

Q1 23 RESULTS APPROVED

START OF THE GROUP REORGANIZATION AND IMPLEMENTATION OF THE PLAN FOR MOSCHINO BRAND'S COLLECTIONS RATIONALIZATION AND DISTRIBUTION

In a rapidly evolving Group context, recorded significant progression of the Retail channel (+22.4%) which has been starting to benefit from the full operation of the distribution switch in China for the Moschino brand, along with an excellent growth (+23%) of the Pollini brand, which will celebrate its 70th anniversary in 2023

San Giovanni in Marignano, May 10, 2023. The Board of Directors of Aeffe Spa - luxury products company listed in the STAR segment 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 March 31, 2023.

- **CONSOLIDATED REVENUES equal to 93.2 million Euros, compared to 101.6 million Euros in 2022, with a decrease of 8.4%** at constant exchange rates (-8.2% at current exchange rates).
- **EBITDA ADJUSTED of 12.3 million Euros (13.2% of revenues)** compared to the EBITDA of 20.4 million Euros in 2022 (20.1% of revenues).
- **NET LOSS of the group equal to 0.3 million Euros** compared to net profit of 8.9 million Euros in 2022.
- **NET FINANCIAL DEBT including the IFRS 16 effect equal to 245.8 million Euros**, an increase compared to the debt of 231.8 million Euros at the end of 2022. Financial debt at March 31 2023, net of the IFRS 16 effect, equal to 142.4 million Euros (126.9 million Euros at December 31, 2022).

CONSOLIDATED REVENUES

The Aeffe Group achieved REVENUES of 93.2 million Euros in the first quarter of 2023, compared to 101.6 million Euros in 2022 (-8.4% at constant exchange rates, -8.2% at current exchange rates). Constant revenues in Italy and in Asia, a region where the Moschino brand has switched to a direct distribution system; decreases reported in Europe (-13%) and in the United States (-45%).

- **REVENUES of the prêt-à-porter division amounted to 58.3 million Euros**, recording a decrease of 14% at constant exchange rates compared to 2022.
- **REVENUES of the footwear and leather goods division are in line with the previous year** both at constant and current exchange rates, gross of the eliminations between the two divisions, **and amounted to 46.1 million Euros**.

Massimo Ferretti, Executive Chairman of Aeffe Spa, commented: *"The results of the first quarter of the year are the natural outcome of the strategic reorganization plan launched by Aeffe Group in 2022 and that we are convinced will bring benefits already in the medium term. The rationalization of the Moschino brand's lines and the acquisition of direct control of the brand's distribution on the Chinese market certainly had an effect on the first quarter results, but we believe that these moves will be instrumental in the growth and development for both the brand and the Group. At the same time, the growth reported by the Alberta Ferretti, Philosophy di Lorenzo Serafini brands and above all by the Pollini brand, as well as the positive performance of the Moschino retail network in Asia, make us confident about the group's future consolidation and growth opportunities starting from 2024."*

ANALYSIS OF REVENUES BY GEOGRAPHICAL AREA

<i>(In thousands of Euro)</i>	Q1 23	Q1 22	% Change	% Change*
Italy	42,757	42,750	0.0%	0.0%
Europe (Italy excluded)	27,448	31,587	(13.1%)	(13.1%)
Asia & RoW	17,539	17,595	(0.3%)	(0.3%)
America	5,499	9,629	(42.9%)	(45.1%)
Total	93,243	101,561	(8.2%)	(8.4%)

(*) At constant exchange rates.

