



AEFFE

INTERIM FINANCIAL STATEMENT AT 30 SEPTEMBER 2022

Disclaimer

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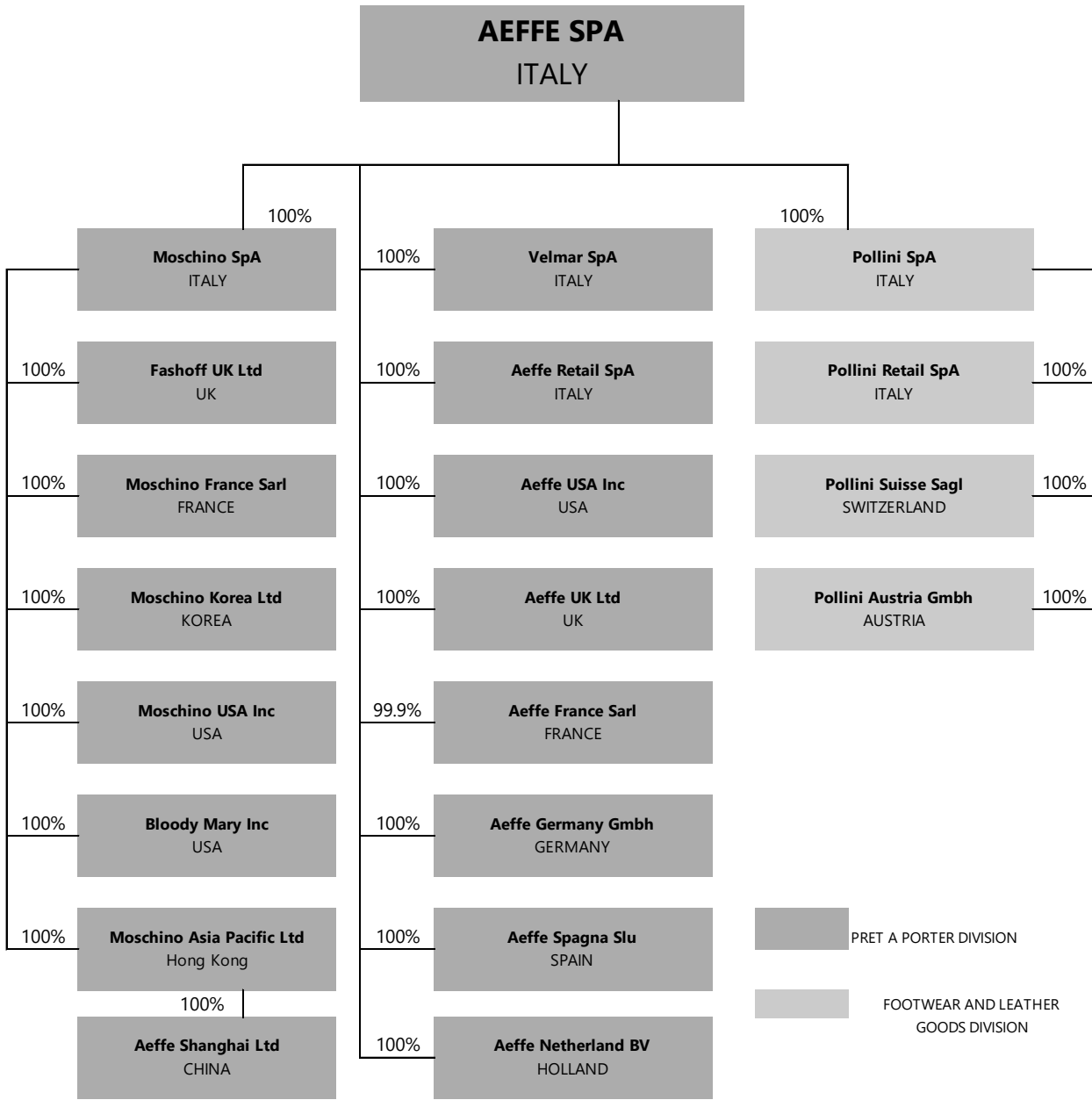
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Corporate Boards of the Parent Company

