



AEFFE

INTERIM CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2020

Disclaimer

This Interim consolidated financial statement at 31 March 2020 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.

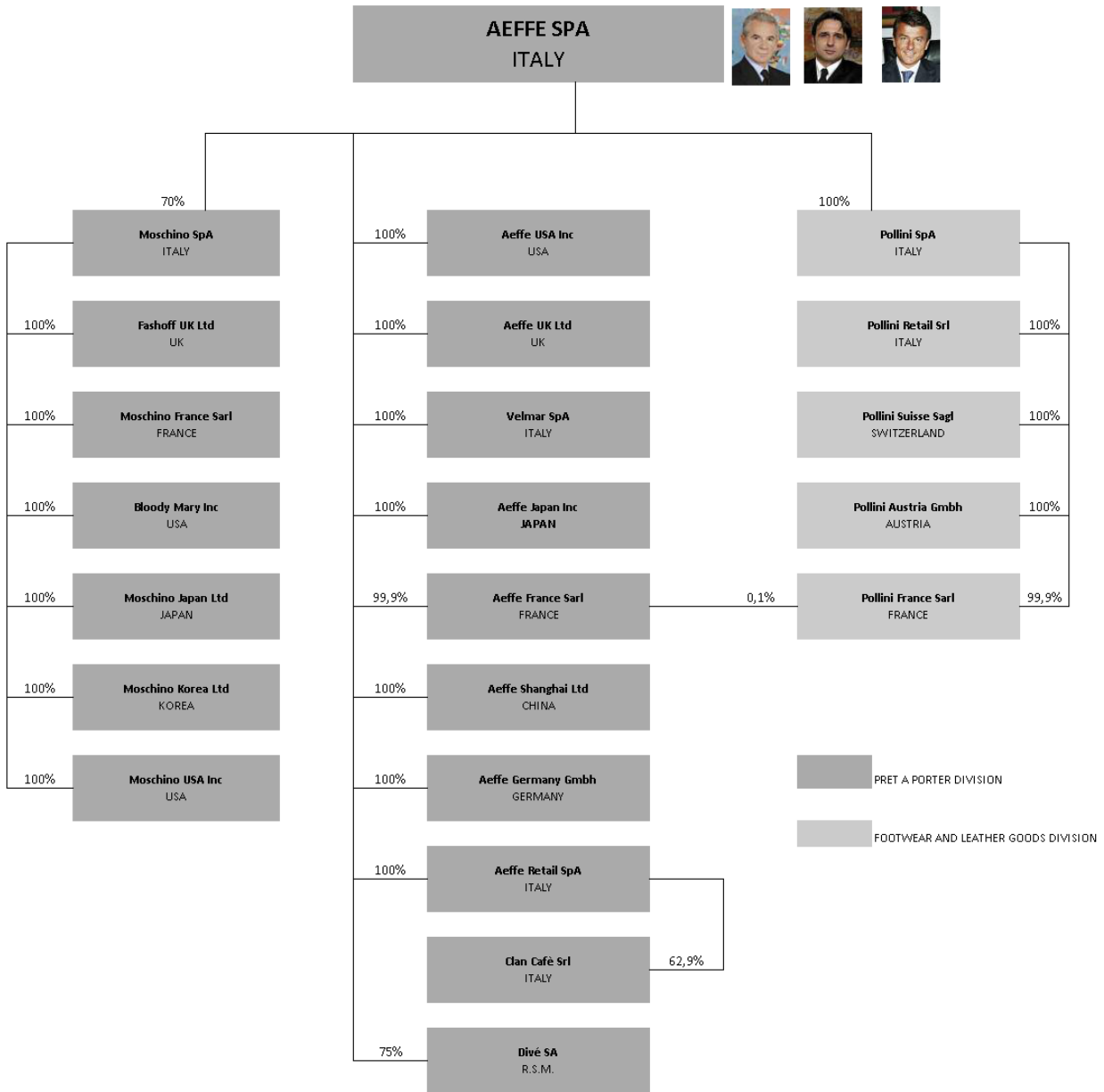
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Corporate boards of the Parent Company

