AEFFE

MOSCHINO

POLLINI

ALBERTA FERRETTI

PHILOSOPHY DI LORENZO SERAFINI

**PRESS RELEASE**

## AEFFE: Results 2019 Approved.

## Sales At Euro 351 Million, Ebitda At Euro 53.1 Million And Net Profit For The Group At Euro 11.7 Million

**San Giovanni in Marignano, 12 March 2020 –** The Board of Directors of Aeffe SpA approved today the consolidated results for the Full Year 2019. The Board also communicates that following the provisions of Law. n. 157 on 19th December 2019, modified the Articles of Association in order to conform it to the law's provisions.
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, Pollini, Jeremy Scott and Cédric Charlier.

*Starting from 1st January 2019, the international accounting standard IFRS 16 was applied for the first time. The effects of the new standard are summarized in the following paragraphs entitled "**Effects deriving from the first application of accounting standard IFRS 16" Leasing** "".*
*For a better understanding of business performance, in the notes to the Income Statement and to the Balance Sheet reported in the following paragraphs, the data of 2019, regarding both the Group and the parent Company AEFFE SpA., are considered net of IFRS 16 effect in order to make an effective comparison with the data of 2018.*

- **Consolidated revenues of €351.4m, compared to €346.6m in 2018, with a 1.4% increase at current exchange rates (+1.2% at constant exchange rates)**
- **Ebitda with IFRS 16 effect included of €53.1m. Ebitda net of IFRS 16 effect of €36.6m (10.4% on consolidated sales), compared to €43.3m in 2018 (12.5% on consolidated sales)**
- **Net Profit for the Group with IFRS 16 effect of €11.7m. Net Profit for the Group net of IFRS 16 effect of €12.3m, compared to €16.7m in 2018**
- **Net financial debt with IFRS 16 effect of €135.2m. Financial debt net of IFRS 16 effect of €39.4m compared to €31.3m as at 31st December, 2018**
- **First-time application of the new Lease standard IFRS 16 from January 1st, 2019**

## Consolidated Revenues

In the year 2019 Aeffe Group registered sales of Euro 351.4 million compared to €346.6m in 2018, with a 1.2% increase at constant exchange rates (+1.4% at current exchange rates).

Revenues of the prêt-à-porter division amounted to €262.2m, down by 1.3% at current exchange rates compared to 2018.
Revenues of the footwear and leather goods division increased by 8.3% to €128.2m both at constant and current exchange rates, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: "*Given the highly uncertain macroeconomic scenario, we positively evaluate 2019 results, supported by the good performance of the directly operated stores network and of the e-commerce channel, together with the good progression of accessories, confirming the effectiveness of the investments and strategies implemented by the Group. In recent weeks the international scenario suddenly weakened, as a result of the spread of Coronavirus, and today the duration of this epidemic is still uncertain. Our Group is committing all of its resources and energies to face these difficult market conditions, both in terms of careful management of customer relations and of considered actions aimed at containing costs that can be postponed without any prejudice to the development and strengthening of our brands*".

## Revenues Breakdown by Region

| *(In thousands of Euro)* | **FY 19 Reported** | **FY 18 Reported** | **% Change** | **% Change*** |
|---|---|---|---|---|
| Italy | 160.865 | 168.453 | -4,5% | -4,5% |
| Europe (Italy excluded) | 86.890 | 80.301 | 8,2% | 8,1% |
| Asia & RoW | 86.020 | 80.092 | 7,4% | 7,5% |
| America | 17.628 | 17.710 | -0,5% | -4,5% |
| **Total** | **351.403** | **346.556** | **1,4%** | **1,2%** |

(*) Calculated at constant exchange rates

In 2019, sales in the **Italian market** decreased by 4.5% to €160.9m compared to 2018, directly due to the weakness of the wholesale channel, in contrast with the positive performance of retail. The Italian market accounted for 45.8% of consolidated sales; that incidence decreased to 36% net of the effect of sales to foreign customers on the national territory.
At constant exchange rates, sales in **Europe**, contributing to 24.7% of consolidated sales, increased by 8.1%, driven especially by the good performance in UK, Germany and Eastern Europe.
In **Asia and in the Rest of the World**, the Group's sales totalled €86.0m, amounting to 24.5% of consolidated sales, recording an increase of 7.5% at constant exchange rates compared to 2018, especially driven by a good trend in China and Korea, which posted a 7.2% and 14.6% growth respectively.
Sales in **America**, contributing to 5% of consolidated sales, posted in the period a decrease of 4.5% at constant exchange rates.

