

# AEFFE

## MOSCHINO

## ALBERTA FERRETTI

## POLLINI

PHILOSOPHY  
DI  
LORENZO SERAFINI

### PRESS RELEASE

#### **AEFFE: In 1Q21 Excellent Signs Of Recovery With Double-Digit Growth In Revenues In Asia And In America, Along With A 64% Increase In Margins**

**San Giovanni in Marignano, 13<sup>th</sup> May 2021** - The Board of Directors of Aeffe SpA approved today the Interim consolidated financial statement as of March 31, 2021. The company, listed on the STAR segment of Borsa Italiana, operates in the luxury sector, with a presence in the prêt-à-porter, footwear and leather goods division under renowned brand names such as Alberta Ferretti, Philosophy di Lorenzo Serafini, Moschino and Pollini.

- Consolidated revenues of **€80.1m**, compared to **€76.2m** in Q1 2020, with a 5.2% increase at constant exchange rates (+5.1% at current exchange rates).
- Ebitda of **€14.1m**, compared to **€8.6m** in Q1 2020, with a **€5.5m** increase (+64%).
- Net Profit for the Group of **€3.8m**, compared to **€4 thousands** in Q1 2020
- Net financial debt with IFRS 16 effect of **€142.7m** compared to **€149.6m** at the end of March 2020, with a **€6.9m** improvement. The strong improvement in debt derives from the careful management of the net working capital at Group level. Financial debt as of 31 March 2021, net of the IFRS 16 effect, equal to **€57.3 million**.
- Orders' backlog for the FW 21-22 season +12% compared to the correspondent season of last year.
- AEFfe ranked among the most sustainable Italian companies in the survey carried out by Statista in collaboration with Il Sole 24 Ore.
- AEFfe will support a plan for the implementation of a vaccination centre for its employees, open also to employees and collaborators of other neighbouring businesses/companies.

### Consolidated Revenues

In Q1 2021, AEFfe consolidated revenues amounted to **€80.1m** compared to **€76.2m** in Q1 2020, with a 5.2% increase at constant exchange rates (+5.1% at current exchange rates).

The trend of the first quarter reflects the good recovery in all markets in which the Group operates.

Revenues of the *prêt-à-porter* division amounted to €52.7m, posting a light decrease of 2.9% at constant exchange rates compared with Q1 2020.

Revenues of the footwear and leather goods division increased by 17.1% to €35.9m at constant exchange rates, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: “We think that the results approved today show positive signs leading to a gradual recovery, after a long period of global restrictions linked to the pandemic. The Group reacted promptly on the offering side, proposing distinctive collections that are more focused and oriented to sustainability in terms of production process and durability. We are confident about the results for the coming months, thanks both for the excellent feedback from the F/W 2021-2022 sales campaign, which posted a 12% increase, and for the growth of the online channel. The accelerating vaccination campaign, in which we participate with a centre at our headquarters, will also give a valuable contribution”.

### **Revenues Breakdown by Region**

<i>(migliaia di Euro)</i>	1Q 21	1Q 20	%	%
	Reported	Reported	Change	Change*
Italy	34.315	35.224	-2,6%	-2,6%
Europe (Italy excluded)	22.937	21.162	8,4%	8,4%
Asia and Rest of the World	17.817	15.533	14,7%	14,8%
America	5.023	4.306	16,7%	19,2%
<b>Total</b>	<b>80.091</b>	<b>76.224</b>	<b>5,1%</b>	<b>5,2%</b>

(\*) Calculated at constant exchange rates

In the first quarter 2021, the Group recorded double-digit growth in Asia and in RoW and in America.

In **Asia and in the Rest of the World**, the Group's sales totalled €17.8m, amounting to 22% of consolidated sales, recording an increase of 14.8% at constant exchange rates compared to Q1 2020. The Greater China area and Middle East has driven the growth posting an increase of 33% and 48% respectively.

Sales in **America**, contributing to 6% of consolidated sales, posted a rise of 19.2% at constant exchange rates, thanks to the good trend of both wholesale and retail channels, online included.

In Q1 2021, sales in **Europe**, contributing to 29% of consolidated sales, increased by 8.4% mainly thanks to the positive trend of Germany and Eastern Europe in the wholesale channel. The retail channel continued to be influenced by the restrictions imposed by various governments to contain the pandemic and by the limited tourists' flow.