Board of Directors	Chairman Massimo Ferretti
	Deputy Chairman Alberta Ferretti
	Chief Executive Officer Simone Badioli
	Directors Marcello Tassinari – Managing Director Roberto Lugano Daniela Saitta Bettina Campedelli Michela Zeme Marco Francesco Mazzù
	President Stefano Morri
Board of Statutory	Statutory Auditors Fernando Ciotti Carla Trotti
	Alternate Auditors Nevio Dalla Valle Daniela Elvira Bruno
	President Daniela Saitta
Board of Compensation Committee	Members Roberto Lugano Michela Zeme
	President Roberto Lugano
Board of Internal Control Committee	Members Daniela Saitta Bettina Campedelli

Organisation chart



Brands portfolio

AEFFE

Clothing - Accessories

ALBERTA FERRETTI

PHILOSOPHY
DI
LORENZO SERAFINI

MOSCHINO.

**BOUTIQUE
MOSCHINO**

POLLINI

Footwear - Leather goods

MOSCHINO

Licences - Design

VELMAR

Beachwear - Lingerie

POLLINI

MOSCHINO.

MOSCHINO.

**BOUTIQUE
MOSCHINO**

MOSCHINO.

**LOVE
MOSCHINO**

**LOVE
MOSCHINO**

Headquarters

AEFFE

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

MOSCHINO

Via San Gregorio, 28
20124 - Milan
Italy

POLLINI

Via Erbosa 1° 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
- Shanghai

POLLINI

- Milan
- Venice
- Bolzano
- Varese

SPAZIO A

- Florence
- Venice

MOSCHINO

- Milan
- Rome
- Capri
- Paris
- London
- New York
- Seoul
- Pusan
- Daegu



Main economic-financial data

		I Q	I Q
		2020	2019
Total revenues	(Values in millions of EUR)	78.9	105.0
Gross operating margin (EBITDA)	(Values in millions of EUR)	8.6	26.6
Net operating profit/(loss) (EBIT)	(Values in millions of EUR)	1.8	19.9
Profit/(loss) before taxes	(Values in millions of EUR)	1.0	19.1
Net profit/(loss) for the Group	(Values in millions of EUR)	0.0	11.8
Basic earnings per share	(Values in units of EUR)	0.000	0.110
Cash Flow (net result + depreciation)	(Values in millions of EUR)	6.3	19.6
Cash Flow/total revenues	Ratio	8.0	18.6

		31 March	31 December	31 March	31 December
		2020	2019	2019	2018
Net capital invested	(Values in millions of EUR)	353.1	339.3	355.2	228.7
Net financial indebtedness	(Values in millions of EUR)	149.6	135.2	149.1	31.3
Group net equity	(Values in millions of EUR)	171.3	171.4	172.8	164.6
Group net equity per share	(Values in units of EUR)	1.6	1.6	1.6	1.5
Current assets/Current liabilities	Ratio	2.5	2.1	2.1	1.8
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.1	0.9	1.0	0.8
Net financial indebtedness/Net equity	Ratio	0.7	0.7	0.7	0.2