**Revenues by distribution channel**

| *(In thousands of Euro)* | FY 19 Reported | FY 18 Reported | % Change | % Change* |
|---|---|---|---|---|
| Wholesale | 243.904 | 247.827 | -1,6% | -1,8% |
| Retail | 93.802 | 87.094 | 7,7% | 7,5% |
| Royalties | 13.698 | 11.636 | 17,7% | 17,7% |
| **Total** | **351.403** | **346.556** | **1,4%** | **1,2%** |

(*) Calculated at constant exchange rates

By distribution channel, in 2019, wholesale revenues declined by 1.8% at constant exchange rates, contributing to 69.4% of consolidated sales. The decrease was mainly due to the downturn registered by the AW 2019 collections.
In 2019 sales registered across our directly-operated stores (DOS), representing 26.7% of consolidated sales, confirmed a good trend, increasing by 7.5% at constant exchange rates compared with 2018.
Royalty incomes, representing 3.9% of consolidated sales, recorded a very positive growth, posting a 17.7% increase compared to 2018.

**Network of Monobrand Stores**

| ***DOS*** | **FY 19** | **FY 18** |
|---|---|---|
| Europe | 42 | 44 |
| United States | 3 | 2 |
| Asia | 16 | 18 |
| **Total** | **61** | **64** |

| ***Franchising*** | **FY 19** | **FY 18** |
|---|---|---|
| Europe | 40 | 45 |
| United States | 1 | 1 |
| Asia | 122 | 138 |
| **Total** | **163** | **184** |

The number of directly operated stores (DOS) declined by three, as per the strategic focus on the existing retail network and the prudent approach in selective and calibrated development, especially in function of fixed costs optimization.
During 2019 some franchised stores were closed, mostly concentrated on the Asian market and in the last quarter of the year, following both to the strategic repositioning of the stores and the growing macroeconomic uncertainty.

**Effects from the first-time application of the new Lease standard IFRS 16 on Consolidated Results**

IFRS 16 was applied from 1st January, 2019, without restatement of comparative information.

The new accounting standard provides that all leasing contracts must be recognised in the balance sheet as assets and liabilities. In particular, the following is noted with reference to 31st December 2019:
- Fixed Assets increase of €110.7m from the right to use the leased assets;
- Leasing liabilities for €95.8m were posted in Financial liabilities (of which €81.7m as not current liabilities and €14.1m as current liabilities).

In the Profit & Loss statement of 2019, the costs for "lease installments" were cancelled from operating costs for €16.6m, resulting in an Ebitda increase by the same amount . As Amortisation of right to use assets were posted €15.1m and as Financial charges linked to the financial debt for leasing were recorded €2.3m.

**Effects from the first-time application of the new Lease standard IFRS 16 on the Parent Company Aeffe S.p.A.**

IFRS 16 was applied from 1st January, 2019, without restatement of comparative information.

The new accounting standard provides that all leasing contracts must be recognised in the balance sheet as assets and liabilities. In particular, the following is noted with reference to 31st December 2019:
- Fixed Assets increase of €14.4m from the right to use the leased assets;
- Leasing liabilities for €16.2m were posted in Financial liabilities (of which €14.5m as not current liabilities and €1.7m as current liabilities).

In the Profit & Loss statement of 2019, the costs for "lease installments" were cancelled from operating costs for €2.2m, resulting in an Ebitda increase by the same amount . As Amortisation of right to use assets were posted €1.8m and as Financial charges linked to the financial debt for leasing were recorded €0.5m.

