shows a DEBT of EUR 105,601 thousand net of the IFRS 16 effect (EUR 45,190 thousand as at June 30, 2021).

Please note that during 2021 Aeffe Group has finalized two extraordinary transactions for a total consideration of EUR 70.2 million, that regards the acquisition of the 30% minority stake in Moschino S.p.A., for a consideration of EUR 66.6 million, and the early acquisition of the license for the production and marketing of the "Love Moschino" women's clothing collections for a consideration of EUR 3.6 million. Net of these extraordinary effects, the NET FINANCIAL POSITION would have been equal to EUR 35.5 million (an improvement of EUR 9.7 million compared to June 30, 2021).

39. RELATED PARTY TRANSACTIONS

Reciprocal transactions and balances between Group companies included within the scope of consolidation are eliminated from the consolidated financial statements and as such will not be described here. Operations carried out with related parties mainly concern the exchange of goods, the performance of services and the provision of financial resources. All transactions arise in the ordinary course of business and are settled on market terms i.e. on the terms that are or would be applied between two independent parties.

The Group's business dealing with other related parties are summarised below:

(Values in thousands of EUR)	1 st Half 2022	1 st Half 2021	Nature of the transactions
Shareholder Alberta Ferretti with Aeffe S.p.a.			
Contract for the sale of artistic assets and design	500	500	Cost
Ferrim with Aeffe S.p.a.			
Property rental	58	59	Cost
Commerciale Valconca with Aeffe S.p.a.			
Commercial	71	126	Revenue
Property rental	63	63	Cost
Commercial	592	723	Receivable
Commercial	63	63	Payable
Aeffe USA with Ferrim USA			
Commercial	63	57	Revenue
Commercial	901	671	Receivable
Commercial	132	77	Payable
Short term financial	3,177	2,777	Receivable

The following table indicates the data related on the incidence of related party transactions on the income statement, balance sheet, cash flow and indebtedness at June 30, 2022 and at June 30, 2021.

(Values in thousands of EUR)	Balance 1 st Half	Value rel. party 2022	%	Balance 1 st Half	Value rel. party 2021	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	176,506	71	0.0%	155,020	126	0.1%
Costs of services	53,208	500	0.9%	43,987	500	1.1%
Costs for use of third party assets	4,014	121	3.0%	1,457	122	8.4%
Financial income	1,121	63	5.6%	305	57	18.8%
Incidence of related party transactions on the balance sheet						
Trade receivables	58,208	1,493	2.6%	49,217	1,394	2.8%
Short term financial receivables	3,177	3,177	100.0%	2,777	2,777	100.0%
Trade payables	92,599	195	0.2%	68,247	140	0.2%
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by operating activities	2,116	(596)	n.a.	15,790	(613)	n.a.
Cash flow (absorbed) / generated by financial activities	2,659	(263)	n.a.	(11,731)	(88)	0.8%
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	(182,939)	(859)	0.5%	(127,212)	(701)	0.6%

40. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication DEM/6064293 dated July 28, 2006, it is confirmed that in the first half of 2022 the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

41. SIGNIFICANT NON RECURRING EVENTS AND TRANSACTIONS

It is confirmed that in during the period no significant non-recurring events and transactions have been realised.

42. CONTINGENT LIABILITIES

Fiscal disputes

In consideration of the fact that there are no significant tax disputes, no provision has been set aside.

Attachments of the explanatory notes

ATTACHMENT I	Consolidated Balance Sheet with related parties
ATTACHMENT II	Consolidated Income Statement with related parties
ATTACHMENT III	Consolidated Cash Flow Statement with related parties

ATTACHMENT I

Consolidated Balance Sheet Assets with related parties

Pursuant to Consob Resolution N. 15519 of July 27, 2006

(Values in units of EUR)	Notes	At June 30, 2022	of which	At December 31, 2021	of which
Trademarks		66,254,144		68,000,906	
Other intangible fixed assets		1,350,517		865,511	
Intangible fixed assets	(1)	67,604,661		68,866,417	
Lands		17,123,494		17,123,494	
Buildings		25,460,884		25,763,396	
Leasehold improvements		10,599,842		8,600,124	
Plant and machinery		3,716,475		3,971,601	
Equipment		438,174		326,581	
Other tangible fixed assets		2,685,195		2,985,766	
Tangible fixed assets	(2)	60,024,064		58,770,962	
Right-of-use assets	(3)	86,161,530		85,961,940	
Equity investments	(4)	30,069		30,069	
Long term financial receivables		-		-	
Other fixed assets	(5)	2,413,290		1,565,654	
Deferred tax assets	(6)	14,466,029		15,164,461	
NON-CURRENT ASSETS		230,699,643		230,359,503	
Stocks and inventories	(7)	116,319,939		91,406,571	
Trade receivables	(8)	58,208,354	1,493,452	50,034,112	1,423,980
Tax receivables	(9)	10,919,992		6,636,204	
Derivate assets	(10)	116,102		-	
Cash	(11)	22,970,296		31,306,566	
Financial receivables	(12)	3,177,048	3,177,048	2,913,650	2,913,650
Other receivables	(13)	34,339,305		32,513,758	
CURRENT ASSETS		246,051,036		214,810,861	
Assets available for sale		-		-	
TOTAL ASSETS		476,750,679		445,170,364	
Share capital		24,696,521		24,917,359	
Other reserves		93,666,281		110,437,855	
Profits/(losses) carried-forward		725,475		(27,320,768)	
Net profit/(loss) for the Group		2,866,569		12,126,006	
SHAREHOLDERS' EQUITY	(15)	121,954,846		120,160,452	
Provisions	(15)	2,054,719		1,758,142	
Deferred tax liabilities	(6)	14,017,950		13,945,178	
Post employment benefits	(16)	4,152,196		4,478,746	
Long term financial liabilities	(17)	143,621,054		153,049,045	
Long term not financial liabilities	(18)	470,373		1,120,371	
NON-CURRENT LIABILITIES		164,316,292		174,351,482	
Trade payables	(19)	92,598,951	194,818	78,690,149	235,119
Tax payables	(20)	3,997,211		4,447,875	
Derivate liabilities	(10)	-		22,223	
Short term financial liabilities	(21)	65,465,354		49,916,035	
Other liabilities	(22)	28,418,025		17,582,148	
CURRENT LIABILITIES		190,479,541		150,658,430	
Liabilities available for sale		-		-	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		476,750,679		445,170,364	