- **Sales in ITALY, with an incidence of 45.9% on turnover, are constant compared to 2022 at 42.7 million Euros:** the wholesale channel is slightly down (-4%) offset by the excellent results of the retail channel with an increase by 35% compared to the first quarter of 2022.
- **Sales in EUROPE, with an incidence on turnover of 29.4%, reported an increase by 13.1% at 27.4 million Euros.** Retail shows an 11% decrease mainly linked to the closure of the Moschino boutique in London for the renovation works completed in March 2023.
- **In ASIA and in the REST OF THE WORLD, the Group achieved revenues of 17.5 million Euros, with an incidence on turnover of 18.8%, constant compared to 2022.** The change of distribution in Greater China is gradually stabilizing with performance growing in particular in March.
- **At constant exchange rates, sales in AMERICA, with an incidence on turnover of 5.9%, recorded a decrease by 45.1%,** however positioning itself at a higher level than the pre-pandemic period.

ANALYSIS OF REVENUES BY DISTRIBUTION CHANNEL

<i>(In thousands of Euro)</i>	Q1 23	Q1 22	% Change	% Change*
Wholesale	66,913	78,038	(14.3%)	(14.5%)
Retail	23,942	19,548	22.5%	22.4%
Royalties	2,388	3,975	(39.9%)	(39.9%)
Total	93,243	101,561	(8.2%)	(8.4%)

(*) At constant exchange rates.

In the first quarter of 2023 the Group the Group recorded a decrease in the wholesale channel and in royalties and consistent growth in the retail channel:

- **The revenues of the WHOLESALE CHANNEL, which represents 71.8% of turnover (66.9 million Euros), recorded a decrease of 14.5% at constant exchange rates.**
- **The revenues of the RETAIL CHANNEL, which represents 25.7% of Group sales (23.9 million Euros), showed an increase of 22.5% at constant exchange rates compared to the corresponding period of the previous year.** Excellent results in Italy (+35%) and in Asia (+91%) thanks to the change in the distribution model in China.
- **The revenues for ROYALTIES, which represent 2.5% of consolidated turnover (2.4 million Euros), decreased by 33% compared to the same period of 2022.**

ANALYSIS OF OPERATING RESULTS AND NET PROFIT

- In the first quarter of 2023, **consolidated EBITDA ADJUSTED**, net of the extraordinary effects associated with the Group's organizational restructuring approved on March 29, 2023, **was positive by 12.3 million Euros** (with a margin of 13.2% on turnover), recording a decrease compared to the EBITDA of the first quarter of 2022 equal to 20.4 million Euros (with an incidence of 20.1% on turnover).
Margins in the quarter decreased as a result of the new strategic course of the Moschino brand with the associated costs both relating 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, with consequent effects both in terms of turnover and royalties.
 - **For the prêt-à-porter division, EBITDA ADJUSTED in 2023 was equal to 4 million Euros** (equal to 6.9% of revenues), compared to 12.9 million Euros in 2022 (equal to 19% of revenues).
 - **For the footwear and leather goods division, EBITDA ADJUSTED in 2023 was 8.3 million Euros** (equal to 18% of revenues), compared to 7.6 million Euros in 2022 (equal to 16.4% of revenues).
- **Consolidated EBIT ADJUSTED is positive for 4 million Euros** compared to 14.2 million Euros in 2022.
- **NET LOSS amounted to 0.3 million Euros** compared to the net profit of 8.9 million Euros in 2022.

FINANCIAL POSITION OF THE GROUP

- The balance sheet and financial position of the Group as at March 31, 2023 shows a **NET EQUITY of 110 million Euros** (unchanged compared as at December 31, 2022) and **FINALCIAL DEBT of 142 million Euros net of the IFRS 16 effect** (127 million Euros as at December 31, 2022).
- Regarding financial debt, it should be noted that the Aeffe Group, in the last two years, 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 March 31, 2023, the **NET WORKING CAPITAL** amounted to **110.1 million Euros** (32% of revenues on an annual basis) compared to the 91 million Euros as at December 31, 2022 (25.8% of revenues on an annual basis).
- **INVESTMENTS** made in the first quarter of 2023, equal to **1.1 million Euros**, mainly refer to works on third party assets and purchases for software.