Financial statements

Income statement at 31 March

(Values in units of EUR)	Notes	I Q	% on	I Q	% on	Change	%
		2020	revenues	2019	revenues		
REVENUES FROM SALES AND SERVICES	(1)	76,224,976	100.0%	102,236,952	100.0%	(26,011,976)	(25.4%)
Other revenues and income		2,692,947	3.5%	2,767,775	2.7%	(74,828)	(2.7%)
TOTAL REVENUES		78,917,923	103.5%	105,004,727	102.7%	(26,086,804)	(24.8%)
Changes in inventory		1,587,492	2.1%	(2,033,167)	(2.0%)	3,620,659	(178.1%)
Costs of raw materials, cons. and goods for resale		(24,952,353)	(32.7%)	(28,017,200)	(27.4%)	3,064,847	(10.9%)
Costs of services		(26,329,016)	(34.5%)	(27,736,568)	(27.1%)	1,407,552	(5.1%)
Costs for use of third parties assets		(1,837,705)	(2.4%)	(2,030,012)	(2.0%)	192,307	(9.5%)
Labour costs		(17,259,454)	(22.6%)	(17,766,453)	(17.4%)	506,999	(2.9%)
Other operating expenses		(1,520,450)	(2.0%)	(795,423)	(0.8%)	(725,027)	91.1%
Total Operating Costs		(70,311,486)	(92.2%)	(78,378,823)	(76.7%)	8,067,337	(10.3%)
GROSS OPERATING MARGIN (EBITDA)	(2)	8,606,437	11.3%	26,625,904	26.0%	(18,019,467)	(67.7%)
Amortisation of intangible fixed assets		(1,101,610)	(1.4%)	(1,165,951)	(1.1%)	64,341	(5.5%)
Depreciation of tangible fixed assets		(1,312,647)	(1.7%)	(1,269,289)	(1.2%)	(43,358)	3.4%
Depreciation of right-of-use assets		(4,376,116)	(5.7%)	(4,229,906)	0.0%	(146,210)	3.5%
Revaluations / (write-downs) and provisions		(57,428)	(0.1%)	(57,624)	(0.1%)	196	(0.3%)
Total Amortisation, write-downs and provisions		(6,847,801)	(9.0%)	(6,722,770)	(6.6%)	(125,031)	1.9%
NET OPERATING PROFIT / LOSS (EBIT)		1,758,636	2.3%	19,903,134	19.5%	(18,144,498)	(91.2%)
Financial income		265,445	0.3%	358,091	0.4%	(92,646)	(25.9%)
Financial expenses		(378,593)	(0.5%)	(476,353)	(0.5%)	97,760	(20.5%)
Financial expenses on right-of-use asset		(674,963)	(0.9%)	(675,922)	0.0%	959	(0.1%)
Total Financial Income/(expenses)		(788,111)	(1.0%)	(794,184)	(0.8%)	6,073	(0.8%)
PROFIT / LOSS BEFORE TAXES		970,525	1.3%	19,108,950	18.7%	(18,138,425)	(94.9%)
Total Income Taxes		(1,448,594)	(1.9%)	(6,217,325)	(6.1%)	4,768,731	(76.7%)
NET PROFIT / LOSS		(478,069)	(0.6%)	12,891,625	12.6%	(13,369,694)	(103.7%)
(Profit) / loss attributable to minority shareholders		481,929	0.6%	(1,051,846)	(1.0%)	1,533,775	(145.8%)
NET PROFIT / LOSS FOR THE GROUP	(3)	3,860	0.0%	11,839,779	11.6%	(11,835,919)	(100.0%)

Reclassified balance sheet

(Values in units of EUR)	Notes	31 March 2020	31 December 2019	31 March 2019
Trade receivables		44,195,237	41,524,614	52,866,068
Stocks and inventories		114,596,428	112,050,942	101,514,478
Trade payables		(60,975,033)	(74,300,469)	(60,160,704)
Operating net working capital		97,816,632	79,275,087	94,219,842
Other short term receivables		33,901,951	35,218,280	32,951,058
Tax receivables		15,286,643	14,118,912	6,735,662
Derivative assets		341,810	74,055	475,065
Other short term liabilities		(18,403,785)	(18,125,081)	(19,335,230)
Tax payables		(3,205,997)	(3,391,481)	(11,074,747)
Derivative liabilities		-	-	-
Net working capital	(4)	125,737,254	107,169,772	103,971,650
Tangible fixed assets		63,353,661	62,824,618	60,099,497
Intangible fixed assets		75,086,490	76,083,463	78,734,092
Right-of-use assets		106,273,529	110,714,289	131,525,497
Other fixed assets		131,558	131,558	131,558
Equity investments		2,756,466	2,720,383	2,808,904
Fixed assets	(5)	247,601,704	252,474,311	273,299,548
Post employment benefits		(5,154,985)	(5,194,899)	(5,432,668)
Provisions		(1,898,086)	(1,847,295)	(1,949,827)
Assets available for sale		436,885	436,885	436,885
Long term not financial liabilities		(680,946)	(717,143)	(721,155)
Deferred tax assets		16,937,650	16,949,535	15,615,142
Deferred tax liabilities		(29,852,325)	(29,982,114)	(30,035,206)
NET CAPITAL INVESTED		353,127,151	339,289,052	355,184,369
Share capital		25,159,916	25,286,166	25,371,407
Other reserves		127,903,193	127,822,540	128,906,969
Profits / (Losses) carried-forward		18,277,781	6,585,047	6,658,420
Profit / (Loss) of the period		3,860	11,692,734	11,839,779
Group interest in shareholders' equity		171,344,750	171,386,487	172,776,575
Minority interests in shareholders' equity		32,206,492	32,688,421	33,317,803
Total shareholders' equity	(6)	203,551,242	204,074,908	206,094,378
Short term financial receivables		(1,150,194)	(1,132,124)	(1,420,000)
Cash		(17,454,931)	(28,390,143)	(27,985,699)
Long term financial liabilities		9,782,721	13,448,747	20,243,326
Long term financial receivables		(2,281,855)	(2,225,387)	(2,357,250)
Short term financial liabilities		68,700,147	57,709,288	45,969,645
NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS		57,595,888	39,410,381	34,450,022
Short term lease liabilities		13,688,638	14,098,081	14,575,782
Long term lease liabilities		78,291,383	81,705,682	100,064,187
NET FINANCIAL POSITION	(7)	149,575,909	135,214,144	149,089,991
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS		353,127,151	339,289,052	355,184,369