Board of Directors	<p>Chairman Massimo Ferretti – Member of Executive Committee</p> <p>Deputy Chairman Alberta Ferretti</p> <p>Chief Executive Officer Simone Badioli – Member of Executive Committee</p> <p>Directors Giancarlo Galeone – Member of Executive Committee Roberto Lugano Bettina Campedelli Francesca Pace Marco Francesco Mazzù Daniela Saitta</p>
Board of Statutory Auditors	<p>President Stefano Morri</p> <p>Statutory Auditors Fernando Ciotti Carla Trotti</p> <p>Alternate Auditors Nevio Dalla Valle Daniela Elvira Bruno</p>
Compensation Committee	<p>President Daniela Saitta</p> <p>Members Roberto Lugano Marco Francesco Mazzù</p>
Risk and Sustainability Control Committee	<p>President Bettina Campedelli</p> <p>Members Roberto Lugano Daniela Saitta</p>

Organization chart



Brands portfolio



Headquarters

AEFFE

Via Delle Querce, 51
47842 - San Giovanni in Marignano (RN)
Italy

MOSCHINO

Via San Gregorio, 28
20124 - Milan
Italy

POLLINI

Via Erbosa I° tratto, 92
47030 - Gatteo (FC)
Italy

VELMAR

Via Delle Querce, 51
47842 - San Giovanni in Marignano (RN)
Italy



Showrooms

MILAN

(FERRETTI – PHILOSOPHY – POLLINI)

Via Donizetti, 48

20122 - Milan

Italy

MILAN

(MOSCHINO)

Via San Gregorio, 28

20124 - Milan

Italy

LONDON

(FERRETTI – PHILOSOPHY – MOSCHINO)

28-29, Conduit Street

W1S 2YB - London

UK

PARIS

(FERRETTI – PHILOSOPHY - MOSCHINO)

43, Rue due Faubourg Saint Honoré

75008 - Paris

France

NEW YORK

(GROUP)

30, West 56th Street

10019 - New York

USA



Main flagshipstore locations under direct management

MOSCHINO

Milan
Rome
Capri
Venice
Florence
Paris
London
New York
Seoul
Pusan
Daegu
Shanghai
Shenzhen
Guangzhou
Beijing

ALBERTA FERRETTI

Milan
Rome
Paris

POLLINI

Milan
Venice
Bolzano
Varese



Main economic-financial data

		9 M	9 M
		2022	2021
Total revenues	(Values in millions of EUR)	284.4	254.6
Gross operating margin (EBITDA)	(Values in millions of EUR)	37.0	36.0
Net operating profit (EBIT)	(Values in millions of EUR)	14.1	17.5
Profit before taxes	(Values in millions of EUR)	10.9	15.5
Net profit for the Group	(Values in millions of EUR)	4.7	23.2
Basic earnings per share	(Values in units of EUR)	0.047	0.232
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	26.1	41.2
Cash Flow/Total revenues	Ratio	9.2	16.2

		30 September	31 December	30 September
		2022	2021	2021
Net capital invested	(Values in millions of EUR)	344.4	288.9	271.7
Net financial indebtedness	(Values in millions of EUR)	220.3	168.7	140.3
Group net equity	(Values in millions of EUR)	124.1	120.2	131.3
Group net equity per share	(Values in units of EUR)	1.2	1.1	1.2
Current assets/Current liabilities	Ratio	2.2	1.8	1.4
Current assets less invent./Current liabilities (ACID Test)	Ratio	1.1	0.9	0.7
Net financial indebtedness/Net equity	Ratio	1.8	1.4	1.1

