

THE GROUP APPROVES 2023 FIRST NINE MONTHS RESULTS

ONGOING GROUP'S REORGANIZATION PLAN

The Retail Channel confirms its growth (+11.5%)

San Giovanni in Marignano, November 10, 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 September 30, 2023.

- **CONSOLIDATED REVENUES equal to 252.8 million Euros, compared to 277.1 million in 2022, with a decrease of 8.3%** at constant exchange rates (-8.8% at current exchange rates).
- **ADJUSTED EBITDA of 15.3 million Euros (6.1% of revenues)** compared to 37 million in 2022.
- **NEGATIVE ADJUSTED EBIT of 8.6 million Euros** compared to positive 14.1 million in 2022.
- **NET FINANCIAL DEBT including the IFRS 16 effect equal to 256.3 million Euros**, increasing compared to the indebtedness of 238.5 million at the end of June 2023.

Financial debt at September 30 2023, net of the IFRS 16 effect, equal to 154.6 million Euros (137.6 million at June 30, 2023).

Massimo Ferretti, Executive Chairman of Aeffe Spa, commented: *"The results of the first nine months continue to reflect the reorganization and repositioning of the Group, marking a growth slowdown. As we expected, Group's performances were still strongly influenced by the strategies implemented on the Moschino brand, which we are sure will bring benefits. At the same time, Aeffe Group is dealing with a general unfavourable market situation conditioned mainly by geopolitical uncertainty, the pressure of inflation and interest rates and by climatic contingencies which have significantly slowed down the sales of the winter collections in all markets. Aware of the difficulties that lie ahead in the coming months, we are confident that the new creative direction of Moschino will bring a new breath of energy and optimism within not only the brand, but also the Group. We are therefore all committed with conviction to continuing the new strategic vision of the Group with a focus on investments with a view to future growth, through initiatives to upgrade the portfolio brands and strengthen in high potential markets."*

CONSOLIDATED REVENUES

The Aeffe Group achieved revenues of 252.8 million Euros in the first nine months half of 2023, compared to 277.1 million Euros in 2022 (-8.8% at current exchange rates and -8.3% 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 169.5 million Euros**, recording a decrease of 7.4% at current exchange rates compared to 2022 (-6.6% at constant exchange rates).
- **REVENUES of the footwear and leather goods division amounted to 112.0 million Euros**, with a decrease by 13.1%, at constant and current exchange rates compared to the same period of 2022 (same variation at current exchange rates).

ANALYSIS OF TURNOVER BY GEOGRAPHICAL AREA

<i>(In thousands of Euro)</i>	9M 23	9M 22	% Change	% Change*
Italy	107,921	116,090	(7.0%)	(7.0%)
Europe (Italy excluded)	77,920	91,662	(15.0%)	(15.0%)
Asia & RoW	52,910	49,054	7.9%	10.4%
America	14,021	20,296	(30.9%)	(30.2%)
Total	252,772	277,102	(8.8%)	(8.3%)

(*) At constant exchange rates.

- **Sales in ITALY, with an incidence of 42.7% on turnover, reported a decrease by 7.0% compared to 2022 at 107.9 million Euros:** positive results of the retail channel with an increase by 3% compared to the first nine months of 2022, while the wholesale channel recorded a contraction of 8%.
- **Sales in EUROPE, with an incidence on turnover of 30.8%, reported a decrease by 15.0% at 77.9 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 52.9 million Euros, with an incidence on turnover of 20.9%, in progression by 10.4% compared to 2022.** The change of distribution in Greater China for the Moschino brand is gradually stabilizing.
- **At constant exchange rates, sales in AMERICA, with an incidence on turnover of 5.6%, recorded a decrease by 30.2%,** due to the general slowdown in the consumption of luxury goods.