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

In 2019 the consolidated Ebitda was equal to €36.6m (with an incidence of 10.4% of consolidated sales), compared to €43.3m in 2018 (12.5% of total sales), with a €6.7m decrease (-15.6%). This change was in line with the Group's expectations for the FY 2019 and with the previous quarterly earnings reports.
The decrease was attributable to the *prêt-à-porter* division.
Ebitda of the *prêt-à-porter* division amounted to €23.5m (representing 9.0% of division sales), compared to €31.6m in 2018 (11.9% of division sales), with a €9.5m decrease. This change was due to the sales trend and higher costs, planned early last year, for the strengthening of the R&D, production and marketing divisions. The costs increase refers to personnel expenses for skilled professionals to enhance the desiderability and distinctiveness of the group's brands, both in terms of visibility and positioning and expansion of online business.
Ebitda of the footwear and leather goods division amounted to €13.1m (10.2% of division sales) compared to a €11.7m in 2018 (12.1% of division sales), with a €1.4m increase.
Consolidated Ebit was equal to €23.6m, compared to €29.6m in 2018, with a €6.0m decrease due to the Ebitda decline.
In 2019 net financial charges amounted to €1.0m, compared to €0.9m in 2018.
Net profit of the Group was equal to €12.3m, compared to the Net Profit for the Group of €16.7m in 2018, with a €4.4m decrease mainly due to the Ebitda reduction as commented above.

**Group's Balance Sheet Analysis**

Looking at the balance sheet as of 31st December 2019, Shareholders' equity was equal to €171.4m and financial debt net of IFRS 16 effect amounted to €39.4m compared to €31.3m as of the end of 2018, with a €8.1m increase. The change in financial debt is mainly attributable to the increase in working capital and to higher investments made during the year for the maintenance and stores' refurbishment, along with a new warehouse.
As of 31st December 2019 operating net working capital amounts to €79.3m (22.6% of sales) compared to €70.5m as of 31st December, 2018 (20.3% of sales). The higher incidence is mainly attributable to higher inventories stored in directly managed shops due to the increase in sales.
Capex in 2019 amount to €10.8m and are mostly related to the maintenance and stores' refurbishment, along with investment for a new warehouse.

**Significant events occurred after the reporting date**

On 31st December 2019, the Wuhan Municipal Health Commission (China) reported to the World Health Organization a series of pneumonia cases of unknown origin in the city of Wuhan, in the Chinese province of Hubei. In early January 2020, the Chinese Center for Disease Control and Prevention (CDC) communicated the identification of a new coronavirus (2019- nCoV), subsequently named Covid-19 by WHO. As of the date of this document, the virus has affected thousands of people worldwide, reaching other countries including Italy and causing various deaths.
To date, not only China but all the countries affected by Covid-19 have adopted a very strict prevention and control measures to contain the epidemic, including the closure of schools, circulation restrictions in the most affected areas and suspension of numerous flights to and from the most contagious areas.
The situation is still evolving and causing a significant impact on tourism, travel and sales penalized both on Asian markets and at a domestic level for the contraction of tourist flows and, more generally, for the restrictions on people's movements imposed by recent law provisions.

**Business outlook**

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

AEFFE has already implemented measures to address the situation by limiting any negative effects, through a particularly careful customer relations management and through adoption of considered measures aimed at postponing costs without any prejudice for the strengthening and support of its brand.

Likewise, AEFFE confirms its commitment in terms of research, creativity and high-quality manufacturing with the aim of strengthening the positioning of the portfolio brands, such as Alberta Ferretti, Philosophy di Lorenzo Serafini, Moschino, Pollini.

In terms of geographical areas, AEFFE observes the evolution of high potential markets with constant attention, evaluating the optimization of the development plan of the franchising network and selective openings of directly operated single-brand stores (DOS). Furthermore, following the in-house management of the online stores of proprietary brands, the Group foresees further synergies deriving from the multi-channel distribution approach, i.e. the integration between the different sales channels, physical and online, also considering the opportunity deriving from the customization of the customer experience.

**Proposal of the Board of Directors to approve 2019 Annual Report draft for the parent company Aeffe SpA and the allocation of the profit of the year 2019**

The Board of Directors also approved the draft of the 2019 Annual Report for the parent company Aeffe SpA.
On 22nd April 2020 the Board of Directors will propose to the Shareholder's meeting to allocate the profit of the year 2019 amounting to € 5,137,634 as follows:
- Legal Reserve, €256,882;
- Extraordinary Reserve, € 4,880,752.