Cash flow

(Values in thousands of EUR)	Notes	I Q 2020	F Y 2019	I Q 2019
OPENING BALANCE		28,390	28,037	28,037
Profit before taxes		971	21,806	19,109
Amortisation / write-downs		6,848	28,028	6,723
Accrual (+)/availment (-) of long term provisions and post employment benefits		11	(1,119)	(726)
Paid income taxes		(1,752)	(13,144)	(479)
Financial income (-) and financial charges (+)		788	3,295	794
Change in operating assets and liabilities		(18,476)	(19,625)	(22,896)
CASH FLOW (ABSORBED)/ GENERATED BY OPERATING ACTIVITY		(11,610)	19,241	2,525
Increase (-)/ decrease (+) in intangible fixed assets		(40)	(1,813)	(156)
Increase (-)/ decrease (+) in tangible fixed assets		(1,842)	(7,847)	(1,070)
Increase (-)/ decrease (+) in right-of-use assets		-	(1,119)	(1,934)
Investments and write-downs (-)/ Disinvestments and revaluations (+)		-	-	-
CASH FLOW (ABSORBED)/ GENERATED BY INVESTING ACTIVITY		(1,882)	(10,779)	(3,160)
Other variations in reserves and profits carried-forward of shareholders'equity		(46)	(976)	182
Dividends paid		-	-	-
Proceeds (+)/ repayment (-) of financial payments		7,325	8,143	3,197
Proceeds (+)/ repayment (-) of lease payments		(3,824)	(12,435)	(1,947)
Increase (-)/ decrease (+) in financial receivables		(110)	454	(54)
Financial income (+) and financial charges (-)		(788)	(3,295)	(794)
CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY		2,557	(8,109)	584
CLOSING BALANCE		17,455	28,390	27,986

Changes in shareholders' equity

(Values in thousands of EUR)

	Share capital	Share premium reserve	Cash flow hedge reserve	Other reserves	Fair Value reserve	IAS reserve	Reamusement of defined benefit plans reserve	Translation reserve	Profits/(losses) carried-forward	Net profit/(loss) for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
BALANCES AT 31 December 2019	25,286	70,775	53	44,748	7,901	7,607	(1,286)	(1,976)	6,586	11,693	171,387	32,688	204,075
Allocation of 2019 profit / (loss)	-	-	-	5,138	-	-	-	-	6,555	(11,693)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	(126)	(295)	-	-	-	-	-	-	-	-	(421)	-	(421)
Total comprehensive income / (loss) of 1Q 2020	-	-	193	-	-	-	-	182	-	4	379	(482)	(103)
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT 31 March 2020	25,160	70,480	246	49,886	7,901	7,607	(1,286)	(1,794)	13,141	4	171,345	32,206	203,551

(Values in thousands of EUR)

