AEFFE

MOSCHINO

ALBERTA FERRETTI

POLLINI

PHILOSOPHY DI LORENZO SERAFINI

PRESS RELEASE

Results 2020 approved

Prompt managerial responsiveness and focus on digital investments

San Giovanni in Marignano, 18 March 2021 - The Board of Directors of Aeffe SpA - 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 – has approved today the 2020 consolidated and draft statutory financial statements.

- **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).**

- ***Adjusted* Ebitda of €8.5m (3.2% of revenues), net of an extraordinary write-down of raw materials inventories of €4.0m due to the Covid-19 pandemic, compared to Ebitda of €53.1m in 2019. Reported Ebitda of €4.5m.**

- ***Adjusted* Group net loss, net of non-recurring costs of €5.1m, equal to €16.3m compared to Profit of €11.7m in 2019. *Reported* net loss of €21.4m.**

- **Net financial debt with IFRS 16 effect of €141.0m in slight increase compared to €135.2m at the end of December 2019. Financial debt as of 31 December 2020, net of the IFRS 16 effect, equal to 52.8 million Euros. The appreciable result of significant debt containment is the result of a careful management of net working capital implemented at Group level.**

- **Effective managerial initiatives to support the economic and financial solidity of the business with important results in terms of cost efficiency and working capital management.**

- **Positive performance of the e-commerce channel and of the omni-channel strategy managed in-house.**

Consolidated Revenues

In 2020 Aeffe Group registered sales of €269.1m 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: "*In a year marked by the pandemic, the Group has demonstrated effective management capacity, both financially and in terms of marketing. Significant new initiatives were launched in 2020 that will complement the future development strategy, from investments in virtual showrooms optimization to growth on e-commerce platforms, together with successful travel retail projects in Greater China. We are looking forward to massive vaccination campaigns in all reference markets and in an upcoming newly-found normality for a new phase of recovery, leveraging the positioning of our brands and the good response to the fall / winter 2021-22 collections.*"

Revenues Breakdown by Region

(In thousands of Euro)	**FY 20**	**FY 19**	**% 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 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. This area will represent an important growth driver for the Group's brands starting from 2021.
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**	**FY 19**	**% 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.

Network of Monobrand Stores

DOS	**FY 20**	**FY 19**
Europe	42	42
United States	1	3
Asia	16	16
Total	**59**	**61**

Franchising	**FY 20**	**FY 19**
Europe	40	40
United States	0	1
Asia	104	122
Total	**144**	**163**

As regards the overall network of directly operated stores (DOS), there were some openings and closings during the period to take into account more strategic locations and in line with the positioning of our brands. In terms of franchised stores, in the period some openings and closures took place in Europe and in the Asian market due to the strategic repositioning of the stores.

Group's Operating and Net Result Analysis

In 2020, the *adjusted* consolidated Ebitda equalled to €8.5m, net of an extraordinary write-down of the raw materials inventories of the leather goods division for €4.0m as no longer suitable to manufacture new collections in line with the changed market needs following the Covid-19 pandemic.
The *adjusted* consolidated Ebitda of €8.5m (with an incidence of 3.2% on turnover) decreased by €44.6m compared to €53.1m of Ebitda in 2019 (equal to 15.1% of revenues). The *reported* consolidated Ebitda was €4.5m.
The decline in margins is directly attributable to the decline in sales both in wholesale and retail channels across all geographies where the Group operates due to the Covid-19 pandemic, as described above. However, the yearly margins benefited from positive results in terms of cost efficiency deriving from the actions implemented to face the global consequences of the virus spread, which largely materialised from the second quarter of the year. Cost savings involved various types of expenditure closely associated to the health emergency situation, mainly including personnel, rental, travel costs and overheads. More specifically, in 2020 the savings in fixed and personnel costs amounted to €12.2m and €10.6m respectively, for a total of €22.8m corresponding to a decrease of 14%.
For the prêt-à-porter division, in 2020 Ebitda amounted to €3.6m, compared to €23.5m in 2019; the change was due to the sales decline.
Ebitda *adjusted* of the footwear and leather goods division (net of the extraordinary write-down of raw materials inventories) amounted to €4.9m, compared to a €14.5m in 2019, with a €9.6m decrease due to the sales decline. *Reported* Ebitda was €0.9m.