**Consolidated Non-Financial Statement for Fiscal Year 2019**

During today's meeting, the Board of Directors of Aeffe SpA examined and approved the preliminary results of the 2019 Consolidated Non-Financial Statement prepared as a report being part of the Consolidated Financial Statements of the Year, in accordance with the provisions of Legislative Decree 254/2016.

**Comments on the main economic-financial data of the Parent Company Aeffe SpA**

Revenues of the Parent company Aeffe SpA amounted to €161.9 million, down by 7.9% at current exchange rates compared to 2018 due to the slowdown of the wholesale channel for the apparel collections.
In 2019 Ebitda was equal to €11.9m (with an incidence of 7.3% of consolidated sales), compared to €16.3m in 2018 (9.3% of total sales), posting a €4.4m decrease. This change is due to the sales drop and the following higher incidence of the operating costs.
Ebit amounted to €8.9m, compared to an Ebit of €14.0m of previous year, with a €5.1m decrease, mainly due to the Ebitda reduction.
In 2019 net financial expenses amounted to €0.7m compared with €0.8m in 2018.
Profit before taxes for the period amounted to €8.2m, compared to €13.2m in 2018, with a decrease of €5.0m.
In 2019 the Parent company Aeffe SpA posted a Net Profit of €5.2m, compared to the net profit of €8.8m in 2018, with a €3.6m decrease, result mainly due to the Ebitda decrease, as commented above.
As of 31st December 2019, net financial debt amounted to €48.7m, compared to €47.6m as of 31st December 2018, with a €1.1m increase. The change in net financial debt was mainly related to the operating cash flow worsening.
Shareholders' equity was equal to €155.6m, compared to €152.3m as of 31st December 2018.

## Other Resolutions

### 1. Modification of Articles of Association

The Board of Directors of Aeffe SpA, on 12th March 2020, communicates that, following the provisions of Law. n. 157 on 19th December 2019, modified the Articles of Association in order to conform it to the law's provisions. In particular, articles 15.3, 22.1 and 22.3 have been modified as follows:

"***15.3*** *[……omissis]* *Each list must contain a number of candidates not exceeding the maximum number of members to be elected.* ~~*Each list must contain at least three candidates*~~. *Lists containing a number of candidates equal to or greater than three must also include candidates belonging to both genders, so that the share of candidates provided for by the pro-tempore legislation in force belongs to the least represented gender (with rounding, in case of number fractional, to the higher unit). The candidates must be listed in consecutive numerical order. Shareholders who present a list that aspires to obtain the largest number of votes are responsible for ensuring that such list contains a sufficient number of candidates. [……omissis]*

***22.1*** *The Board of Statutory Auditors comprises 3 (three) serving auditors, of which at least two fifht must be a member of the least represented gender; the Shareholders' Meeting shall also appoint two alternate auditors, one from each gender. The appointments are made on the basis of lists presented by the shareholders containing a number of candidates not exceeding the maximum number of members to be elected, following the process specified below.*

***22.3*** *Each list must comprise two sections: one for the appointment of serving auditors,* ~~*comprising three candidates*~~*, and the other for the appointment of alternate auditors*~~*, comprising two candidates.*~~ *The candidates of each section must be listed by progressive number. Each candidate can appear on just one list, or will be ineligible for election.*

*The lists which, considering both sections, contain a number of candidates equal to or greater than three, must ensure* ~~*Each section of the lists must ensure the presence*~~ *respect for the balance between genders so that,* ~~*with specific reference to the section relating to standing auditors*~~*, the portion of candidates provided for by the pro-tempore current legislation belongs to the least represented gender* ~~*(with rounding, in the case of fractional numbers, to the lower unit).*~~

*Lists of candidates that do not comply with the requirements envisaged in this paragraph shall be treated as if not presented."*

The Articles of Association's modified text and the minute of the Board of Directors' meeting will be available, within the terms provided by the law, at the legal seat, at the following web address: https://aeffe.com/aeffe-statute/ as well as on the as well as on the authorized storage site www.emarketstorage.com