Financial statements

Income statement at 30 September

(Values in units of EUR)	Notes	9 M	% on	9 M	% on	Change	%
		2022	revenues	2021	revenues		
REVENUES FROM SALES AND SERVICES	(1)	277,102,115	100.0%	250,032,610	100.0%	27,069,505	10.8%
Other revenues and income		7,335,474	2.6%	4,592,554	1.8%	2,742,920	59.7%
TOTAL REVENUES		284,437,589	102.6%	254,625,164	101.8%	29,812,425	11.7%
Changes in inventory		21,922,230	7.9%	(16,038,808)	(6.4%)	37,961,038	(236.7%)
Costs of raw materials, cons. and goods for resale		(125,532,908)	(45.3%)	(82,791,076)	(33.1%)	(42,741,832)	51.6%
Costs of services		(80,698,732)	(29.1%)	(67,378,577)	(26.9%)	(13,320,155)	19.8%
Costs for use of third parties assets		(6,431,475)	(2.3%)	(3,677,942)	(1.5%)	(2,753,533)	74.9%
Labour costs		(52,053,587)	(18.8%)	(46,107,778)	(18.4%)	(5,945,809)	12.9%
Other operating expenses		(4,640,045)	(1.7%)	(2,594,051)	(1.0%)	(2,045,994)	78.9%
Total Operating Costs		(247,434,517)	(89.3%)	(218,588,232)	(87.4%)	(28,846,285)	13.2%
GROSS OPERATING MARGIN (EBITDA)	(2)	37,003,072	13.4%	36,036,932	14.4%	966,140	2.7%
Amortisation of intangible fixed assets		(3,209,303)	(1.2%)	(3,196,909)	(1.3%)	(12,394)	0.4%
Depreciation of tangible fixed assets		(3,889,609)	(1.4%)	(3,278,509)	(1.3%)	(611,100)	18.6%
Depreciation of right-of-use assets		(14,359,920)	(5.2%)	(11,591,877)	(4.6%)	(2,768,043)	23.9%
Revaluations/(write-downs) and provisions		(1,443,776)	(0.5%)	(494,748)	(0.2%)	(949,028)	191.8%
Total Amortisation, write-downs and provisions		(22,902,608)	(8.3%)	(18,562,043)	(7.4%)	(4,340,565)	23.4%
NET OPERATING PROFIT/LOSS (EBIT)		14,100,464	5.1%	17,474,889	7.0%	(3,374,425)	(19.3%)
Financial income		1,004,495	0.4%	555,144	0.2%	449,351	80.9%
Financial expenses		(2,523,021)	(0.9%)	(1,164,358)	(0.5%)	(1,358,663)	116.7%
Financial expenses on right-of-use asset		(1,652,009)	(0.6%)	(1,412,075)	(0.6%)	(239,934)	17.0%
Total Financial Income/(expenses)		(3,170,535)	(1.1%)	(2,021,289)	(0.8%)	(1,149,246)	56.9%
PROFIT/LOSS BEFORE TAXES		10,929,929	3.9%	15,453,600	6.2%	(4,523,671)	(29.3%)
Taxes		(6,252,734)	(2.3%)	7,703,488	3.1%	(13,956,222)	(181.2%)
NET PROFIT/LOSS	(3)	4,677,195	1.7%	23,157,088	9.3%	(18,479,893)	(79.8%)
Basic earnings per share		0.047		0.232			
Dilutive earnings per share		0.047		0.232			

Income statement for the third quarter

(Values in units of EUR)	Notes	III Q 2022	% on revenues	III Q 2021	% on revenues	Change	%
REVENUES FROM SALES AND SERVICES	(1)	100,596,045	100.0%	95,012,794	100.0%	5,583,251	5.9%
Other revenues and income		3,086,016	3.1%	1,162,581	1.2%	1,923,435	165.4%
TOTAL REVENUES		103,682,061	103.1%	96,175,375	101.2%	7,506,686	7.8%
Changes in inventory		(2,379,790)	(2.4%)	(11,172,884)	(11.8%)	8,793,094	(78.7%)
Costs of raw materials, cons. and goods for resale		(35,689,812)	(35.5%)	(26,949,431)	(28.4%)	(8,740,381)	32.4%
Costs of services		(27,490,773)	(27.3%)	(23,391,617)	(24.6%)	(4,099,156)	17.5%
Costs for use of third parties assets		(2,417,108)	(2.4%)	(2,220,854)	(2.3%)	(196,254)	8.8%
Labour costs		(17,654,361)	(17.5%)	(15,486,269)	(16.3%)	(2,168,092)	14.0%
Other operating expenses		(1,928,646)	(1.9%)	(999,083)	(1.1%)	(929,563)	93.0%
Total Operating Costs		(87,560,490)	(87.0%)	(80,220,138)	(84.4%)	(7,340,352)	9.2%
GROSS OPERATING MARGIN (EBITDA)	(2)	16,121,571	16.0%	15,955,237	16.8%	166,334	1.0%
Amortisation of intangible fixed assets		(1,197,323)	(1.2%)	(1,077,516)	(1.1%)	(119,807)	11.1%
Depreciation of tangible fixed assets		(1,609,155)	(1.6%)	(1,104,575)	(1.2%)	(504,580)	45.7%
Depreciation of right-of-use assets		(5,732,828)	(5.7%)	(3,752,996)	(3.9%)	(1,979,832)	52.8%
Revaluations/(write-downs) and provisions		(443,874)	(0.4%)	(181,661)	(0.2%)	(262,213)	144.3%
Total Amortisation, write-downs and provisions		(8,983,180)	(8.9%)	(6,116,748)	(6.4%)	(2,866,432)	46.9%
NET OPERATING PROFIT/LOSS (EBIT)		7,138,391	7.1%	9,838,489	10.4%	(2,700,098)	(27.4%)
Financial income		(116,817)	(0.1%)	250,296	0.3%	(367,113)	(146.7%)
Financial expenses		(1,016,969)	(1.0%)	(560,839)	(0.6%)	(456,130)	81.3%
Financial expenses on right-of-use asset		(736,412)	(0.7%)	(376,088)	(0.4%)	(360,324)	95.8%
Total Financial Income/(expenses)		(1,870,198)	(1.9%)	(686,631)	(0.7%)	(1,183,567)	172.4%
PROFIT/LOSS BEFORE TAXES		5,268,193	5.2%	9,151,858	9.6%	(3,883,665)	(42.4%)
Taxes		(3,457,567)	(3.4%)	(3,421,827)	(3.6%)	(35,740)	1.0%
NET PROFIT/LOSS	(3)	1,810,626	1.8%	5,730,031	6.0%	(3,919,405)	(68.4%)