In Q1 2021, sales in the **Italian market** decreased by 2.6% to €34.3m compared to Q1 2020, due to the decline in retail channel, which suffered from both the rigid measures to contrast the spread of the pandemic, in terms of stores' closures, and the lack of tourists.

### **Revenues by distribution channel**

<i>(In thousands of Euro)</i>	1Q 21	1Q 20	%	%
	Reported	Reported	Change	Change*
Wholesale	64.980	55.596	16,9%	17,0%
Retail	12.124	17.903	-32,3%	-32,1%
Royalties	2.988	2.725	9,6%	9,6%
<b>Total</b>	<b>80.091</b>	<b>76.224</b>	<b>5,1%</b>	<b>5,2%</b>

(\*) Calculated at constant exchange rates

The wholesale channel, contributing to 81% of consolidated sales, recorded a 17% increase at constant exchange rates.

The sales of directly-operated stores (DOS), equal to 15% of consolidated sales, continued to suffer from the effects of progressive restrictions on international traffic of people. The mentioned limitations extended

throughout the first quarter 2021 compared to the same period of last year which had only been impacted for one month. In this context the retail channel showed a decrease of 32.1% at constant exchange rates compared to the correspondent period of last year. E-commerce sales, on the other hand, posted in the period a very positive trend in the period, recording excellent performances across all brands and geographies. Royalty incomes increased by 9.6% compared to Q1 2020 and represented 3.7% of consolidated sales.

### **Network of Monobrand Stores**

<b>DOS</b>	<b>1Q 21</b>	<b>FY 20</b>	<b>Franchising</b>	<b>1Q 21</b>	<b>FY 20</b>
Europe	42	42	Europe	39	40
America	1	1	America		
Asia	14	16	Asia	101	104
<b>Total</b>	<b>57</b>	<b>59</b>	<b>Total</b>	<b>140</b>	<b>144</b>

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

### **Group's Operating and Net Result Analysis**

In Q1 2021 the consolidated Ebitda was equal to €14.1m (with an incidence of 17.6% of total sales), compared to €8.6m in Q1 2020 (11.3% of total sales), with a €5.5m increase (+63.5%).

The marginality grew more than proportionally compared to the sales increase. This reflects the positive results, in terms of costs savings for personnel, rents and overheads, coming from the actions the Group put in place to face the consequences of the spread of the virus on a global scale, which began to materialize starting from the second quarter of the last year. More in detail, on the cost front, the actions are concentrated on: 1) request for a reduction in rents for boutiques and offices; 2) use of social safety nets and vacation periods not yet taken to make labor costs more flexible until the reopening of the stores; 3) postponement of costs related to advertising and public relations that are not detrimental to the strengthening and support of brands; 4) request, in all the countries in which the Group operates, for all the facilities made available by the various government authorities to deal with the effects of the pandemic.

In Q1 2021 Ebitda of the *prêt-à-porter* division amounted to €8.5m (representing 16.0% of sales), compared to €4.1m in Q1 2020 (7.6% of sales), posting a €4.4m increase.

Ebitda of the footwear and leather goods division amounted to €5.6m (15.6% of sales) compared to a €4.5m in Q1 2020 (14.7% of sales), with a €1.1m increase driven by the sales growth.

Consolidated Ebit was equal to €7.7m, compared to €1.8m in Q1 2020, with a €5.9m increase thanks to the Ebitda growth.

Net profit of the Group was equal to €3.8m, compared to the Net Profit for the Group of €4 thousands in Q1 2020, with a €3.8m thousands increase.

### **Group's Balance Sheet Analysis**

Looking at the balance sheet as of 31<sup>st</sup> March 2021, Shareholders' equity is equal to €152.9m and financial debt, IFRS 16 effect included, amounts to €142.7m compared to €149.6m as of 31<sup>st</sup> March 2020, with a €6.9m improvement (€141.0m as of 31<sup>st</sup> December, 2020) mainly attributable to the effective management of working capital.

At the end of 1Q21 the financial debt, net of IFRS 16 effect, was equal to €57.3m compared to €57.6m at the end of 1Q1 2020.