### 2. Annual Shareholders' Meeting call

Today the Board of Directors of Aeffe S.p.A. has called the Shareholders' Meeting on 22 April 2020 to discuss and resolve on (i) the approval of the financial statements of Aeffe S.p.A. closed on 31st December 2019 (ii) the

company's remuneration policy (iii) the appointment of the members of the Board of Directors for the years 2020-2022 (iv) the appointment of the member of the Board of Statutory Auditors for the years 2020-2022.
The documentation relating to the items on the Agenda will be made available to the public in compliance with terms and conditions required by the law.

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Here below attached the Income Statement, the Reclassified Balance Sheet and the Cash Flow Statement for the Group and for the parent company Aeffe SpA.
Full Year 2019 data included in this press release are currently under the activity of the Auditors' company.

Please note also that the Results Presentation at 31st December 2019 is available at the following link:
http://www.aeffe.com/aeffeHome.php?lang=eng

It is specified that Consolidated Financial Statement and the Draft of Annual Report of the parent company Aeffe SpA at 31st December 2019, as well as the respective Reports on operations, will be available to the public in compliance with the terms and conditions required by the law at the legal seat of Aeffe, on the company's website www.aeffe.com as well as on the website www.emarketstorage.com.

*"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".*

**Contacts:**
**Investor Relations**
AEFFE S.p.A
Annalisa Aldrovandi
+39 0541 965494
annalisa.aldrovandi@aeffe.com
www.aeffe.com

**Press Relations**
Barabino & Partners
Marina Riva
m.riva@barabino.it
+39 02 72023535

## CONSOLIDATED RECLASSIFIED INCOME STATEMENT (1)

| *(In thousands of Eur)* | FY 19 IFRS 16 effect included | % | FY 19 net of IFRS 16 effect | % | FY 18 | % | Chg.% FY 19 IFRS 16 included vs FY 18 | Chg.% FY 19 net of IFRS 16 effect vs FY 18 |
|---|---|---|---|---|---|---|---|---|
| **Revenues from sales and services** | **351.403** | **100,0%** | **351.403** | **100,0%** | **346.556** | **100,0%** | **1,4%** | **1,4%** |
| Other revenues and income | 10.064 | 2,9% | 10.064 | 2,9% | 5.450 | 1,6% | 84,7% | 84,7% |
| **Total Revenues** | **361.468** | **102,9%** | **361.468** | **102,9%** | **352.006** | **101,6%** | **2,7%** | **2,7%** |
| Total operating costs | (308.338) | (87,7%) | (324.914) | (92,5%) | (308.678) | (89,1%) | (0,1%) | 5,3% |
| **EBITDA** | **53.130** | **15,1%** | **36.553** | **10,4%** | **43.328** | **12,5%** | **22,6%** | **(15,6%)** |
| Total Amortization and Write-downs | (28.028) | (8,0%) | (12.970) | (3,7%) | (13.682) | (3,9%) | 104,9% | (5,2%) |
| **EBIT** | **25.102** | **7,1%** | **23.583** | **6,7%** | **29.646** | **8,6%** | **(15,3%)** | **(20,5%)** |
| Total Financial Income /(expenses) | (3.295) | (0,9%) | (957) | (0,3%) | (850) | (0,2%) | 287,7% | 12,6% |
| **Profit before taxes** | **21.806** | **6,2%** | **22.626** | **6,4%** | **28.796** | **8,3%** | **(24,3%)** | **(21,4%)** |
| Taxes | (9.802) | (2,8%) | (10.005) | (2,8%) | (11.599) | (3,3%) | (15,5%) | (13,7%) |
| **Net Profit** | **12.004** | **3,4%** | **12.621** | **3,6%** | **17.197** | **5,0%** | **(30,2%)** | **(26,6%)** |
| Profit attributable to minority shareholders | (312) | (0,1%) | (312) | (0,1%) | (472) | (0,1%) | (33,9%) | (33,9%) |
| **Net Profit for the Group** | **11.693** | **3,3%** | **12.309** | **3,5%** | **16.725** | **4,8%** | **(30,1%)** | **(26,4%)** |