Reclassified balance sheet

(Values in units of EUR)	Notes	30 September 2022	31 December 2021	30 September 2021
Trade receivables		76,427,287	50,034,112	60,115,371
Stocks and inventories		115,174,473	91,406,571	93,958,043
Trade payables		(78,082,428)	(78,690,149)	(70,989,557)
Operating net working capital	(4)	113,519,332	62,750,534	83,083,857
Other short term receivables		30,984,846	32,513,758	28,591,086
Tax receivables		8,497,447	6,636,204	6,267,888
Derivative assets		395,653	-	-
Other short term liabilities		(21,239,420)	(17,582,148)	(57,982,486)
Tax payables		(5,018,157)	(4,447,875)	(5,815,626)
Derivative liabilities		-	(22,223)	-
Net working capital		127,139,701	79,848,250	54,144,719
Tangible fixed assets		60,971,088	58,770,962	59,465,478
Intangible fixed assets		66,997,474	68,866,417	69,756,705
Right-of-use assets		93,571,375	85,961,940	89,433,089
Equity investments		30,069	30,069	30,070
Other fixed assets		2,930,221	1,565,654	2,168,837
Fixed assets	(5)	224,500,227	215,195,042	220,854,179
Post employment benefits		(3,993,312)	(4,478,746)	(4,434,299)
Provisions		(2,343,949)	(1,758,142)	(1,600,775)
Long term not financial liabilities		(1,635,789)	(1,120,371)	(1,158,814)
Deferred tax assets		14,680,535	15,164,461	19,170,998
Deferred tax liabilities		(13,942,676)	(13,945,178)	(15,307,123)
NET CAPITAL INVESTED		344,404,737	288,905,316	271,668,885
Share capital		24,679,896	24,917,359	24,949,859
Other reserves		94,053,904	110,437,855	110,542,690
Profits/(Losses) carried-forward		725,475	(27,320,768)	(27,320,769)
Profit/(Loss) of the period		4,677,195	12,126,006	23,157,088
Total shareholders' equity	(6)	124,136,470	120,160,452	131,328,868
Short term financial receivables		-	(2,913,650)	(2,849,987)
Cash		(27,478,194)	(31,306,566)	(39,367,323)
Long term financial liabilities		76,240,943	90,697,332	45,791,467
Short term financial liabilities		85,646,447	36,595,368	57,756,718
Financial debt without IFRS 16		134,409,196	93,072,484	61,330,875
Short term lease liabilities		13,281,343	13,320,667	13,249,056
Long term lease liabilities		72,577,728	62,351,713	65,760,086
Financial debt	(7)	220,268,267	168,744,864	140,340,017
Shareholders' equity and financial debt		344,404,737	288,905,316	271,668,885

