

THE GROUP APPROVES 2023 FIRST HALF RESULTS

ONGOING GROUP'S REORGANIZATION AND IMPLEMENTATION PLAN

The Retail Channel is growing (+20%) with a strong boost in China thanks to the new local distribution strategy of the Moschino brand.

San Giovanni in Marignano, July 28, 2023. The Board of Directors of Aeffe Spa - luxury products company quoted on the Euronext Star Segment of Euronext Milan Market of Borsa Italiana, operating both in the prêt-à-porter sector and in the footwear and leatherwear sector with extremely well-known brands, including Alberta Ferretti, Philosophy di Lorenzo Serafini, Moschino and Pollini - approved the Interim consolidated financial statement as of June 30, 2023.

- **CONSOLIDATED REVENUES equal to 162.9 million Euros, compared to 176.5 million Euros in 2022, with a decrease of 7.4%** at constant exchange rates (-7.7% at current exchange rates).
- **ADJUSTED EBITDA of 10.4 million Euros (6.4% of revenues)** compared to 20.9 million Euros in 2022.
- **NEGATIVE ADJUSTED EBIT of 6 million Euros** compared to 7 million Euros in 2022.
- **NET FINANCIAL DEBT including the IFRS 16 effect equal to 238.5 million Euros**, improving compared to the indebtedness of 245.8 million Euros at the end of March 2023.

Financial debt at June 30 2023, net of the IFRS 16 effect, equal to 137.6 million Euros (142.4 million Euros at March 31, 2023).

Excluding the development operations for the new Moschino brand structure finalized between 2021 and 2022 as well as the IFRS 16 effect, the Net Financial Position would amount to 47.4 million Euros.

Massimo Ferretti, Executive Chairman of Aeffe Spa, commented: *"The result for the first half of 2023 is clearly influenced by the ongoing Group's reorganization and strategic repositioning which will lead us in the short term to be much more competitive on the global market. Although we report a decrease in revenues compared to the same period last year, we are satisfied with the results of the retail channel, a direct consequence of the transition to a direct distribution model for the Moschino brand on the Chinese market. In addition to the good performance of the Alberta Ferretti, Philosophy di Lorenzo Serafini and Pollini brands, we are preparing a celebratory fashion show for the 40th anniversary of the Maison Moschino for the next Milan fashion week in September, which will mark a further step in the brand's repositioning and revamping project, boasting a significant development potential. We look forward to the second half of the year with constant attention towards the markets and our customers, but confident of returning to satisfactory growth very soon."*

CONSOLIDATED REVENUES

The Aeffe Group achieved revenues of 162.9 million Euros in the first half of 2023, compared to 176.5 million Euros in 2022 (-7.7% at current exchange rates and -7.4% at constant exchange rates). Increasing revenues in Asia where the Moschino brand has introduced a direct distribution system.

- **REVENUES of the prêt-à-porter division amounted to 108.8 million Euros**, recording a decrease of 9.5% at current exchange rates compared to 2022 (-9.0% at constant exchange rates).

- **REVENUES of the footwear and leather goods division amounted to 75.3 million Euros**, with a decrease by 6.1%, at constant and current exchange rates compared to the same period of 2022 (-6.2% at current exchange rates).

ANALYSIS OF TURNOVER BY GEOGRAPHICAL AREA

<i>(In thousands of Euro)</i>	H1 23	H1 22	% Change	% Change*
Italy	68,177	71,301	(4.4%)	(4.4%)
Europe (Italy excluded)	50,217	59,316	(15.3%)	(15.4%)
Asia & RoW	34,359	31,546	8.9%	10.8%
America	10,121	14,343	(29.4%)	(30.0%)
Total	162,874	176,506	(7.7%)	(7.4%)

(*) At constant exchange rates.