*(1)* EBITDA – Earnings before interest, taxes, depreciation and amortization – *is represented by the operating result gross of provisions and amortization. EBITDA as defined is a measure used by the Group's Management to monitor and evaluate its operating performance and it is not identified as an accounting measure in the context of both Italian Accounting Standards and IFRS and, therefore, is not subject to any audit procedure by the Auditors' Company.*

## CONSOLIDATED RECLASSIFIED BALANCE SHEET (2)

| *(In thousands of Eur)* | **FY 19** | **FY 18** |
|---|---|---|
| Trade receivables | 41.525 | 43.139 |
| Stock and inventories | 112.051 | 104.262 |
| Trade payables | (74.300) | (76.950) |
| **Operating net working capital** | **79.275** | **70.450** |
| Other receivables | 49.411 | 42.825 |
| Other liabilities | (21.517) | (27.527) |
| **Net working capital** | **107.170** | **85.748** |
| Tangible fixed assets | 62.825 | 60.299 |
| Intangible fixed assets | 76.083 | 103.132 |
| Right of use assets (IFRS 16) | 110.714 | |
| Investments | 132 | 132 |
| Other long term receivables | 2.720 | 2.810 |
| **Attivo immobilizzato** | **252.474** | **166.373** |
| Post employment benefits | (5.195) | (5.492) |
| Long term provisions | (1.847) | (2.559) |
| Assets available for sale | 437 | 437 |
| Liabilities available for sale | | |
| Other long term liabilities | (717) | (771) |
| Deferred tax assets | 16.950 | 15.073 |
| Deferred tax liabilities | (29.982) | (30.094) |
| **NET CAPITAL INVESTED** | **339.289** | **228.716** |
| Capital issued | 25.286 | 25.371 |
| Other reserves | 127.823 | 123.799 |
| Profits/(Losses) carried-forward | 6.585 | (1.287) |
| Profit/(Loss) for the period | 11.693 | 16.726 |
| **Group share capital and reserves** | **171.386** | **164.610** |
| Minority interests | 32.688 | 32.850 |
| **Shareholders' equity** | **204.075** | **197.459** |
| Short term financial receivables | (1.132) | (1.420) |
| Liquid assets | (28.390) | (28.037) |
| Long term financial payables | 13.449 | 16.409 |
| Long term financial receivables | (2.225) | (2.302) |
| Short term financial payables | 57.709 | 46.607 |
| **NET FINANCIAL DEBT NET OF IFRS 16 EFFECT** | **39.410** | **31.256** |
| Short term lease liabilities | 14.098 | |
| Long term lease liabilities | 81.706 | |
| **NET FINANCIAL POSITION** | **135.214** | **31.256** |
| **SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS** | **339.290** | **228.716** |

*(2) The Reclassified Balance Sheet shows measures used by the Management to monitor and asses the financial performances of the Group. These are measures generally adopted in the practice of financial communication, directly reconcilable to the IFRS statements but not identified as accounting measures in the IFRS context and, therefore, not subject to any audit by the Auditors' Company.*

#### CONSOLIDATED CASH FLOW STATEMENT

| *(In thousands of Eur)* | **FY 19** | **FY 18** |
|---|---|---|
| **OPENING BALANCE** | **28.037** | **22.809** |
| Profit before taxes | 21.806 | 28.797 |
| Amortizations, provisions and depreciations | 28.028 | 13.682 |
| Accruals (availments) of long term provisions and post employment benefits | ( 1.119) | ( 281) |
| Taxes | ( 13.144) | ( 9.845) |
| Financial incomes and financial charges | 3.295 | 850 |
| Change in operating assets and liabilities | ( 19.625) | ( 7.677) |
| **NET CASH FLOW FROM OPERATING ASSETS** | **19.241** | **25.526** |
| Increase (decrease) in intangible fixed assets | ( 1.813) | ( 1.257) |
| Increase (decrease) in tangible fixed assets | ( 7.847) | ( 6.657) |
| Increase (-)/ Decrease (+) in Right of use assets | ( 1.119) | |
| Investments and Write-downs (-)/Disinvestments and Revaluations (+) | | |
| **CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES** | **( 10.779)** | **( 7.914)** |
| Other changes in reserves and profit carried-forward to shareholders'equity | ( 976) | 1.820 |
| Proceeds (repayment) of financial payments | 8.143 | ( 14.398) |
| Proceeds (+)/ repayment (-) of lease payables (IFRS 16) | ( 12.435) | |
| Increase (decrease) financial receivables | 454 | 1.044 |
| Financial incomes and financial charges | ( 3.295) | ( 850) |
| **CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES** | **( 8.109)** | **( 12.384)** |
| **CLOSING BALANCE** | **28.390** | **28.037** |