	Share capital	Share premium reserve	Cash flow hedge reserve	Other reserves	Fair Value reserve	IAS reserve	Reamusement of defined benefit plans reserve	Translation reserve	Profits/(losses) carried-forward	Net profit/(loss) for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
BALANCES AT 1 January 2019	25,371	71,240	158	35,967	7,901	7,607	(1,095)	(1,832)	(1,286)	16,726	160,757	32,266	193,023
Allocation of 2018 profit / (loss)	-	-	-	8,781	-	-	-	-	7,945	(16,726)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) of 1Q 2019	-	-	184	-	-	-	-	(5)	-	11,840	12,019	1,052	13,071
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
BALANCES AT 31 March 2019	25,371	71,240	342	44,748	7,901	7,607	(1,095)	(1,837)	6,659	11,840	172,776	33,318	206,094

Interim management report

In the first quarter of 2020, consolidated revenues amount to EUR 76,224 thousand compared to EUR 102,237 thousand in the first quarter 2019, with a 25.4% decrease at current exchange rates (-25.5% at constant exchange rates).

In the first quarter of 2020 consolidated EBITDA amounts to EUR 8,606 thousand (with an incidence of 11.3% of consolidated sales), compared to EUR 26,626 thousand in the first quarter 2019 (26.0% of consolidated sales) recording a drop of EUR 18,020 thousand (-67.7%).

The significant drop in margins is directly attributable to the decrease in sales of both the wholesale channel and the retail channel in all the geographical areas in which the Group operates, due to the effects of the Covid-19 pandemic. The first quarter does not yet reflect the positive results that will result from the actions taken to counter the consequences of the spread of the virus on a global scale and which will begin to materialize starting from the second quarter of the year.

Net financial indebtedness at 31 March 2020 amounts at EUR 57,596 thousand net of the effect of the application of IFRS 16, compared to the indebtedness of EUR 34,450 thousand at 31 March 2019, with an increase of EUR 23,146 thousand (indebtedness of EUR 39,410 thousand at 31 December 2019).

The increase in indebtedness compared to the first quarter of 2019 is mainly attributable to the growth in working capital.

Explanatory notes

Income statement

1. Revenues from sales and services

First quarter 2020 vs 2019

In the first quarter of 2020, consolidated revenues amount to EUR 76,224 thousand compared to EUR 102,237 thousand in the first quarter 2019, with a 25.4% decrease at current exchange rates (-25.5% at constant exchange rates).

The following table details the revenues by geographical area for the first quarters of 2020 and 2019.

(Values in thousands of EUR)	I Q		I Q		Change	
	2020	%	2019	%	Δ	%
Italy	36,461	47.8%	46,130	45.1%	(9,669)	(21.0%)
Europe (Italy excluded)	20,724	27.2%	23,192	22.7%	(2,468)	(10.6%)
Asia and Rest of the World	15,442	20.3%	27,806	27.2%	(12,364)	(44.5%)
America	3,597	4.7%	5,109	5.0%	(1,512)	(29.6%)
United States	76,224	100.0%	102,237	100.0%	(26,013)	(25.4%)

In Q1 2020, sales in the Italian market decreased by 21% to EUR 36,461 thousand compared to Q1 2019, due to both the wholesale and retail channels, which all suffered from the rigid measures to contrast the spread of the pandemic in terms of suspension non-essential activities starting from the second week of March.

Italian market amounted to 47.8% of consolidated sales; that incidence decreased to 36% net of the effect of sales to foreign customers made on the national territory.

At constant exchange rates, in Q1 2020, sales in Europe, contributing to 27.2% of consolidated sales, decreased by 10.6% (-10.7% at constant exchange rates); Russia, UK and Germany outperformed the average of the area. Both distribution channels were impacted by the emergency due to the pandemic.

In Asia and in the Rest of the World, the Group's sales totalled EUR 15,442 thousand, amounting to 20.3% of consolidated sales, recording a decrease of 44.5% (-44.2% at constant exchange rates) compared to Q1 2019. The Far East area has been hardly impacted by the restrictions imposed for limiting the virus, while Middle East has experienced a less significant drop. Greater China reported a 42% decrease over the period; in the last few days the region has recorded positive signs in terms of sales and the traffic in the stores is showing a recovery trend.

Sales in Americas, contributing to 4.7% of consolidated sales, posted a decrease of 29.6% (-31.4% at constant exchange rates); the Covid-19 impact has involved both the retail and the wholesale channels.