Cash flow

(Values in thousands of EUR)	9 M 2022	9 M 2021
Opening balance	31,307	39,828
Profit/loss before taxes	10,930	15,454
Amortisation / write-downs	22,903	18,562
Accrual (+)/availment (-) of long term provisions and post employment benefits	100	(409)
Paid income taxes	(5,201)	(827)
Financial income (-) and financial charges (+)	3,171	2,021
Change in operating assets and liabilities	(48,811)	(210)
Cash flow (absorbed) / generated by operating activity	(16,908)	34,591
Increase (-)/ decrease (+) in intangible fixed assets	(1,340)	(464)
Increase (-)/ decrease (+) in tangible fixed assets	(6,091)	(1,086)
Increase (-)/ decrease (+) in right-of-use assets	(21,969)	(553)
Investments and write-downs (-)/ Disinvestments and revaluations (+)	-	101
Cash flow (absorbed) / generated by investing activity	(29,400)	(2,002)
Other variations in shareholders' equity	(681)	(30,377)
Dividends paid	-	-
Proceeds (+)/repayment (-) of financial payments	34,595	8,260
Proceeds (+)/ repayment (-) of lease payments	10,187	(9,198)
Increase (-)/ decrease (+) in long term financial receivables	1,549	286
Financial income (+) and financial charges (-)	(3,171)	(2,021)
Cash flow (absorbed) / generated by financing activity	42,479	(33,050)
Closing balance	27,478	39,367

Changes in shareholders' equity

(Values in thousands of EUR)

	Share capital	Share premium reserve	Cash flow reserve	Other reserves	Fair Value reserve	IAS reserve	Reamusement of defined benefit plans reserve	Translation reserve	Profits/(Losses) carried forward	Net profit / loss for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
At December 31, 2021	24,917	69,334	(16)	28,610	7,901	7,607	(1,466)	(1,532)	(27,321)	12,126	120,160	-	120,160
Allocation of 31/12/21 profit/(loss)	-	-	-	(15,920)	-	-	-	-	28,046	(12,126)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	(237)	(1,460)	-	-	-	-	-	-	-	-	(1,697)	-	(1,697)
Total comprehensive income/(loss) at 30/09/22	-	-	301	-	-	-	-	695	-	4,677	5,673	-	5,673
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
At September 30, 2022	24,680	67,874	285	12,690	7,901	7,607	(1,466)	(837)	725	4,677	124,136	-	124,136

(Values in thousands of EUR)

	Share capital	Share premium reserve	Cash flow reserve	Other reserves	Fair Value reserve	IAS reserve	Reamusement of defined benefit plans reserve	Translation reserve	Profits/(Losses) carried forward	Net profit / loss for the Group	Group interest in shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
At December 31, 2020	25,044	70,144	(252)	49,756	7,901	7,607	(1,343)	(2,502)	13,274	(21,397)	148,232	30,524	178,756
Allocation of 31/12/20 profit/(loss)	-	-	-	(21,028)	-	-	-	-	(369)	21,397	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buy-back)/ sale	(94)	(473)	-	-	-	-	-	-	-	-	(567)	-	(567)
Total comprehensive income/(loss) at 30/09/21	-	-	252	-	-	-	-	599	-	23,157	24,008	-	24,008
Other changes	-	-	-	(118)	-	-	-	-	(40,226)	-	(40,344)	(30,524)	(70,868)
At September 30, 2021	24,950	69,671	-	28,610	7,901	7,607	(1,343)	(1,903)	(27,321)	23,157	131,329	-	131,329

Interim management report

In the first nine months of 2022, consolidated revenues are equal to EUR 277,102 thousand compared to EUR 250,033 thousand in the first nine months of 2021, with an increase of 10.8% at current exchange rates (+10.0% at constant exchange rates).

In the first nine months of 2022 the consolidated Ebitda is equal to EUR 37,003 thousand (with an incidence of 13.4% of total sales), compared to EUR 36,037 thousand in the first nine months of 2021 (14.4% of total sales), with a EUR 966 thousand increase. The contingent situation in China linked to the persistence of health dynamics has negative affected the result penalizing EBITDA.

At 30 September 2022, operating net working capital amounts to EUR 113,519 thousand (32.3% of LTM sales) compared to EUR 83,084 thousand at 30 September 2021 (26.6% of LTM sales).

The financial debt net of IFRS 16 effects at the end of September 2022 amounts to EUR 134,409 thousand (EUR 61,331 thousand at the end of September 2021).

Please note that during 2021 Aeffe Group has finalized two extraordinary transactions, the acquisition of the 30% minority stake in Moschino S.p.A., for a consideration of 66.6 million euros, and the early acquisition of the license for the production and marketing of the "Love Moschino" women's clothing collections for a consideration of EUR 3.6 million. Net of these extraordinary effects and the IFRS 16, the NET FINANCIAL POSITION would have been negative for EUR 64.2 million.