As of 31<sup>st</sup> March 2021 operating net working capital amounts to €97.3m (35.6% of LTM sales) compared to €97.8m as of 31<sup>st</sup> March, 2020 (30.1% of LTM sales). The higher incidence on total revenues is mainly attributable to the temporary increase in the trade receivables balance following the higher shipments to wholesale customers in the 1Q21 compared to 1Q20.

Capex in Q1 2021 amount to €0.5m and are mostly related to refurbishment and IT technologies.

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## **Commitment to sustainable development**

AEFFE was included in the list of 150 Italian companies “Sustainability Leaders” (Leader della sostenibilità) created by Statista in collaboration with Il Sole 24 Ore, based on the analysis of indicators relating to the three criteria of sustainability: environmental, social and economic.

For the link to the analysis click here <https://lab24.ilssole24ore.com/leader-della-sostenibilita-2021/>

Aeffe renews its commitment to sustainable development with a strong focus on environmental issues and the fight against climate change.

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## **Support for the realization of a company vaccination centre**

AEFFE will be the first group in the Rimini’s area to carry out the in-house vaccination for its employees and for the workers of collaborating companies and large companies in the territory. AEFFE has signed an important agreement with the Red Cross which, with its medical and nursing staff, will take care of the vaccination campaign. The vaccination centre will be able to administer at least 120 doses per day.

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Income Statement, Balance Sheet and Cash Flow Statement are attached below. It is specified that financial data included in the Consolidated Interim Report of this press release have not been audited by the Auditors’ company.

Please note that the Interim Consolidated Financial Statements and the Results Presentation at 31<sup>st</sup> March 2021 are available at the following link: <http://www.aeffe.com/aeffeHome.php?pattern=11&lang=ita>, as well as on the authorized storage site [www.emarketstorage.com](http://www.emarketstorage.com).

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

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## GROUP'S PROFIT & LOSS

(In thousands of Euro)

	1Q 21	%	1Q 20	%	Change %
<b>Revenues from sales and services</b>	<b>80.091</b>	<b>100,0%</b>	<b>76.225</b>	<b>100,0%</b>	<b>5,1%</b>
Other revenues and income	1.659	2,1%	2.693	3,5%	(38,4%)
<b>Total Revenues</b>	<b>81.751</b>	<b>102,1%</b>	<b>78.918</b>	<b>103,5%</b>	<b>3,6%</b>
Total operating costs	(67.682)	(84,5%)	(70.311)	(92,2%)	(3,7%)
<b>EBITDA</b>	<b>14.069</b>	<b>17,6%</b>	<b>8.606</b>	<b>11,3%</b>	<b>63,5%</b>
Total Amortization and Write-downs	(6.378)	(8,0%)	(6.848)	(9,0%)	(6,9%)
<b>EBIT</b>	<b>7.691</b>	<b>9,6%</b>	<b>1.759</b>	<b>2,3%</b>	<b>337,3%</b>
Total Financial Income /(expenses)	(754)	(0,9%)	(788)	(1,0%)	(4,4%)
<b>Profit before taxes</b>	<b>6.937</b>	<b>8,7%</b>	<b>971</b>	<b>1,3%</b>	<b>614,8%</b>
Taxes	(2.769)	(3,5%)	(1.449)	(1,9%)	91,2%
<b>Net Profit/(Loss)</b>	<b>4.168</b>	<b>5,2%</b>	<b>(478)</b>	<b>(0,6%)</b>	<b>(971,8%)</b>
(Profit)/Loss attributable to minority shareholders	(410)	(0,5%)	482	0,6%	(185,0%)
<b>Net Profit for the Group</b>	<b>3.758</b>	<b>4,7%</b>	<b>4</b>	<b>0,0%</b>	<b>97.265,0%</b>