ANALYSIS OF TURNOVER BY DISTRIBUTION CHANNEL

<i>(In thousands of Euro)</i>	9M 23	9M 22	% Change	% Change*
Wholesale	172,836	200,066	(13.6%)	(13.5%)
Retail	72,174	65,843	9.6%	11.5%
Royalties	7,762	11,193	(30.7%)	(30.7%)
Total	252,772	277,102	(8.8%)	(8.3%)

(*) At constant exchange rates.

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

- **The revenues of the WHOLESALE CHANNEL, which represents 68.4% of turnover (172.8 million Euros), recorded a decrease by 13.5% at constant exchange rates.**
- **The revenues of the RETAIL CHANNEL, which represents 28.5% of Group sales (72.2 million Euros), showed an increase by 11.5% at constant exchange rates compared to the corresponding period of the previous year.** Excellent results in Asia (+56%) thanks to the change in the distribution model in China of the Moschino brand.
- **The revenues for ROYALTIES, which represent 3.1% of consolidated turnover (7.8 million Euros), decreased by 30.7% 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 nine months of 2023, consolidated ADJUSTED EBITDA**, net of the extraordinary effects associated to the organizational restructuring of the Group and to extraordinary promotional events such as the 70th anniversary of the Pollini brand and the 40th anniversary of the Moschino brand, **was positive for 15.3 million Euros** (with a margin of 6.1% on turnover), compared to the EBITDA of the first nine months of 2022 equal to 37.0 million Euros (with an incidence of 13.4% on turnover).
Margins, in the nine months of the year, decreased as a result of both to the contraction in revenues and 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.
- **Consolidated ADJUSTED EBIT was negative for 8.6 million Euros** compared to 14.1 million Euros positive in 2022 with a decrease of 22.7 million Euros.
- **Consolidated NET LOSS amounts to 17.8 million Euros** compared to the net profit of 4.7 million Euros in 2022.

FINANCIAL POSITION OF THE GROUP

- The balance sheet and financial position of the Group at September 30, 2023 shows a **NET EQUITY of 92.5 million Euros** (109.8 million Euros at December 31, 2022) and a **DEBT of 154.6 million Euros net of the IFRS 16 effect** (137.6 million Euros as at June 30, 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 about 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 September 30, 2023, the **NET WORKING CAPITAL** amounted to **113.5 million Euros** (34.6% of revenues on an annual basis) in line with the value of September 30, 2022 (32.3% of revenues on an annual basis).
- **CAPEX INVESTMENTS** made in the first nine months of 2023, equal to **4.8 million Euros**, mainly refer to works on third party assets and purchases for software.

OTHER INFORMATION

The Company also announces that, starting from December 2023, the General Manager Asia Pacific, Doctor Ivan Perra, will assume the role of Global Retail & Business Development Director for the Moschino brand, supervising and coordinating all retail activities at the internationally as well as strengthening and carrying forward the global development of the brand.

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

Please note that the Interim Financial Report and the Results Presentation at September 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>	9M 23	%	9M 22	%	Change %
Revenues from sales and services	252,772	100.0%	277,102	100.0%	(8.8%)
Other revenues and income	7,446	2.9%	7,335	2.6%	1.5%
Total Revenues	260,218	102.9%	284,438	102.6%	(8.5%)
<i>Total operating costs</i>	(248,018)	(98.1%)	(247,435)	(89.3%)	0.2%
EBITDA	12,200	4.8%	37,003	13.4%	(67.0%)
Total Amortization and Write-downs	(23,924)	(9.5%)	(22,903)	(8.3%)	4.5%
EBIT	(11,724)	(4.6%)	14,100	5.1%	(183.1%)
Total Financial Income /(expenses)	(7,539)	(3.0%)	(3,171)	(1.1%)	137.8%
Profit/(loss) before taxes	(19,263)	(7.6%)	10,930	3.9%	(276.2%)
Taxes	1,494	0.6%	(6,253)	(2.3%)	(123.9%)
Net Profit/(loss)	(17,769)	(7.0%)	4,677	1.7%	(479.9%)
Profit attributable to minority shareholders	(162)	(0.1%)			#DIV/0!
Net Profit/(loss) for the Group	(17,931)	(7.1%)	4,677	1.7%	(483.4%)

(*) *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 nine months of 2023, ADJUSTED EBITDA, net of the extraordinary effects, was positive for 15.3 million Euros (with an incidence of 6.1% on turnover), while the ADJUSTED EBIT was negative for 8.6 million Euros ((with an incidence of -3.4% on turnover).