OTHER INFORMATION - Renewal of the design agreement with Mrs. Alberta Ferretti

The Aeffe's Board of Directors informs to have decided the renewal of the design agreement with Mrs. Alberta Ferretti (who is one of the main shareholder, an executive director and, contemporaneously, the creator and the designer of the "Alberta Ferretti" collections manufactured and distributed by Aeffe S.p.A.).

Considering that the design agreement is qualifiable as transactions with related parties, in accordance with the provisions of paragraphs 4.1.1 and 4.1.2 of the Procedure for Transactions with Related Parties approved by the Board of Directors on 15th July 2021, the renewal of the stylistic consultancy with Ms. Alberta Ferretti has been previously examined by the Control, Risk and Sustainability Committee (composed of three Independent, Non-Executive and Non-Related Directors) which evaluated the Company's interest in carrying out the transaction as well as the convenience and substantial correctness of the related conditions. The Committee reported to the Board of Directors expressing a favourable opinion, even if not binding, on the completion of the transaction.

As a matter of fact, the Committee and the Board considered the Alberta Ferretti's stylistic collaboration in the creation and development of ready to wear and accessories collections under the brand "Alberta Ferretti", owned by Aeffe, as indispensable and strategic for the company, being Ms Alberta Ferretti, since like always, the creator and the designer of the above mentioned collections, which are designed and developed personally, and exclusively for Aeffe, by Mrs. Ferretti herself.

The renewal of the design contract allows the company to benefit from the designer's collaboration for a further three years, granting in this way the continuity in the style, in the presentation and in image of the collections as well as the Mrs. Ferretti's presence and commitment as Maison's creative director.

In particular, the company, through the above mentioned renewal, reached the goal to guarantee the Mrs Ferretti's stylistic performance until May 15, 2025, for a remuneration fully in line with the market price, equal to 1 (one) million of Euros per year.

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 March 31 2023 are available at the following link: <http://www.aeffe.com/aeffeHome.php?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 (1)

<i>(In thousands of Euro)</i>	Q1 23	%	Q1 22	%	Change %
Revenues from sales and services	93,243	100.0%	101,561	100.0%	(8.2%)
Other revenues and income	3,648	3.9%	1,962	1.9%	85.9%
Total Revenues	96,891	103.9%	103,523	101.9%	(6.4%)
<i>Total operating costs</i>	<i>(85,373)</i>	<i>(91.6%)</i>	<i>(83,080)</i>	<i>(81.8%)</i>	<i>2.8%</i>
EBITDA	11,518	12.4%	20,443	20.1%	(43.7%)
Total Amortization and Write-downs	(8,300)	(8.9%)	(6,271)	(6.2%)	32.4%
EBIT	3,218	3.5%	14,172	14.0%	(77.3%)
Total Financial Income /(expenses)	(2,221)	(2.4%)	(890)	(0.9%)	149.5%
Profit/(loss) before taxes	998	1.1%	13,282	13.1%	(92.5%)
Taxes	(1,328)	(1.4%)	(4,339)	(4.3%)	(69.4%)
Net Profit/(loss)	(330)	(0.4%)	8,943	8.8%	(103.7%)
Profit attributable to minority shareholders	15	0.0%			#DIV/0!
Net Profit/(loss) for the Group	(316)	(0.3%)	8,943	8.8%	(103.5%)

(1) L'EBITDA – Earnings before interests, taxes, depreciation and amortization - è rappresentato dal risultato operativo al lordo degli accantonamenti ed ammortamenti. L'EBITDA così definito è una misura utilizzata dal Management del Gruppo per monitorare e valutare l'andamento operativo dello stesso e non è identificato come misura contabile nell'ambito sia dei Principi Contabili Italiani sia degli IFRS e, pertanto, non è oggetto di verifica da parte della Società di revisione.