The following table details the revenues by brand for the first quarters of 2020 and 2019.

(Values in thousands of EUR)	1 Q		1 Q		Change	
	2020	%	2019	%	Δ	%
Alberta Ferretti	5,414	7.1%	11,036	10.8%	(5,622)	(50.9%)
Philosophy	4,278	5.6%	6,588	6.4%	(2,310)	(35.1%)
Moschino	56,229	73.8%	71,455	69.9%	(15,226)	(21.3%)
Pollini	7,887	10.3%	10,393	10.2%	(2,506)	(24.1%)
Other	2,416	3.2%	2,765	2.7%	(349)	(12.6%)
Total	76,224	100.0%	102,237	100.0%	(26,013)	(25.4%)

In the first quarter of 2020, Alberta Ferretti brand decreases by 50.9% (-51.1% at constant exchange rates), generating 7.1% of consolidated sales, while Philosophy brand decrease by 35.1% (-35.3% at constant exchange rates), generating 5.6% of consolidated sales.

In the same period, Moschino brand sales decrease by 21.3% (same percentage at constant exchange rates) contributing to 73.8% of consolidated sales.

Pollini brand decreases by 24.1%, (-24.2% at constant exchange rates), generating 10.3% of consolidated sales, while the other brands sales decrease by 12.6% (-13.1% at constant exchange rates) contributing to 3.2% of consolidated sales.

The following table details the revenues by distribution channel for the first quarters of 2020 and 2019.

(Values in thousands of EUR)	1 Q		1 Q		Change	
	2020	%	2019	%	Δ	%
Wholesale	55,596	72.9%	75,700	74.0%	(20,104)	(26.6%)
Retail	17,903	23.5%	23,289	22.8%	(5,386)	(23.1%)
Royalties	2,725	3.6%	3,248	3.2%	(523)	(16.1%)
Total	76,224	100.0%	102,237	100.0%	(26,013)	(25.4%)

By distribution channel, in 1Q 2020 all distribution channels were affected by the effects of the spread of Covid-19.

The wholesale channel, contributing to 72.9% of consolidated sales, recorded a 26.6% decrease both at constant and current exchange rates. The decline is far higher than that registered by the Spring/Summer 2020 collections orders' backlog; the suspension measures of the non-essential activities adopted by the Government slowed shipments significantly, with the consequence that the percentage of the products delivered at the end of the quarter was approximately 10% lower than that of the corresponding period of last year. To that the requests of some customers were added to postpone shipments based on the difficult international markets context.

The Group is strongly committed to managing the relationships with the main commercial partners to provide them with the greatest support as much as possible at the time of stores reopening, including discounts granted on the current Spring/Summer 2020 season.

The sales of directly-operated stores (DOS), equal to 23.5% of consolidated sales, after a positive start of the year in all main markets, suffered the effects of the progressive restrictions on the international circulation of people and on operations of non-essential activities adopted by the various countries in which the Group operates. In 1Q2020 the retail channel decreased by 23.1% (-23.2% at constant exchange rates) compared with 1Q 2019. On the other hand, the online sales recorded a good trend in the period.

Royalty incomes decreased by 16.1% compared to 1Q 2019 and represented 3.6% of consolidated sales.

2. Gross Operating Margin (EBITDA)

First quarter 2020 vs 2019

In Q1 2020 the consolidated Ebitda was equal to EUR 8,606 thousand (with an incidence of 11.3% of total sales), compared to EUR 26,626 thousand in Q1 2019 (26.0% of total sales), with a EUR 18,020 thousand decrease (-67.7%).

The significant decline in margins is directly referred to the sales decrease of both wholesale and retail channels in all geographies in which the Group operates, due to the effects of the Covid-19 pandemic, as described above. The first quarter does not yet reflect the positive results that will come from the actions adopted to face the impacts of the spread of the virus on a global scale and will materialize from the second quarter of the year.

In Q1 2020 Ebitda of the prêt-à-porter division amounted to EUR 4,111 thousand (representing 7.6% of sales), compared to EUR 20,284 thousand in Q1 2019 (26.0% of sales), posting a EUR 16,173 thousand decrease due to the sales decline.