CONSOLIDATED BALANCE SHEET (*)

<i>(In thousands of Euro)</i>	30 September 2023	31 December 2022	30 September 2022
Trade receivables	70,067	62,851	76,427
Stock and inventories	113,763	116,710	115,174
Trade payables	(70,328)	(88,596)	(78,082)
Operating net working capital	113,502	90,964	113,519
Other receivables	39,476	46,106	39,878
Other liabilities	(26,102)	(24,057)	(26,258)
Net working capital	126,875	113,013	127,140
Tangible fixed assets	60,983	61,251	60,971
Intangible fixed assets	63,568	66,021	66,997
Right-of-use assets	104,481	110,567	93,571
Investments	41	39	30
Other long term receivables	1	200	2,930
Fixed assets	229,073	238,078	224,500
Post employment benefits	(3,271)	(3,551)	(3,993)
Long term provisions	(2,754)	(2,371)	(2,344)
Other long term liabilities	(1,399)	(1,635)	(1,636)
Deferred tax assets	15,530	13,895	14,681
Deferred tax liabilities	(15,213)	(15,799)	(13,943)
NET CAPITAL INVESTED	348,842	341,629	344,405
Capital issued	24,606	24,606	24,680
Other reserves	88,687	93,517	94,054
Profits/(Losses) carried-forward	(2,974)	736	725
Profit/(Loss) for the period	(17,931)	(9,044)	4,677
Group share capital and reserves	92,389	109,815	124,136
Minority interests	153	(9)	
Shareholders' equity	92,542	109,805	124,136
Short term financial receivables	-	-	-
Liquid assets	(11,269)	(21,658)	(27,478)
Long term financial payables	59,286	70,444	76,241
Short term financial payables	106,540	78,131	85,646
NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS	154,558	126,918	134,409
Short term lease liabilities	16,441	16,073	13,281
Long term lease liabilities	85,300	88,833	72,578
NET FINANCIAL POSITION	256,300	231,823	220,268
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	348,842	341,629	344,405

(*) *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

<i>(In thousands of Euro)</i>	9M 23	FY 22	9M 22
OPENING BALANCE	21,658	31,307	31,307
Profit before taxes	(19,263)	(3,796)	10,930
Amortizations, provisions and depreciations	23,924	34,336	22,903
Accruals (availments) of long term provisions and post employment benefits	103	(314)	100
Taxes	(592)	(2,199)	(5,201)
Financial incomes and financial charges	7,539	5,016	3,171
Change in operating assets and liabilities	(15,013)	(34,584)	(48,811)
NET CASH FLOW FROM OPERATING ASSETS	(3,302)	(1,541)	(16,908)
Increase / (decrease) in intangible fixed assets	(715)	(1,372)	(1,340)
Increase / (decrease) in tangible fixed assets	(4,052)	(7,465)	(6,091)
Increase / (decrease) in right-of-use assets	(9,571)	(47,742)	(21,969)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(2)	(9)	
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(14,340)	(56,588)	(29,400)
Changes in shareholders' equity	505	(1,299)	(681)
Proceeds / (repayment) of financial payments	17,252	21,283	34,595
Proceeds / (repayment) of lease payments	(3,164)	29,233	10,187
Increase / (decrease) financial receivables	199	4,279	1,549
Financial incomes and financial charges	(7,539)	(5,016)	(3,171)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	7,253	48,480	42,479
CLOSING BALANCE	11,269	21,658	27,478