## AEFFE S.P.A. INCOME STATEMENT (3)

| *(In thousands of Eur)* | FY 19 IFRS 16 effect included | % | FY 19 net of IFRS 16 effect | % | FY 18 | % | Chg.% FY 19 IFRS 16 included vs FY 18 | Chg.% FY 19 net of IFRS 16 effect vs FY 18 |
|---|---|---|---|---|---|---|---|---|
| **Revenues from sales and services** | **161.947** | **100,0%** | **161.947** | **100,0%** | **175.976** | **100,0%** | **(8,0%)** | **(8,0%)** |
| Other revenues and income | 8.384 | 5,2% | 8.384 | 5,2% | 5.876 | 3,3% | 42,7% | 42,7% |
| **Total Revenues** | **170.331** | **105,2%** | **170.331** | **105,2%** | **181.852** | **103,3%** | **(6,3%)** | **(6,3%)** |
| Changes in inventories | (3.743) | (2,3%) | (3.743) | (2,3%) | (503) | (0,3%) | 643,5% | 643,5% |
| Raw materials costs | (61.184) | (37,8%) | (61.184) | (37,8%) | (65.441) | (37,2%) | (6,5%) | (6,5%) |
| Service costs | (47.822) | (29,5%) | (47.822) | (29,5%) | (51.212) | (29,1%) | (6,6%) | (6,6%) |
| Costs for use of third parties | (11.425) | (7,1%) | (13.658) | (8,4%) | (17.075) | (9,7%) | (33,1%) | (20,0%) |
| Personnel | (30.067) | (18,6%) | (30.067) | (18,6%) | (29.245) | (16,6%) | 2,8% | 2,8% |
| Other operating costs | (1.969) | (1,2%) | (1.969) | (1,2%) | (2.086) | (1,2%) | (5,6%) | (5,6%) |
| *Total operating costs* | *(156.210)* | *(96,5%)* | *(158.443)* | *(97,8%)* | *(165.562)* | *(94,1%)* | *(5,6%)* | *(4,3%)* |
| **EBITDA** | **14.120** | **8,7%** | **11.888** | **7,3%** | **16.290** | **9,3%** | **(13,3%)** | **(27,0%)** |
| Total Amortization and Write-downs | (4.792) | (3,0%) | (2.965) | (1,8%) | (2.233) | (1,3%) | 114,6% | 32,8% |
| **EBIT** | **9.329** | **5,8%** | **8.923** | **5,5%** | **14.057** | **8,0%** | **(33,6%)** | **(36,5%)** |
| Total Financial Income /(expenses) | (1.212) | (0,7%) | (716) | (0,4%) | (837) | (0,5%) | 44,8% | (14,5%) |
| **Profit before taxes** | **8.116** | **5,0%** | **8.207** | **5,1%** | **13.219** | **7,5%** | **(38,6%)** | **(37,9%)** |
| Taxes | (2.978) | (1,8%) | (2.996) | (1,8%) | (4.439) | (2,5%) | (32,9%) | (32,5%) |
| **Net Profit** | **5.138** | **3,2%** | **5.211** | **3,2%** | **8.781** | **5,0%** | **(41,5%)** | **(40,7%)** |

*(3)* EBITDA – Earnings before interest, taxes, depreciation and amortization – *is represented by the operating result gross of provisions and amortization. EBITDA as defined is a measure used by the Company's Management to monitor and evaluate its operating performance and it is not identified as an accounting measure in the context of both Italian Accounting Standards and IFRS and, therefore, is not subject to any audit procedure by the Auditors' Company.*