Ebitda of the footwear and leather goods division amounted to EUR 4,495 thousand (14.7% of sales) compared to a EUR 6,342 thousand in Q1 2019 (19.0% of sales), with a EUR 1,847 thousand decrease due to the sales decline.

3. Net profit for the Group

First quarter 2020 vs 2019

In the first quarter 2020 the Group has posted a net profit of EUR 4 thousand compared to a net profit of EUR 11,840 thousand in the first quarter 2019, recording a 11,836 thousand decrease.

Segment information

Economic performance by Divisions

At international level, the Group is divided into two main business sectors:

- (i) *Prêt-à porter* Division;
- (ii) Footwear and leather goods Division.

First quarter 2020 vs 2019

The following tables indicate the main economic data for the first quarter of 2020 and 2019 of the *Prêt-à porter* and Footwear and leather goods Divisions.

I Quarter 2020

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2020				
SECTOR REVENUES	54,426	30,663	(8,864)	76,225
Intercompany revenues	(2,795)	(6,069)	8,864	-
Revenues with third parties	51,631	24,594	-	76,225
Gross operating margin (EBITDA)	4,111	4,495	-	8,606
Amortisation	(5,774)	(1,016)	-	(6,790)
Other non monetary items:				
Write-downs	-	(57)	-	(57)
Net operating profit / loss (EBIT)	(1,663)	3,422	-	1,759
Financial income	123	178	(36)	265
Financial expenses	(896)	(193)	36	(1,053)
Profit / loss before taxes	(2,436)	3,407	-	971
Income taxes	(463)	(986)	-	(1,449)
Net profit / loss	(2,899)	2,421	-	(478)

I Quarter 2019

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
I Q 2019				
SECTOR REVENUES	77,905	33,309	(8,977)	102,237
Intercompany revenues	(2,424)	(6,553)	8,977	-
Revenues with third parties	75,481	26,756	-	102,237
Gross operating margin (EBITDA)	20,284	6,342	-	26,626
Amortisation	(5,679)	(986)	-	(6,665)
Other non monetary items:				
Write-downs	-	(58)	-	(58)
Net operating profit / loss (EBIT)	14,605	5,298	-	19,903
Financial income	101	304	(47)	358
Financial expenses	(915)	(284)	47	(1,152)
Profit / loss before taxes	13,791	5,318	-	19,109
Income taxes	(4,744)	(1,473)	-	(6,217)
Net profit / loss	9,047	3,845	-	12,892

Prêt-à porter Division

In the first three months of 2020, revenues of the prêt-à-porter division decrease by 30.1%, from EUR 77,905 thousand at 31 March 2019 to EUR 54,426 at 31 March 2020.

EBITDA of the *prêt-à-porter* division is EUR 4,111 thousand in the first quarter of 2020 (representing 7.6% of sales) compared to EUR 20,284 thousand in the first quarter of 2019 (representing 26.0% of sales), recording a reduction of EUR 16,173 thousand.

Footwear and leather goods Division

Revenues of the footwear and leather goods division decrease by 7.9% from EUR 33,309 thousand in the first quarter of 2019 to EUR 30,663 thousand in the first quarter of 2020.

EBITDA of the footwear and leather goods division is positive for EUR 4,495 thousand (representing 14.7% of sales), showing a 24.6% decrease compared to EUR 6,342 thousand in the first quarter 2019 (representing 19.0% of sales), with a EUR 1,847 thousand decrease.

Balance sheet

4. Net working capital

At 31 March 2020 operating net working capital amounts to EUR 97,817 thousand (30.1% of LTM sales) compared to EUR 94,220 thousand at 31 March 2019 (26.6% of LTM sales).

The higher incidence is mainly attributable to: 1) higher inventories of finished products following the slowdown in the first quarter of the Spring/Summer 2020 collections deliveries, as commented above; 2) increase in trade receivables following the lower collections in the period due to the delays granted to customers.

5. Fixed assets

The change in fixed assets, that decreases from EUR 252,474 thousand at 31 December 2019 to EUR 247,602 thousand at 31 March 2020, is mainly attributable to the amortization of the period.