ATTACHMENT II

Consolidated Income Statement with related parties

Pursuant to Consob Resolution N. 15519 of July 27, 2006

(Values in units of EUR)	Notes	1 st Half 2022	of which Rel. parties	1 st Half 2021	of which Rel. parties
REVENUES FROM SALES AND SERVICES	(23)	176,506,070	70,786	155,019,816	125,542
Other revenues and income	(24)	4,249,458		3,429,973	
TOTAL REVENUES		180,755,528		158,449,789	
Changes in inventory		24,302,020		(4,865,924)	
Costs of raw materials, cons. and goods for resale	(25)	(89,843,096)		(55,841,645)	
Costs of services	(26)	(53,207,959)	(500,000)	(43,986,960)	(500,000)
Costs for use of third parties assets	(27)	(4,014,367)	(120,602)	(1,457,088)	(121,602)
Labour costs	(28)	(34,399,226)		(30,621,509)	
Other operating expenses	(29)	(2,711,399)		(1,594,968)	
Amortisation, write-downs and provisions	(30)	(13,919,428)		(12,445,295)	
Financial income/(expenses)	(31)	(1,300,337)	62,859	(1,334,658)	57,023
PROFIT / LOSS BEFORE TAXES		5,661,736		6,301,742	
Income taxes	(32)	(2,795,167)		11,125,315	
NET PROFIT / LOSS		2,866,569		17,427,057	
(Profit)/loss attributable to minority shareholders		-		(4,141,016)	
NET PROFIT / LOSS FOR THE GROUP		2,866,569		13,286,041	

ATTACHMENT III

Consolidated Cash Flow Statement with related parties

Pursuant to Consob Resolution N. 15519 of July 27, 2006

(Values in thousands of EUR)	Notes	1 st Half 2022	of which	1 st Half 2021	of which
Opening balance		31,307		39,828	
Profit / loss before taxes		5,662	(487)	6,302	(439)
Amortisation / write-downs		13,920		12,445	
Accrual (+)/availment (-) of long term provisions and post employment benefits		(30)		(335)	
Paid income taxes		(2,475)		(927)	
Financial income (-) and financial charges (+)		1,300		1,335	
Change in operating assets and liabilities		(16,261)	(109)	(3,030)	(174)
Cash flow (absorbed) / generated by operating activity	(34)	2,116		15,790	
Increase (-)/ decrease (+) in intangible fixed assets		(750)		(308)	
Increase (-)/ decrease (+) in tangible fixed assets		(3,535)		(702)	
Increase (-)/ decrease (+) in right-of-use assets		(8,827)		(401)	
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-		101	
Cash flow (absorbed) / generated by investing activity	(35)	(13,112)		(1,310)	
Other variations in shareholders' equity		(1,051)		137	
Dividends paid		-		-	
Proceeds (+)/repayment (-) of financial payments		4,455	(263)	(4,744)	(88)
Proceeds (+)/ repayment (-) of lease payments		1,666		(6,185)	
Increase (-)/ decrease (+) in long term financial receivables		(1,111)		396	
Financial income (+) and financial charges (-)		(1,300)		(1,335)	
Cash flow (absorbed) / generated by financing activity	(36)	2,659		(11,731)	
Closing balance		22,970		42,577	

Attestation of the Half Year condensed financial statements pursuant to art.81-ter of Consob Regulation N. 11971 of May 14, 1999, and subsequent amendments and additions

The undersigned Massimo Ferretti as President of the Board of Directors, and Simone Badioli as manager responsible for preparing Aeffe S.p.A.'s financial reports, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree n. 58 of 1998 ,hereby attest:

- the adequacy with respect to the Company structure and
- the effective application,

of the administrative and accounting procedures applied in preparation of the Half year condensed financial statements at June 30, 2022.

The undersigned moreover attest that:

The Half Year condensed financial statements:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated July 19, 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The interim management report contains a reliable analysis of important events which took place during the first six months of the current fiscal year and their impact on the half-year condensed financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim management report also contains information concerning related party transactions.

July 28, 2022

President of the board of directors

Massimo Ferretti

Manager responsible for preparing
Company's financial reports

Simone Badioli

**Review report on interim consolidated financial statements
(Translation from the Original Issued in Italian)**

Ria Grant Thornton S.p.A.
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*To the shareholders of
Aeffe S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statement as of June 30, 2022, consisting of the consolidated statement of financial position, consolidated income statement, statement of comprehensive income, consolidated statement of cash flows and statement of changes in equity and related explanatory notes, of the Aeffe Group. Management is responsible for the preparation of this interim condensed financial statements in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim condensed financial reporting based on our review.

Audit Scope

We conducted our review in accordance with review standard recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed financial statements.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements of the Aeffe Group as of June 30, 2022, are not prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, July 28, 2022

Ria Grant Thornton S.p.A.

Signed by

Marco Bassi

Partner

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international.