In the first quarter of 2023, EBITDA ADJUSTED, net of the extraordinary effects associated with the organizational restructuring of the Group approved on March 29, 2023, was positive by 12.3 million Euros (with an incidence of 13.2% on turnover), while the EBIT ADJUSTED was positive by 4 million Euros ((with an incidence of 4.3% on turnover).

RECLASSIFIED CONSOLIDATED BALANCE SHEET (2)

<i>(In thousands of Euro)</i>	31 March 2023	31 December 2022	31 March 2022
Trade receivables	77,116	62,851	71,933
Stock and inventories	115,672	116,710	93,982
Trade payables	(82,699)	(88,596)	(81,893)
Operating net working capital	110,089	90,964	84,022
Other receivables	42,782	46,106	38,146
Other liabilities	(22,788)	(24,057)	(23,494)
Net working capital	130,084	113,013	98,674
Tangible fixed assets	60,668	61,251	58,329
Intangible fixed assets	65,053	66,021	67,911
Right-of-use assets	108,058	110,567	81,911
Investments	39	39	30
Other long term receivables	190	200	1,394
Fixed assets	234,008	238,078	209,575
Post employment benefits	(3,511)	(3,551)	(4,328)
Long term provisions	(2,495)	(2,371)	(1,926)
Other long term liabilities	(1,402)	(1,635)	(1,019)
Deferred tax assets	14,334	13,895	14,330
Deferred tax liabilities	(15,531)	(15,799)	(14,126)
NET CAPITAL INVESTED	355,488	341,629	301,180
Capital issued	24,606	24,606	24,859
Other reserves	104,365	109,460	94,439
Profits/(Losses) carried-forward	(18,917)	(15,208)	725
Profit/(Loss) for the period	(316)	(9,044)	8,943
Group share capital and reserves	109,739	109,815	128,967
Minority interests	(24)	(9)	
Shareholders' equity	109,715	109,805	128,967
Short term financial receivables	-	-	(2,973)
Liquid assets	(15,029)	(21,658)	(29,909)
Long term financial payables	65,138	70,444	86,001
Long term financial receivables	92,339	78,131	46,897
Short term financial payables	142,447	126,918	100,017
NET FINANCIAL POSITION WITHOUT IFRS 16 EFFECTS	15,514	16,073	12,229
Short term lease liabilities	87,812	88,833	59,966
Long term lease liabilities	245,773	231,823	172,213
NET FINANCIAL POSITION	355,488	341,629	301,180

(2) 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 STATEMENT

<i>(In thousands of Euro)</i>	Q1 23	FY 22	Q1 22
OPENING BALANCE	21,658	31,307	31,307
Profit before taxes	998	(3,796)	13,282
Amortizations, provisions and depreciations	8,300	34,336	6,271
Accruals (availments) of long term provisions and post employment benefits	83	(314)	17
Taxes	(2,254)	(2,199)	(2,609)
Financial incomes and financial charges	2,221	5,016	890
Change in operating assets and liabilities	(17,317)	(34,584)	(19,712)
NET CASH FLOW FROM OPERATING ASSETS	(7,969)	(1,541)	(1,861)
Increase / (decrease) in intangible fixed assets	(76)	(1,372)	(35)
Increase / (decrease) in tangible fixed assets	(1,054)	(7,465)	(607)
Increase / (decrease) in right-of-use assets	(2,880)	(47,742)	(110)
Investments and Write-downs (-)/Disinvestments and Revaluations (+)		(9)	
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(4,010)	(56,588)	(752)
Other changes in reserves and profit carried-forward to shareholders'equity	240	(1,299)	(137)
Proceeds / (repayment) of financial payments	8,901	21,283	5,606
Proceeds / (repayment) of lease payments	(1,580)	29,233	(3,477)
Increase / (decrease) financial receivables	10	4,279	113
Financial incomes and financial charges	(2,221)	(5,016)	(890)
CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	5,350	48,480	1,215
CLOSING BALANCE	15,029	21,658	29,909