6. Shareholders' equity

The balance sheet shows a shareholder's equity that changes from EUR 204,075 thousand at 31 December 2019 to EUR 203,551 thousand at 31 March 2020.

Changes in shareholders' equity are presented in tables at page 13.

7. Net financial position

Looking at the balance sheet at 31 March 2020, financial debt net of IFRS 16 effect amounts to EUR 57,596 thousand compared to EUR 34,450 thousand at 31 March 2019, with a EUR 23,146 thousand increase (financial debt of EUR 39,410 at 31 December 2019).

The financial debt increase compared to Q1 2019 refers mainly to the raise in working capital.

Other information

Earnings per share

Reference earnings

The calculation of basic and dilutive earnings per share is based on the following elements:

(Values in thousands of EUR)	I Q	I Q
From continuing and discontinued activities	2020	2019
Earnings for determining basic earnings per share	4	11,840
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	4	11,840

(Values in thousands of EUR)	I Trimestre	I Trimestre
From continuing activities	2020	2019
Earnings for the period	4	11,840
Earnings from discontinued operations	-	-
Earnings for determining basic earnings per share	4	11,840
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	4	11,840

In both first quarter 2020 and 2019, there is no evidence of dilution of consolidated net earnings.

Number of reference share

	I Trimestre	I Trimestre
	2020	2019
Average number of shares for determining earnings per share	100,640	101,486
Share options	-	-
Average number of shares for determining diluted earnings per	100,640	101,486

Basic earnings per share

Group net earnings attributable to holders of ordinary shares of parent company AEFSE S.p.A., amounts to EUR 4 thousand (March 2019: EUR 11,840 thousand).

Dilutive earnings per share

The calculation of diluted earnings per share for the period January - March 2020, matches with the calculation of basic earnings per share, as there are no tools with potential dilutive effects.

Significant events subsequent the balance sheet date

After the 31 March 2020 no significant events regarding the Group's activities have to be reported.

Outlook

The international macroeconomic situation remains very complicated and the economic and social consequences of the Covid-19 coronavirus pandemic are currently not quantifiable.

The negative impact of the pandemic on the luxury goods demand is significant and is affecting the entire industry globally.

AEFFE has taken timely measures deemed of fundamental importance to the long-term interest of the Group and aimed at facing the challenges of the current evolution of the international situation.

In this highly uncertain context, the primary objective of the Group is to protect the safety and the health of its employees, partners and clients. In this regard, the Group has urgently and responsibly adopted all the security measures and protocols introduced by the authorities in the various countries, while ensuring the continuity of the business operations adopting smart-working solutions, when possible.

The corrective measures taken by the Group are part of an ad hoc plan designed to effectively and efficiently contrast the negative effects of the global emergence of the Covid-19 coronavirus and to protect the economic and financial resilience of the business.

In terms of sales, the actions adopted aim to: 1) careful management of the relations with the main commercial partners, especially in the Far East area, to support them as much as possible; 2) enhancement of the digital activities to support the online business, customer care in particular, through the reallocation of human resources and time for the development of technologies and tools able to satisfy customers' needs in terms of a more and more personalized customer experience; 3) enhancement of the remote digital communication through the adoption of innovative digital technologies, such as the virtual showroom to present the new collections remotely to buyers and sector's operators.

On the costs side, the activities are focused on: 1) requests for reduction of rents for stores and offices; 2) use of government retention scheme and accrued holidays to make labour costs more flexible up to the reopening of shops and the complete resumption of production processes; 3) postponement of costs for advertising and public relations which are not prejudicial to the strengthening and support of the brands; 4) request of all foreseen government grants and subsidies, in all the countries where the Group operates, to face the pandemic effects.

With regards to financial position, the Group has available bank credit facilities absolutely adequate to face the difficult economic situation and to honour regularly all its commitments; in this regards, it is very important to underline that the percentage of use of the credit lines by the Group is about 40% of the total available, well below the maximum at disposal.

Atypical and/or unusual transactions

Pursuant to Consob communication n. DEM/6064293 dated 28 July 2006, it is confirmed that during the first quarter of 2020, the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

Significant non-recurring events and transactions

During the first quarter of 2020 no significant non-recurring events and transaction have been realized.

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