- **Sales in ITALY, with an incidence of 41.9% on turnover, reported a decrease by 4.4% compared to 2022 at 68.2 million Euros:** excellent results of the retail channel with an increase by 8% compared to the first semester of 2022, while the wholesale channel recorded a contraction of 6%.
- **Sales in EUROPE, with an incidence on turnover of 30.8%, reported a decrease by 15.4% at 50.2 million Euros.** The major decrease was recorded on the United Kingdom market, both at a wholesale and retail level.
- **In ASIA and in the REST OF THE WORLD, the Group achieved revenues of 34.4 million Euros, with an incidence on turnover of 21.1%, in progression by 10.8% compared to 2022.** The change of distribution in Greater China for the Moschino brand is gradually stabilizing with growing performance.
- **At constant exchange rates, sales in AMERICA, with an incidence on turnover of 6.2%, recorded a decrease by 30%**, due to the general slowdown in the consumption of luxury goods.

ANALYSIS OF TURNOVER BY DISTRIBUTION CHANNEL

<i>(In thousands of Euro)</i>	H1 23	H1 22	% Change	% Change*
Wholesale	110,578	129,677	(14.7%)	(14.8%)
Retail	47,002	39,494	19.0%	20.4%
Royalties	5,294	7,335	(27.8%)	(27.8%)
Total	162,874	176,506	(7.7%)	(7.4%)

(*) At constant exchange rates.

In the first semester of 2023 the Group recorded a consistent progression in the retail channel, offset by a decrease in the wholesale channel and royalties.

- **The revenues of the WHOLESALE CHANNEL, which represents 67.9% of turnover (110.6 million Euros), recorded a decrease by 14.8%** at constant exchange rates, mainly attributable to the American market.
- **The revenues of the RETAIL CHANNEL, which represents 28.9% of Group sales (47 million Euros), showed an increase by 20.4%** at constant exchange rates compared to the corresponding period of the previous year. Excellent results in Italy (+8%) and in Asia (+117%) thanks to the change in the distribution model in China of the Moschino brand.

- **The revenues for ROYALTIES, which represent 3.2% of consolidated turnover (5.3 million Euros), decreased by 27.8%** compared to the same period of 2022 following the termination of some licenses for the Moschino brand.

ANALYSIS OF OPERATING RESULTS AND NET PROFIT

- **In the first semester of 2023, consolidated ADJUSTED EBITDA**, net of the extraordinary effects associated with the Group's organizational restructuring approved on March 29, 2023, **was positive for 10.4 million Euros** (with a margin of 6.4% on turnover), compared to the EBITDA of the first semester of 2022 equal to 20.9 million Euros (with an incidence of 11.8% on turnover).
Margins in the semester decreased as a result of the new strategic course of the Moschino brand with the associated costs connected both to the change of distribution model in China (from 100% wholesale to retail) and the launch of the repositioning plan for the various Moschino collections, also impacting turnover and royalties.
- **Consolidated ADJUSTED EBIT was negative for 6 million Euros** compared to 7 million Euros positive in 2022 with a decrease of 13 million Euros.
- **Consolidated NET LOSS amounts to 11.7 million Euros** compared to the net profit of 2.9 million Euros in 2022.

FINANCIAL POSITION OF THE GROUP

- The balance sheet and financial position of the Group at June 30, 2023 shows a **NET EQUITY of 99 million Euros** (109.8 million Euros at December 31, 2022) and a **DEBT of 137.6 million Euros net of the IFRS 16 effect** (142.4 million Euros as at March 31, 2023).
Regarding financial debt, it should be noted that in the last two years the Aeffe Group has made two strategic investments of an extraordinary nature for a total consideration of EUR 90 million relating to the purchase of the minority shareholding of 30% of Moschino S.p.A. and the change of distribution in China on the Moschino brand.
- As of June 30, 2023, the **NET WORKING CAPITAL** amounted to **94.4 million Euros** (27.9% of revenues on an annual basis) compared to the 91 million Euros of December 31, 2022 (28.8% of revenues on an annual basis).
- **CAPEX INVESTMENTS** made in the first semester of 2023, equal to **2.8 million Euros**, mainly refer to works on third party assets and purchases for software.

