

AEFFE

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PHILOSOPHY
DI
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PRESS RELEASE

AEFFE:

In 2020 Sales at Euro 269.1 Million.

Strong Growth In The Online Channel.

Decreasing Net Financial Debt In The Fourth Quarter.

San Giovanni in Marignano, 28 January 2021 - The Board of Directors of Aeffe SpA has approved today the Group's preliminary sales figures for the Full Year 2020 and Net financial debt as of 31 December 2020. 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 €269.1m, compared to €351.4m in 2019, with a 23.3% decrease at constant exchange rates (-23.4% at current exchange rates)**
- **Net financial debt with IFRS 16 effect of €141.0m decreasing compared to €148.7 as of September 2020 thanks to the efficient working capital management. Net financial debt of €135.2m at the end of December 2019. Financial debt net of IFRS 16 effect of €52.8m as of 31 December 2020.**
- **Focus on enhancement the Group's business model relying on the omni-channel distribution and the integration between physical and digital channels.**

Consolidated Revenues

In the year 2020 Aeffe Group registered sales of Euro 269.1 million compared to €351.4m in 2019, with a 23.3% decrease at constant exchange rates (-23.4% at current exchange rates).

The trend in 2020 was strongly influenced by the Covid-19 pandemic effects.

However, the Group has implemented, since the beginning of the emergency, an effective actions plan aimed at limiting its impact on the business, both economically and financially.

Revenues of the prêt-à-porter division amounted to €197.4m, down by 24.6% at constant exchange rates compared to 2019 (-24.7% at current exchange rates).

Revenues of the footwear and leather goods division decreased by 16.2% to €107.4m both at constant and current exchange rates, before interdivisional eliminations.

Massimo Ferretti, Executive Chairman of Aeffe Spa, has commented: “Although the fashion and luxury sectors have been among the most affected by the pandemic, we believe that 2020 revenues show a good resilience of our brands compared to the reference market. In particular, we are satisfied with the strategies adopted in the areas of digital marketing and omni-channel distribution, with excellent results from our online channels, which partially offset the losses resulting from restrictions and closures on a global scale. In addition, at a management level, our management team has developed initiatives aimed at effective control of working capital, with benefits in terms of indebtedness improvement. Looking to the coming months, we see signs of recovery in various markets, especially in Greater China where we are strengthening our commercial organization with a new domestic travel retail project”.

Revenues Breakdown by Region

(In thousands of Euro)	FY 20 Reported	FY 19 Reported	% Change	% Change*
Italy	121.873	160.865	-24,2%	-24,2%
Europe (Italy excluded)	82.668	86.890	-4,9%	-4,9%
Asia & RoW	53.523	86.020	-37,8%	-37,6%
America	11.053	17.628	-37,3%	-36,2%
Total	269.117	351.403	-23,4%	-23,3%

(*) Calculated at constant exchange rates

In 2020, all geographic areas, although showing a decrease compared to 2019, recorded a good recovery in the second semester of the year.

Sales in the **Italian market** decreased by 24.2% to €121.9m compared to 2019, driven by both the retail and wholesale channels, due to the effect of the pandemic impact.

At constant exchange rates, sales in **Europe**, contributing to 30.7% of consolidated sales, decreased by 4.9%, driven especially by the good performances in Germany and Eastern Europe.

In **Asia and in the Rest of the World**, the Group's sales totalled €53.5m, amounting to 19.9% of consolidated sales, recording a decrease of 37.6% at constant exchange rates compared to 2019. The Far East area has been hardly impacted by the restrictions imposed to limit the virus, while Middle East has experienced a less significant decline. The Greater China area reported a 35% decrease in 2020, recovering in the last quarter of the year, with an evident upturn in store traffic.

Sales in **America**, contributing to 4.1% of consolidated sales, posted a decrease of 36.2% at constant exchange rates.

Revenues by distribution channel

(In thousands of Euro)	FY 20 Reported	FY 19 Reported	% Change	% Change*
Wholesale	195.117	243.904	-20,0%	-19,9%
Retail	63.527	93.802	-32,3%	-32,2%
Royalties	10.473	13.698	-23,5%	-23,5%
Total	269.117	351.403	-23,4%	-23,3%

(*) Calculated at constant exchange rates

By channel, in 2020, all distribution channels were affected by Covid-19 pandemic. The wholesale channel declined by 19.9% at constant exchange rates, contributing to 72.5% of consolidated sales.

In 2020 sales registered across our directly-operated stores (DOS) decreased by 32.2% at constant exchange rates. In the fourth quarter of the year sales recorded a 39.4% decrease following the new pandemic containment measures implemented by the main European countries in which the group operates, with severe restriction on stores traffic.

Royalty incomes, representing 3.9% of consolidated sales, declined by 23.5% compared to 2019.

Net financial debt

Despite the difficult macroeconomic situation caused by the spread of the pandemic, the efficient working capital management allowed to contain the increase in indebtedness in 2020 compared to 2019. In particular, the careful monitoring of trade receivables and inventories limited the growth in financial debt, resulting mainly from the capital expenditures made during the year.

Other information

Please note that the data related to Full Year 2020 sales included in this press release are preliminary and unaudited by the Auditors' company.

Please note that the AEFPE FY 2020 Consolidated Revenues Presentation is available at the following link: <http://www.aeffe.com/aeffeHome.php?lang=ita>, as well as on the authorized storage site 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".

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