## GROUP'S BALANCE SHEET

<i>(In thousands of Euro)</i>	1Q 21	FY 20	1Q 20
Trade receivables	53.813	39.095	44.195
Stock and inventories	107.644	109.285	114.596
Trade payables	(64.159)	(69.328)	(60.975)
<b>Operating net working capital</b>	<b>97.298</b>	<b>79.052</b>	<b>97.817</b>
Other receivables	36.139	39.036	49.530
Other liabilities	(22.517)	(20.778)	(21.610)
<b>Net working capital</b>	<b>110.919</b>	<b>97.309</b>	<b>125.737</b>
Tangible fixed assets	60.906	61.658	63.354
Intangible fixed assets	71.584	72.489	75.086
Right of use assets	96.930	100.472	106.274
Investments	132	132	132
Other long term receivables	2.451	2.616	2.756
<b>Attivo immobilizzato</b>	<b>232.002</b>	<b>237.367</b>	<b>247.602</b>
Post employment benefits	(4.672)	(4.900)	(5.155)
Long term provisions	(1.560)	(1.544)	(1.898)
Assets available for sale			437
Liabilities available for sale			
Other long term liabilities	(1.703)	(1.769)	(681)
Deferred tax assets	19.866	21.287	16.938
Deferred tax liabilities	(28.376)	(28.016)	(29.852)
<b>NET CAPITAL INVESTED</b>	<b>326.478</b>	<b>319.734</b>	<b>353.127</b>
Capital issued	25.019	25.044	25.160
Other reserves	132.194	131.312	127.903
Profits/(Losses) carried-forward	(8.123)	13.274	18.278
Profit/(Loss) for the period	3.758	(21.397)	4
<b>Group share capital and reserves</b>	<b>152.848</b>	<b>148.232</b>	<b>171.345</b>
Minority interests	30.934	30.524	32.206
<b>Shareholders' equity</b>	<b>183.782</b>	<b>178.756</b>	<b>203.551</b>
Short term financial receivables	(682)	(652)	(1.150)
Liquid assets	(32.380)	(39.828)	(17.455)
Long term financial payables	39.309	34.349	9.783
Long term financial receivables	(2.132)	(2.037)	(2.282)
Short term financial payables	53.207	60.939	68.700
<b>NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS</b>	<b>57.321</b>	<b>52.770</b>	<b>57.596</b>
Short term lease liabilities	13.074	12.974	13.689
Long term lease liabilities	72.301	75.233	78.291
<b>NET FINANCIAL POSITION</b>	<b>142.696</b>	<b>140.978</b>	<b>149.576</b>
<b>SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS</b>	<b>326.478</b>	<b>319.734</b>	<b>353.127</b>

## GROUP'S CASH FLOW

<i>(In thousands of Euro)</i>	<b>1Q 21</b>	<b>FY 20</b>	<b>1Q 20</b>
<b>OPENING BALANCE</b>	<b>39.828</b>	<b>28.390</b>	<b>28.390</b>
Profit before taxes	6.937	( 27.587)	971
Amortizations, provisions and depreciations	6.378	29.059	6.848
Accruals (availments) of long term provisions and post employment benefits	( 212)	( 598)	11
Taxes	( 930)	( 2.592)	( 1.752)
Financial incomes and financial charges	754	3.022	788
Change in operating assets and liabilities	( 13.896)	8.963	( 18.476)
<b>NET CASH FLOW FROM OPERATING ASSETS</b>	<b>( 969)</b>	<b>10.267</b>	<b>( 11.610)</b>
Increase (decrease) in intangible fixed assets	( 138)	( 880)	( 40)
Increase (decrease) in tangible fixed assets	( 335)	( 4.504)	( 1.842)
Increase (-)/ Decrease (+) in Right of use assets	( 545)	( 6.648)	
Investments and Write-downs (-)/Disinvestments and Revaluations (+)			
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>( 1.018)</b>	<b>( 12.032)</b>	<b>( 1.882)</b>
Other changes in reserves and profit carried-forward to shareholders'equity	857	( 1.080)	( 46)
Proceeds (repayment) of financial payments	( 2.772)	24.129	7.325
Proceeds (+)/ repayment (-) of lease payables	( 2.832)	( 7.596)	( 3.824)
Increase (decrease) financial receivables	40	772	( 110)
Financial incomes and financial charges	( 754)	( 3.022)	( 788)
<b>CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>( 5.461)</b>	<b>13.203</b>	<b>2.557</b>
<b>CLOSING BALANCE</b>	<b>32.380</b>	<b>39.828</b>	<b>17.455</b>