

# AEFFE

## MOSCHINO

## ALBERTA FERRETTI

## POLLINI

PHILOSOPHY  
DI  
LORENZO SERAFINI

### PRESS RELEASE

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

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

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

### Consolidated Revenues

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

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

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

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

### **Revenues Breakdown by Region**

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

(\*) Calculated at constant exchange rates

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

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

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

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

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

### **Revenues by distribution channel**

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

(\*) Calculated at constant exchange rates

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

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

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

### **Network of Monobrand Stores**

| <b>DOS</b>   | <b>1H 21</b> | <b>FY 20</b> | <b>Franchising</b> | <b>1H 21</b> | <b>FY 20</b> |
|--------------|--------------|--------------|--------------------|--------------|--------------|
| Europe       | 42           | 42           | Europe             | 38           | 40           |
| Americas     | 1            | 1            | Americas           |              |              |
| Asia         | 14           | 16           | Asia               | 100          | 104          |
| <b>Total</b> | <b>57</b>    | <b>59</b>    | <b>Total</b>       | <b>138</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 1H 2021 the consolidated Ebitda was equal to €20.1m (with an incidence of 13.0% of total sales), compared to €0.6m in 1H 2020 (0.5% of total sales), with a €19.5m increase.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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### **Others Information**

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

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

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

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

## GROUP'S BALANCE SHEET

(In thousands of Euro)

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

## GROUP'S CASH FLOW

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