Consolidated Ebit *adjusted*, net of non-recurring costs of €5.1m, was negative for €19.5m, compared to a positive value of €25.1m in 2019, down of a €44.6m, mainly due to the Ebitda reduction.
The *reported* consolidated Ebit was negative by €24.6m.
The *adjusted* net loss of the Group, net of non-recurring costs of €5.1m, was equal to €16.3m compared to the Net Profit for the Group of €11.7m in 2019.
The *reported* net loss equalled to €21.4m.

Group's Balance Sheet Analysis

The balance sheet as of 31st December 2020 shows a Shareholders' equity equal to €148.2m and financial debt net of IFRS 16 effect amounts to €52.8m.
The change is mainly attributable to the net working capital, capex investments and the purchase of treasury shares of approximately €1m. The significant debt containment is the result of the management's appreciable commitment to improve working capital management in an extremely difficult economic period.
As of 31st December 2020, operating net working capital amounts to €97.3m (36.2% of sales) compared to €107.2m as of 31st December 2019 (30.5% of sales).
The increase in the incidence of net working capital on revenues is mainly due to the increase in the stock ratio due to the slowdown in sales because of the pandemic.
Capex in 2020, amounting to €5.4m, mainly refer to the completion of a new warehouse and software purchases.

Covid-19 pandemic effects

The health crisis caused by the Covid-19 coronavirus has profoundly marked the year 2020, negatively affecting the demand for luxury goods and impacting the Group's business.
The pandemic and the measures adopted by the various governments to contain the spread of the virus influenced the Group's 2020 results, causing a decline in revenues and profitability.
Since the first days of the spread of the virus, the Group has introduced a series of measures aimed at safeguarding the safety and health of its employees and customers globally and at supporting its suppliers. At the same time, the group has urgently introduced an action plan to effectively and efficiently counter the negative effects related to the global emergency of Covid-19.
The adoption of these corrective measures to contrast the negative effects linked to the global emergency from Covid-19 led in 2020 to a decrease in fixed costs of 13.7%, corresponding to approximately €12.2m and a contraction personnel costs of 14.7%, equal to approximately €10.6m, for a total of approximately €22.8m (-14%).
The main measures taken included the request for reductions in boutiques rents from the various lessors, along with the use, in all the countries in which it operates, of employment support facilities made available by the various government authorities to deal with effects of the pandemic.
In this difficult economic context, the Group's Management did not request extraordinary lines of credit and was able to manage working capital with extreme efficiency and to realize, at the same time, well-targeted investments in digital marketing and the enhancement of e-commerce to support the future growth of its brands.
The Group has sufficient bank credit lines to guarantee the normal conduct of its operations, while maintaining the percentage of use of available credit lines well below the maximum usable limit.
The Group continues to be strongly focused on actions aimed at further reducing fixed costs, efficiently and effectively safeguarding the long-term interest of the business to face the challenges of the current development of the international economic situation.

Actions adopted by the Group to face the Covid-19 pandemic effects

In this highly uncertain context, the Group's brands, with particular reference to Moschino, have benefited from their solid market positioning. AEFFE confirms its commitment in terms of research, creativity and high quality manufacturing with the aim of further strengthening the positioning of the brands in its portfolio, in order to counter the effects of the pandemic.
The primary objective of the Group was immediately to safeguard the safety and health of its employees, partners and customers. In this regard, the Group has urgently and responsibly adopted all the security measures and protocols introduced by the authorities in the various countries, while ensuring the continuity of business operations using smart-working solutions, where possible.

AEFFE promptly adopted measures deemed to be of fundamental importance for the long-term interest of the Group and suitable for addressing the challenges of the current development of the international situation.
On the revenue front, the actions taken aim at: 1) accurate management of relations with the main commercial partners, especially in the Far East area, to provide them with the greatest possible support; 2) enhancement of digital activities in support of online business, with particular reference to customer care, through the reallocation of human resources and time for the development of technologies and tools capable of satisfying customer needs in a perspective that is increasingly aimed at personalization of the customer experience; 3) enhancement of remote digital communication through the adoption of new digital technologies such as the virtual showroom to remotely present the new collections to buyers and operators in the sector.
On the cost front, the activities are concentrated on: 1) strong attention at all organizational levels in terms of cost savings that are not detrimental to the support and development of the group's brands, with a view to long-term planning such as to make the various business processes that are more efficient and with benefits not only for the current year but also for future years; 2) request for a reduction in rents for boutiques and offices; 3) use of social safety nets and vacation periods not yet taken to make labor costs more flexible; 4) postponement of costs related to advertising and public relations that are not detrimental to the strengthening and support of brands; 5) request, in all the countries in which the Group operates, for all the facilities made available by the various government authorities to deal with the effects of the pandemic.