Explanatory notes

Income statement

1. Revenues from sales and services

Nine months 2022 vs 2021

In the first nine months of 2022, consolidate revenues are equal to EUR 277,102 thousand compared to EUR 250,033 thousand in the first nine months of 2021, with an increase of 10.8% at current exchange rates (+10.0% at constant exchange rates).

Sales by brand

	9 M		9 M		Change	
	2022	%	2021	%	Δ	%
Alberta Ferretti	17,611	6.4%	13,697	5.5%	3,914	28.6%
Philosophy	13,414	4.8%	12,131	4.9%	1,283	10.6%
Moschino	215,544	77.8%	199,868	79.9%	15,676	7.8%
Pollini	27,231	9.8%	21,551	8.6%	5,680	26.4%
Other	3,302	1.2%	2,786	1.1%	516	18.5%
Total	277,102	100.0%	250,033	100.0%	27,069	10.8%

In the first nine months of 2022, Alberta Ferretti brand increases by 28.6%, generating 6.4% of consolidated sales, while Philosophy brand increases by 10.6%, generating 4.8% of consolidated sales.

In the same period, Moschino brand sales increase by 7.8%, contributing to 77.8% of consolidated sales.

Pollini brand increases by 26.4%, generating 9.8% of consolidated sales.

Sales related to other brands increase by 18.5%, contributing to 1.2% of consolidated sales.

Sales by geographical area

	9 M		9 M		Change	
	2022	%	2021	%	Δ	%
Italy	116,090	41.9%	102,632	41.0%	13,458	13.1%
Europe (Italy excluded)	91,662	33.1%	80,664	32.3%	10,998	13.6%
Asia and Rest of the World	49,054	17.7%	50,137	20.1%	(1,083)	(2.2%)
America	20,296	7.3%	16,600	6.6%	3,696	22.3%
Total	277,102	100.0%	250,033	100.0%	27,069	10.8%

Having overcome, in most countries, the difficulties of the acute health crisis caused by the Covid-19 coronavirus and despite the complex scenario linked to the evolution of the conflict in Ukraine, in the first nine months of 2022 the Group recorded double-digit growth in all markets in which it operates with the exception of the Far East (where the emergency linked to Covid-19 has persisted), with very strong increases in Italy, Europe, and America.

Sales on the ITALY market, representing 41.9% of turnover, increased by 13.1% to EUR 16,090 thousand compared to 2021 thanks to the excellent results achieved by the retail channel (+26.6% compared to previous year). The wholesale channel also recorded a 7.8% increase.

Sales in EUROPE, with an incidence on turnover of 33.1%, reported an increase of 13.6% to EUR 91,662 thousand compared to 2021, driven by the significant acceleration of the retail channel, which showed an increase of 81.6% compared to the same period last year.

In ASIA and in the REST OF THE WORLD, the Group achieved revenues of EUR 49,054 thousand, with an incidence on turnover of 17.7%, down by 2.2% compared to the same period of 2021. This decrease was mainly driven by the wholesale channel as a result of the Group taking over the direct management of the Chinese market along with the impact of the continuing health emergency.

Sales in AMERICA, with an incidence on turnover of 7.3%, recorded growth of 22.3% to EUR 20,296 thousand compared to 2021. The increase is directly attributable to the excellent result achieved by the wholesale channel (+41.4% year-on-year).

Sales by distribution channel

(Values in thousands of EUR)	9 M		9 M		Change	
	2022	%	2021	%	Δ	%
Wholesale	200,066	72.2%	189,425	75.8%	10,641	5.6%
Retail	65,843	23.8%	50,840	20.3%	15,003	29.5%
Royalties	11,193	4.0%	9,768	3.9%	1,425	14.6%
Total	277,102	100.0%	250,033	100.0%	27,069	10.8%

In the first nine months of 2022, the Group recorded a strong growth, particularly in the RETAIL channel, reporting +29.5% compared to the same period last year. The WHOLESale channel shows sustained growth of 5.6%, despite the penalization of revenues in China due to the reorganization of local distribution. The related benefits deriving from the transaction were only partially recorded on the Retail Revenues generated starting from the third quarter of 2022. In particular, the project in China, which was successfully completed, manifested the opening of 21 direct Retail sites, substantially modifying that area, the methods of sale and approach to the local market.