OTHER INFORMATION

The Company also announces that it has agreed with Mr. Luca Gori, General Manager Beachwear and Underwear of Aeffe Group, following the discussion on corporate reorganization, to consensually terminate the existing employment relationship on July 31 2023.

Massimo Ferretti, Executive Chairman of Aeffe S.p.A., commented as follows: "I thank Mr. Gori for the work performed to date for Aeffe S.p.A."

Luca Gori commented: "I would like to thank Massimo Ferretti and the Aeffe Group for the opportunity I had to contribute to its important development."

AEFFE Board of Directors, after the necessary assessments, and after obtaining a favourable opinion by the Compensation Committee, by the Risks Control and Sustainability Committee, gathered as Related Parties Committee (given that the aforementioned agreement can be considered as a minor transaction with a related Party, under Aeffe's Procedure for Transactions with Related Parties) and after hearing the Board of Statutory Auditors, resolved to reach, through Moschino, an overall agreement with Mr. Gori, which includes:

- the payment, in favour of Mr. Gori, (i) the amount of Euros 18,000 as a redundancy incentive; (ii) the amount of Euros 2,000 as a general novation transaction; (iii) the amount of Euros 80,000 as settlement of any claim for damages, plus (iv) Euros 10,000 as a contribution to legal expenses, to be paid by 10 September 2023;
- use of the service accommodation until 31 October 2023.

It is specified that no additional indemnities or benefits will be provided as a result of the termination, nor non-competition covenants were negotiated. Furthermore, no right connected to monetary or equity-based incentive plans will be maintained.

In compliance with what is requested by the Instructions to Rules of the Markets of Borsa Italiana, we hereby and ultimately inform you that as far as the Company knows, Mr. Gori does not hold shares of the Aeffe Group.

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 June 30 2023 are available at the following link: <http://www.aeffe.com/aeffeHome.asp?pattern=11&lang=ita>, as well as on the authorized storage site www.emarketstorage.com.

"The Executive responsible for preparing the Company's accounting documentation, Matteo Scarpellini, confirms pursuant to art.154-bis, para. 2, TUF that the accounting disclosures contained in this communication agree with the related corporate documents, legal books and accounting entries".

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CONSOLIDATED INCOME STATEMENT (*)

<i>(In thousands of Euro)</i>	H1 23	%	H1 22	%	Change %
Revenues from sales and services	162,874	100.0%	176,506	100.0%	(7.7%)
Other revenues and income	5,695	3.5%	4,249	2.4%	34.0%
Total Revenues	168,569	103.5%	180,756	102.4%	(6.7%)
Total operating costs	(160,071)	(98.3%)	(159,874)	(90.6%)	0.1%
EBITDA	8,499	5.2%	20,882	11.8%	(59.3%)
Total Amortization and Write-downs	(16,369)	(10.1%)	(13,919)	(7.9%)	17.6%
EBIT	(7,870)	(4.8%)	6,962	3.9%	(213.0%)
Total Financial Income /(expenses)	(4,906)	(3.0%)	(1,300)	(0.7%)	277.3%
Profit/(loss) before taxes	(12,776)	(7.8%)	5,662	3.2%	(325.7%)
Taxes	1,175	0.7%	(2,795)	(1.6%)	(142.0%)
Net Profit/(loss)	(11,602)	(7.1%)	2,867	1.6%	(504.7%)
Profit attributable to minority shareholders	(50)	(0.0%)			#DIV/0!
Net Profit/(loss) for the Group	(11,652)	(7.2%)	2,867	1.6%	(506.5%)

(*) EBITDA – Earnings before interest, taxes, depreciation and amortization - represented by the operating profit before provisions, depreciation and amortization. EBITDA as defined above is a parameter used by the management of the Group to monitor and assess its operating performance; however it is not identified as an accounting measure in the context of ITA GAAP or IFRS and, as such, is not checked by the auditing firm.