In terms of the offer, the Group outlines the constant commitment of creative resources to enrich collections of garments and accessories that are increasingly desirable and suitable to meet the changing needs of customers following the spread of Covid-19.

As far as the financial situation is concerned, the Group has bank credit facilities that are absolutely sufficient to face the difficult economic situation regularly respecting all its commitments; in this regard, it is of primary importance to underline that the percentage of use by the Group of the available credit lines is approximately 30% of total credit lines, well below the maximum usable limit. During the first nine months of 2020, medium / long-term unsecured loans were obtained for over €35m, of which 20 million guaranteed by Mediocredito Centrale as part of the Relaunch Decree issued by the Italian State, to the benefit of the rebalancing of debt maturities while minimizing the cost of procuring money. On the trade receivables front, there is no increase in the related risk which is minimized both through the stipulation of credit insurance contracts and through a careful monitoring strategy managed at Group level.

Significant events occurred after the reporting date

No significant events took place after the end of the financial year.

Business outlook

Despite the recent challenges related to new variants of the virus and possible delays in vaccine distribution, in the last quarter the global macroeconomic picture is showing signs of improvement. The current uncertainty fueled by renewed measures to contain the pandemic is likely to persist in the coming months with possible negative effects especially on foreign tourist flows.
In this difficult international context, the Group will continue to focus on strengthening the online business, digital communication and distribution in strategic markets such as the Far East, with the primary objective of capturing Chinese domestic demand which remains one of the main growth drivers. of the entire luxury sector.
Despite the complicated macroeconomic situation, the sales campaign currently underway is proceeding with results above expectations. Therefore, despite the uncertainty of these times, we are confident that the Group will emerge stronger from this situation.

Proposal of the Board of Directors to approve 2020 Annual Report draft for the parent company Aeffe SpA and the allocation of the result of the year 2020

The Board of Directors also approved the draft of the 2020 Annual Report for the parent company Aeffe SpA.
On 28th April 2021 the Board of Directors will propose to the Shareholder's meeting to cover the loss of the year amounting to € 21,028,743 through Extraordinary Reserve.

2020 Consolidated Non-Financial Statement

During today's meeting, the Board of Directors of Aeffe SpA examined and approved the preliminary results of the 2020 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 €114.4m, down by 29.4% at current exchange rates compared to 2019 due to the Covid-19 pandemic.
In 2020 Ebitda was negative for €4.9m, compared to €14.1m in 2019 (8.7% of total sales), posting a €19.0m decrease. This change is due to the sales drop in all geographic areas where the Company operates, for the effects related to the Covid-19 pandemic. However, the yearly margins benefited from positive results in terms of cost efficiency deriving from the actions taken to face the global consequences of the virus spread, which largely materialised from the second quarter of the year. Cost savings involved various types of expenditure closely associated to the health emergency stituation, mainly including personnel, rental, travel costs and overheads.
Ebit *adjusted*, net of non-recurring costs of €13.4m, was negative for €9.4m, compared to a positive value of €9.3m in 2019, down of a €18.7m, mainly due to the Ebitda reduction. The write-downs made concerned the equity investments in the foreign subsidiaries Aeffe UK, Aeffe Shanghai and Aeffe France.
The *reported* Ebit was negative by €22.8m, compared to an Ebit of €9.3m in 2019.
In 2020, net financial charges amounted to €0.6m compared to €1.2m in 2019.
The *adjusted* pre-tax loss of the Company was equal to € 10.0m, compared to a profit of €8.1m in 2019, reporting a € 18.1m decrease.
The *adjusted* net loss of the Company, net of non-recurring costs of €13.4m, was equal to € 7.6m, compared to a profit of €5.1m in 2019, reporting a € 12.7m decrease and this is mainly explained by the contraction of the Ebitda, as commented above.
The *reported* net loss equalled to €21.0m.
As of 31st December 2020, net financial debt amounted to €64.7m, compared to €48.7m as of 31st December 2019.
Shareholders' equity was equal to €133.6m, compared to €155.6m as of 31st December 2019.