## AEFFE S.P.A. RECLASSIFIED BALANCE SHEET (4)

| *(In thousands of Eur)* | **FY 19** | **FY 18** |
|---|---|---|
| Trade receivables | 56.363 | 56.941 |
| Stock and inventories | 29.755 | 32.802 |
| Trade payables | (79.289) | (77.254) |
| **Operating net working capital** | **6.829** | **12.488** |
| Other receivables | 23.718 | 18.756 |
| Other liabilities | (8.132) | (12.501) |
| **Net working capital** | **22.415** | **18.743** |
| Tangible fixed assets | 43.558 | 43.463 |
| Intangible fixed assets | 3.658 | 3.822 |
| Right of use assets (IFRS 16) | 14.426 | |
| Investments | 142.243 | 141.183 |
| Other long term receivables | 2.965 | 2.159 |
| **Attivo immobilizzato** | **206.850** | **190.628** |
| Post employment benefits | (3.389) | (3.653) |
| Long term provisions | (55) | (119) |
| Other long term liabilities | (326) | (620) |
| Deferred tax assets | 2.664 | 2.577 |
| Deferred tax liabilities | (7.688) | (7.609) |
| **NET CAPITAL INVESTED** | **220.471** | **199.946** |
| Capital issued | 25.286 | 25.371 |
| Other reserves | 122.801 | 115.815 |
| Profits/(Losses) carried-forward | 2.348 | 2.348 |
| Profit/(Loss) for the period | 5.138 | 8.781 |
| **Shareholders' equity** | **155.573** | **152.315** |
| Liquid assets | (6.946) | (4.561) |
| Long term financial payables | 13.861 | 18.926 |
| Short term financial payables | 41.801 | 33.266 |
| **NET FINANCIAL DEBT NET OF IFRS 16 EFFECT** | **48.716** | **47.631** |
| Short term lease liabilities | 1.706 | |
| Long term lease liabilities | 14.476 | |
| **NET FINANCIAL POSITION** | **64.898** | **47.631** |
| **SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS** | **220.471** | **199.946** |

*(4) The Reclassified Balance Sheet shows measures used by the Management to monitor and asses the financial performances of the Company. These are measures generally adopted in the practice of financial communication, directly reconcilable to the IFRS statements but not identified as accounting measures in the IFRS context and, therefore, not subject to any audit by the Auditors' Company.*

## AEFFE S.P.A. CASH FLOW STATEMENT

| *(In thousands of Eur)* | **FY 19** | **FY 18** |
|---|---|---|
| **OPENING BALANCE** | **4.558** | **7.610** |
| Profit before taxes | 8.116 | 13.219 |
| Amortizations, provisions and depreciations | 4.792 | 2.233 |
| Accruals (availments) of long term provisions and post employment benefits | ( 328) | ( 294) |
| Taxes | ( 5.719) | ( 1.365) |
| Financial incomes and financial charges | 1.212 | 837 |
| Change in operating assets and liabilities | ( 1.565) | 786 |
| **NET CASH FLOW FROM OPERATING ASSETS** | **6.508** | **15.416** |
| Increase (decrease) in intangible fixed assets | ( 356) | ( 553) |
| Increase (decrease) in tangible fixed assets | ( 1.741) | ( 2.787) |
| Increase (-)/ Decrease (+) in Right of use assets | ( 75) | |
| Investments and Write-downs (-)/Disinvestments and Revaluations (+) | ( 1.060) | ( 1.324) |
| **CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES** | **( 3.232)** | **( 4.664)** |
| Other changes in reserves and profit carried-forward to shareholders'equity | ( 679) | 58 |
| Proceeds (repayment) of financial payments | 3.470 | ( 13.221) |
| Proceeds (+)/ repayment (-) of lease payables (IFRS 16) | ( 1.661) | |
| Increase (decrease) financial receivables | ( 806) | 197 |
| Financial incomes and financial charges | ( 1.212) | ( 837) |
| **CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES** | **( 888)** | **( 13.804)** |
| **CLOSING BALANCE** | **6.946** | **4.558** |