In the first semester of 2023, ADJUSTED EBITDA, net of the extraordinary effects associated with the organizational restructuring of the Group approved on March 29, 2023, was positive for 10.4 million Euros (with an incidence of 6.4% on turnover), while the ADJUSTED EBIT was negative for 6 million Euros ((with an incidence of -3.7% on turnover).

CONSOLIDATED BALANCE SHEET (*)

<i>(In thousands of Euro)</i>	30 June 2023	31 December 2022	30 June 2022
Trade receivables	55,543	62,851	58,208
Stock and inventories	122,151	116,710	116,320
Trade payables	(83,249)	(88,596)	(92,599)
Operating net working capital	94,445	90,964	81,929
Other receivables	45,787	46,106	45,375
Other liabilities	(24,224)	(24,057)	(32,415)
Net working capital	116,008	113,013	94,890
Tangible fixed assets	60,300	61,251	60,024
Intangible fixed assets	64,447	66,021	67,605
Right-of-use assets	104,738	110,567	86,162
Investments	41	39	30
Other long term receivables	1	200	2,413
Fixed assets	229,528	238,078	216,234
Post employment benefits	(3,435)	(3,551)	(4,152)
Long term provisions	(2,588)	(2,371)	(2,055)
Other long term liabilities	(1,400)	(1,635)	(470)
Deferred tax assets	14,528	13,895	14,466
Deferred tax liabilities	(15,123)	(15,799)	(14,018)
NET CAPITAL INVESTED	337,517	341,629	304,894
Capital issued	24,606	24,606	24,697
Other reserves	89,030	93,517	93,666
Profits/(Losses) carried-forward	(2,974)	736	725
Profit/(Loss) for the period	(11,652)	(9,044)	2,867
Group share capital and reserves	99,010	109,815	121,955
Minority interests	41	(9)	
Shareholders' equity	99,051	109,805	121,955
Short term financial receivables	-	-	(3,177)
Liquid assets	(22,392)	(21,658)	(22,970)
Long term financial payables	59,307	70,444	80,689
Short term financial payables	100,711	78,131	51,059
NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS	137,627	126,918	105,601
Short term lease liabilities	15,733	16,073	14,406
Long term lease liabilities	85,106	88,833	62,932
NET FINANCIAL POSITION	238,466	231,823	182,939
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	337,517	341,629	304,894

() The reclassified equity and financial analysis highlights aggregations used by Management to assess the Group's equity and financial performance. These are measures generally adopted in the practice of financial communication, directly referable to the data of the financial statements but however not identified as accounting measures under IFRS and, therefore, not subject to verification by the independent auditors.*

CONSOLIDATED CASH FLOW

(In thousands of Euro)

	H1 23	FY 22	H1 22
OPENING BALANCE	21,658	31,307	31,307
Profit before taxes	(12,776)	(3,796)	5,662
Amortizations, provisions and depreciations	16,369	34,336	13,920
Accruals (availments) of long term provisions and post employment benefits	101	(314)	(30)
Taxes	(440)	(2,199)	(2,475)
Financial incomes and financial charges	4,906	5,016	1,300
Change in operating assets and liabilities	(3,525)	(34,584)	(16,261)
NET CASH FLOW FROM OPERATING ASSETS	4,635	(1,541)	2,116
Increase / (decrease) in intangible fixed assets	(527)	(1,372)	(750)
Increase / (decrease) in tangible fixed assets	(2,322)	(7,465)	(3,535)
Increase / (decrease) in right-of-use assets	(4,567)	(47,742)	(8,827)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(2)	(9)	
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(7,418)	(56,588)	(13,112)
Other changes in reserves and profit carried-forward to shareholders'equity	848	(1,299)	(1,051)
Proceeds / (repayment) of financial payments	11,443	21,283	4,455
Proceeds / (repayment) of lease payments	(4,067)	29,233	1,666
Increase / (decrease) financial receivables	199	4,279	(1,111)
Financial incomes and financial charges	(4,906)	(5,016)	(1,300)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	3,517	48,480	2,659
CLOSING BALANCE	22,392	21,658	22,970