Other Resolutions

Requested to the Shareholders' Meeting the authorization for the buyback and disposal of own ordinary shares

The Board of Directors approved a request for the Shareholders Meeting to authorise a plan for the buyback and disposal of own ordinary shares.
Under this plan, the Company would be able to purchase and use, on one or more occasions, on a revolving basis, up to a maximum number of ordinary shares representing an investment not exceeding 10% of its share capital.
The operation is motivated by the opportunity to grant the Board of Directors the right to purchase and dispose of the Company's treasury shares, in compliance with the relevant legislation and will enable Aeffe to carry out transactions, in compliance with current regulations, intended to stabilize the company's share price in the event of unusual stockmarket conditions facilitating trading at times of reduced liquidity as well as normal dealing activity; if the Board of Directors does not consider it convenient or necessary, the Board of Directors may also decide not to proceed with any purchase.
Authorisation to make purchases will be requested for a maximum period of 18 months from the time such authorisation is granted at the Shareholders' Meeting, which will also be called upon to authorise the disposal, without time restrictions, of any treasury shares that are purchased.
Further details regarding the authorization requested will be made available in the Explanatory Report which will be published together with the notice convening the Shareholders' Meeting.

Corporate governance

The Board of Directors of the Company, also evaluated the independence of its non–executive directors Daniela Saitta, Michela Zeme, Marco Francesco Mazzù and Bettina Campedelli; on the basis of their declarations and of the information at Company's disposal, decided that they satisfy the requirements envisages in articles 147 ter paragraph 4 and 148 paragraph 3 of the Consolidated Finance Law (TUF) as well as in article 3 of the Code of Self-Regulation. In relation to the non-executive director Roberto Lugano, it was assessed that he is independent pursuant to the provisions of Articles 147-ter, paragraph 4, and 148, paragraph 3, of the TUF but not pursuant to the Corporate Governance Code and is therefore considered non-executive.

The Board of Directors of Aeffe SpA has furthermore approved the Report on Corporate Governance and the Compensation report. The above-mentioned reports will be available, in compliance with the terms required by the law, at the legal seat, on the website www.aeffe.com as well as on the website www.emarketstorage.com.

Annual Shareholders' Meeting call

Today the Board of Directors of Aeffe S.p.A. has called the Shareholders' Meeting on 28 April 2021 to discuss and resolve on (i) the approval of the financial statements of Aeffe S.p.A. closed on 31st December 2020 (ii) the company's remuneration policy (iii) the proposal of authorization of the Board of Directors to buyback and disposal of own ordinary shares. 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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Other information

Here below attached the Income Statement, the Balance Sheet and the Cash Flow Statement for the Group and for the parent company Aeffe SpA.
Full Year 2020 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 2020 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 2020, 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.

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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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CONSOLIDATED RECLASSIFIED INCOME STATEMENT (1)

(In thousands of Euro)	**FY 20**	**%**	**FY 19**	**%**	**Change %**
Revenues from sales and services	**269,117**	**100.0%**	**351,403**	**100.0%**	**(23.4%)**
Other revenues and income	10,486	3.9%	10,064	2.9%	4.2%
Total Revenues	**279,603**	**103.9%**	**361,468**	**102.9%**	**(22.6%)**
Changes in inventory	2,341	0.9%	5,935	1.7%	(60.6%)
Costs of raw materials, cons. and goods for resale	(110,162)	(40.9%)	(121,189)	(34.5%)	(9.1%)
Costs of services	(93,242)	(34.6%)	(108,336)	(30.8%)	(13.9%)
Costs for use of third parties assets	(6,631)	(2.5%)	(9,032)	(2.6%)	(26.6%)
Labour costs	(61,753)	(22.9%)	(72,387)	(20.6%)	(14.7%)
Other operating expenses	(5,662)	(2.1%)	(3,329)	(0.9%)	70.1%
Total operating costs	*(275,109)*	*(102.2%)*	*(308,338)*	*(87.7%)*	*(10.8%)*
EBITDA	**4,493**	**1.7%**	**53,129**	**15.1%**	**(91.5%)**
Total Amortization and Write-downs	(29,059)	(10.8%)	(28,028)	(8.0%)	3.7%
EBIT	**(24,565)**	**(9.1%)**	**25,102**	**7.1%**	**(197.9%)**
Total Financial Income /(expenses)	(3,022)	(1.1%)	(3,295)	(0.9%)	(8.3%)
Profit/(loss) before taxes	**(27,587)**	**(10.3%)**	**21,806**	**6.2%**	**(226.5%)**
Taxes	4,231	1.6%	(9,802)	(2.8%)	(143.2%)
Net Profit/(loss)	**(23,357)**	**(8.7%)**	**12,004**	**3.4%**	**(294.6%)**
Profit attributable to minority shareholders	1,960	0.7%	(312)	(0.1%)	(728.7%)
Net Profit/(loss) for the Group	**(21,397)**	**(8.0%)**	**11,693**	**3.3%**	**(283.0%)**