The revenues of the WHOLESale CHANNEL, which represent 72.2% of turnover (EUR 200,066 thousand), recorded growth of 5.6% at current exchange rates, despite the reorganization of the Chinese market.

The revenues of the RETAIL CHANNEL (relating to directly operated stores including the online one), which represent 23.8% of the Group's sales (EUR 65,843 thousand), showed an increase of 29.5% at current exchange rates compared to the corresponding period of the previous year.

Revenues for ROYALTIES, which represent 4.0% of consolidated turnover (EUR 11,193 thousand), recorded a growth of 14.6% compared to the same period of 2021.

Third quarter 2022 vs 2021

In the third quarter of 2022, revenues from sales and services are equal to EUR 100,596 thousand with an increase of 5.9% compared with EUR 95,013 thousand in the third quarter of 2021.

Sales by brand

(Values in thousands of EUR)	III Q		III Q		Change	
	2022	%	2021	%	Δ	%
	Alberta Ferretti	6,859	6.8%	6,295	6.6%	564
Philosophy	6,183	6.1%	4,955	5.2%	1,228	24.8%
Moschino	76,093	75.7%	71,544	75.3%	4,549	6.4%
Pollini	10,687	10.6%	10,365	10.9%	322	3.1%
Other	774	0.8%	1,854	2.0%	(1,080)	(58.3%)
Total	100,596	100.0%	95,013	100.0%	5,583	5.9%

In the third quarter of 2022, Alberta Ferretti brand increases by 9.0% generating 6.8% of consolidated sales, while Philosophy brand increases by 24.8% generating 6.1% of consolidated sales.

In the same period, Moschino brand sales increase by 6.4% contributing to 75.7% of consolidated sales.

Pollini brand increases by 3.1% generating 10.6% of consolidated sales, while the other brands sales decrease by 58.3% contributing to 0.8% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	III Q		III Q		Change	
	2022	%	2021	%	Δ	%
	Italy	44,789	44.5%	43,949	46.3%	840
Europe (Italy excluded)	32,346	32.2%	29,481	31.0%	2,865	9.7%
Asia and Rest of the World	17,508	17.4%	15,265	16.1%	2,243	14.7%
America	5,953	5.9%	6,318	6.6%	(365)	(5.8%)
Total	100,596	100.0%	95,013	100.0%	5,583	5.9%

In the third quarter of 2022 sales in Italy increase by 1.9% to EUR 44,789 thousand, contributing to 44.5% of consolidated sales.

Sales in Europe increase by 9.7% contributing to 32.2% of consolidated sales to EUR 32,346 thousand.

In Asia and Rest of the World, sales are equal to EUR 17,508 thousand with an increase of 14.7% and a contribution of 17.4% of consolidated sales.

Sales in America are equal to EUR 5,953 thousand, contributing to 5.9% of consolidated sales, with a decrease of 5.8%.

Sales by distribution channel

(Values in thousands of EUR)	III Q		III Q		Change	
	2022	%	2021	%	Δ	%
	Wholesale	70,389	70.0%	68,389	72.0%	2,000
Retail	26,349	26.2%	22,894	24.1%	3,455	15.1%
Royalties	3,858	3.8%	3,730	3.9%	128	3.4%
Total	100,596	100.0%	95,013	100.0%	5,583	5.9%

By distribution channel in the third quarter of 2022, wholesale sales increase by 2.9% contributing to 70.0% of consolidated sales.

Sales of our directly-operated stores (retail channel) amount to EUR 26,349 thousand with an increase of 15.1% contributing to 26.2% of consolidated sales.

Royalty income is 3.4% higher than in the corresponding period of the previous year, representing 3.8% of consolidated sales.

2. Gross Operating Margin (EBITDA)

Nine months 2022 vs 2021

In the first nine months of 2022 the consolidated Ebitda is equal to EUR 37,003 thousand (with an incidence of 13.4% of total sales), compared to EUR 36,037 thousand in the first nine months of 2021 (14.4% of total sales), with a EUR 966 thousand increase. The contingent situation in China linked to the persistence of health dynamics has negative affected the result penalizing EBITDA.

For the prêt-à-porter division, in the first nine months of 2022 Ebitda is equal to EUR 20,261 thousand (with an incidence of 11.1% of total sales), compared to a EUR 21,776 thousand (13.1% of total sales) of the first nine months of 2021, recording a decrease of EUR 1,515 thousand.