(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 Euro)	**31 December 2020**	**31 December 2019**
Trade receivables	39,095	41,525
Stock and inventories	109,285	112,051
Trade payables	(69,328)	(74,300)
Operating net working capital	**79,052**	**79,275**
Other receivables	39,036	49,411
Other liabilities	(20,778)	(21,517)
Net working capital	**97,309**	**107,170**
Tangible fixed assets	61,658	62,825
Intangible fixed assets	72,489	76,083
Right-of-use assets	100,472	110,714
Investments	132	132
Other long term receivables	2,616	2,720
Fixed assets	**237,367**	**252,474**
Post employment benefits	(4,900)	(5,195)
Long term provisions	(1,544)	(1,847)
Assets available for sale		437
Liabilities available for sale		
Other long term liabilities	(1,769)	(717)
Deferred tax assets	21,287	16,950
Deferred tax liabilities	(28,016)	(29,982)
NET CAPITAL INVESTED	**319,734**	**339,289**
Capital issued	25,044	25,286
Other reserves	131,312	127,823
Profits/(Losses) carried-forward	13,274	6,585
Profit/(Loss) for the period	(21,397)	11,693
Group share capital and reserves	**148,232**	**171,386**
Minority interests	30,524	32,688
Shareholders' equity	**178,756**	**204,075**
Short term financial receivables	(652)	(1,132)
Liquid assets	(39,828)	(28,390)
Long term financial payables	34,349	13,449
Long term financial receivables	(2,037)	(2,225)
Short term financial payables	60,939	57,709
NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS	**52,770**	**39,410**
Short term lease liabilities	12,974	14,098
Long term lease liabilities	75,233	81,706
NET FINANCIAL POSITION	**140,978**	**135,214**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**319,734**	**339,289**

(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 Euro)	**FY 20**	**FY 19**
OPENING BALANCE	**28,390**	**28,037**
Profit before taxes	(27,587)	21,806
Amortizations, provisions and depreciations	29,059	28,028
Accruals (availments) of long term provisions and post employment benefits	(598)	(1,119)
Taxes	(2,592)	(13,144)
Financial incomes and financial charges	3,022	3,295
Change in operating assets and liabilities	8,963	(19,625)
NET CASH FLOW FROM OPERATING ASSETS	**10,267**	**19,241**
Increase / (decrease) in intangible fixed assets	(880)	(1,813)
Increase / (decrease) in tangible fixed assets	(4,504)	(7,847)
Increase / (decrease) in right-of-use assets	(6,648)	(1,119)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)		
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(12,032)**	**(10,779)**
Other changes in reserves and profit carried-forward to shareholders'equity	(1,080)	(976)
Proceeds / (repayment) of financial payments	24,129	8,143
Proceeds / (repayment) of lease payments	(7,596)	(12,435)
Increase / (decrease) financial receivables	772	454
Financial incomes and financial charges	(3,022)	(3,295)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**13,203**	**(8,109)**
CLOSING BALANCE	**39,828**	**28,390**

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

(In thousands of Euro)	FY 20	%	FY 19	%	Change %
Revenues from sales and services	**114,379**	**100.0%**	**161,947**	**100.0%**	**(29.4%)**
Other revenues and income	7,728	6.8%	8,384	5.2%	(7.8%)
Total Revenues	**122,107**	**106.8%**	**170,331**	**105.2%**	**(28.3%)**
Changes in inventory	1,926	1.7%	(3,743)	(2.3%)	(151.5%)
Costs of raw materials, cons. and goods for resale	(49,489)	(43.3%)	(61,184)	(37.8%)	(19.1%)
Costs of services	(41,841)	(36.6%)	(47,822)	(29.5%)	(12.5%)
Costs for use of third parties assets	(8,126)	(7.1%)	(11,425)	(7.1%)	(28.9%)
Labour costs	(27,496)	(24.0%)	(30,067)	(18.6%)	(8.6%)
Other operating expenses	(1,957)	(1.7%)	(1,969)	(1.2%)	(0.6%)
Total operating costs	*(126,983)*	*(111.0%)*	*(156,210)*	*(96.5%)*	*(18.7%)*
EBITDA	**(4,877)**	**(4.3%)**	**14,120**	**8.7%**	**(134.5%)**
Total Amortization and Write-downs	(17,885)	(15.6%)	(4,792)	(3.0%)	273.2%
EBIT	**(22,761)**	**(19.9%)**	**9,329**	**5.8%**	**(344.0%)**
Total Financial Income /(expenses)	(643)	(0.6%)	(1,212)	(0.7%)	(46.9%)
Profit/(loss) before taxes	**(23,405)**	**(20.5%)**	**8,116**	**5.0%**	**(388.4%)**
Taxes	2,377	2.1%	(2,978)	(1.8%)	(179.8%)
Net Profit/(loss)	**(21,028)**	**(18.4%)**	**5,138**	**3.2%**	**(509.3%)**

(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 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.*

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

(In thousands of Euro)	**31 December 2020**	**31 December 2019**
Trade receivables	44,101	56,363
Stock and inventories	30,916	29,755
Trade payables	(63,513)	(79,289)
Operating net working capital	**11,504**	**6,829**
Other receivables	19,405	23,718
Other liabilities	(8,203)	(8,132)
Net working capital	**22,706**	**22,415**
Tangible fixed assets	42,441	43,558
Intangible fixed assets	3,440	3,658
Right-of-use assets	13,139	14,426
Investments	135,943	142,243
Other long term receivables	2,346	2,965
Fixed assets	**197,309**	**206,850**
Post employment benefits	(3,238)	(3,389)
Long term provisions	(1,005)	(55)
Other long term liabilities	(380)	(326)
Deferred tax assets	5,667	2,664
Deferred tax liabilities	(7,735)	(7,688)
NET CAPITAL INVESTED	**213,323**	**220,471**
Capital issued	25,044	25,286
Other reserves	127,274	122,801
Profits/(Losses) carried-forward	2,348	2,348
Profit/(Loss) for the period	(21,029)	5,138
Shareholders' equity	**133,637**	**155,573**
Liquid assets	(6,240)	(6,946)
Long term financial payables	24,702	13,861
Short term financial payables	46,282	41,801
NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS	**64,744**	**48,716**
Short term lease liabilities	1,626	1,706
Long term lease liabilities	13,316	14,476
NET FINANCIAL POSITION	**79,686**	**64,898**
SHAREHOLDERS' EQUITY AND NET FINANCIAL INDEBTEDNESS	**213,323**	**220,471**

(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 Euro)	**FY 20**	**FY 19**
OPENING BALANCE	**6,946**	**4,558**
Profit before taxes	(23,405)	8,116
Amortizations, provisions and depreciations	17,885	4,792
Accruals (availments) of long term provisions and post employment benefits	(147)	(328)
Taxes	(342)	(5,719)
Financial incomes and financial charges	643	1,212
Change in operating assets and liabilities	(1,735)	(1,565)
NET CASH FLOW FROM OPERATING ASSETS	**(7,101)**	**6,508**
Increase / (decrease) in intangible fixed assets	(324)	(356)
Increase / (decrease) in tangible fixed assets	(425)	(1,741)
Increase / (decrease) in right-of-use assets	(540)	(75)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)	(5,468)	(1,060)
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**(6,757)**	**(3,232)**
Other changes in reserves and profit carried-forward to shareholders'equity	(907)	(679)
Proceeds / (repayment) of financial payments	15,322	3,470
Proceeds / (repayment) of lease payments	(1,240)	(1,661)
Increase / (decrease) financial receivables	620	(806)
Financial incomes and financial charges	(643)	(1,212)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**13,152**	**(888)**
CLOSING BALANCE	**6,240**	**6,946**