For the footwear and leather goods division, the Ebitda amounts to EUR 16,742 thousand (13.0% of total sales), compared to a EUR 14,261 thousand (13.0% of total sales), of the first nine months of 2021, with a EUR 2,481 thousand increase.

Third quarter 2022 vs 2021

In the third quarter of 2022 consolidated Ebitda is EUR 16,121 thousand (with an incidence of 16.0% of consolidated sales), showing an increase of profitability compared to EUR 15,955 thousand in the third quarter of 2021, (with an incidence of 16.8% of consolidated sales).

3. Net Result

Nine months 2022 vs 2021

The net result posts a profit of EUR 4,677 thousand compared to a profit of EUR 23,157 thousand in the first nine months of 2021. Profit for the period decreases by EUR 3.5 million compared to the adjusted profit of 2021, net of extraordinary tax benefits related to revaluations and realignments implemented as required by art. 110 of Law Decree 104/2020 ("August Decree").

Third quarter 2022 vs 2021

In the third quarter of 2022 the net result is a profit of EUR 1,811 thousand showing a decrease compared to EUR 5,730 thousand in the third quarter of 2021.

Segment information

Economic performance by Divisions

At international level, the Group is divided into two main business sectors:

- (i) *Prêt-à porter* Division;
- (ii) Footwear and leather goods Division.

Nine months 2022 vs 2021

The following tables indicate the main economic data for the first nine months of 2022 and 2021 of the *Prêt-à porter* and Footwear and leather goods Divisions.

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
9M 2022				
SECTOR REVENUES	183,093	128,878	(34,869)	277,102
Intercompany revenues	(13,736)	(21,133)	34,869	-
Revenues with third parties	169,357	107,745	-	277,102
Gross operating margin (EBITDA)	20,261	16,742	-	37,003
Amortisation	(18,004)	(3,455)	-	(21,459)
Other non monetary items:				
Revaluations / write-downs	(1,042)	(402)		(1,444)
Net operating profit / loss (EBIT)	1,215	12,885	-	14,100
Financial income	268	781	(45)	1,004
Financial expenses	(3,298)	(921)	45	(4,174)
Profit / loss before taxes	(1,815)	12,745	-	10,930
Income taxes	(2,347)	(3,906)	-	(6,253)
Net profit / loss	(4,162)	8,839	-	4,677

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
9M 2021				
SECTOR REVENUES	166,775	109,935	(26,677)	250,033
Intercompany revenues	(11,150)	(15,527)	26,677	-
Revenues with third parties	155,625	94,408	-	250,033
Gross operating margin (EBITDA)	21,776	14,261	-	36,037
Amortisation	(14,791)	(3,276)	-	(18,067)
Other non monetary items:				
Revaluations / write-downs	(300)	(195)		(495)
Net operating profit / loss (EBIT)	6,685	10,790	-	17,475
Financial income	210	406	(61)	555
Financial expenses	(2,109)	(528)	61	(2,576)
Profit / loss before taxes	4,786	10,668	-	15,454
Income taxes	8,201	(498)	-	7,703
Net profit / loss	12,987	10,170	-	23,157

Prêt-à porter Division

Revenues of the prêt-à-porter division increase by 9.8% from EUR 166,775 thousand in the first nine months of 2021 to EUR 183,093 thousand in the first nine months of 2022.

EBITDA of the *prêt-à-porter* division, in the first nine months of 2022 is EUR 20,261 thousand (11.1% of sales) compared to an EBITDA of EUR 21,776 thousand in the first nine months of 2021 (13.1% of sales), showing a decrease of EUR 1,515 thousand.

Footwear and leather goods Division

Revenues of the footwear and leather goods division increase by 17.2% from EUR 109,935 thousand in the first nine months of 2021 to EUR 128,878 thousand in the first nine months of 2022.

EBITDA of the Footwear and leather goods division amounts to EUR 16,742 thousand (13.0% of sales) compared to EUR 14,261 thousand in the first nine months of 2021 (13.0% of sales), with a EUR 2,481 thousand increase.

Third Quarter 2022 vs 2021

The following tables indicate the main economic data for the third quarter of 2022 and 2021 of the *Prêt-à-porter* and Footwear and leather goods Divisions.

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
III Q 2022				
SECTOR REVENUES	62,912	48,706	(11,022)	100,596
Intercompany revenues	(4,999)	(6,023)	11,022	-
Revenues with third parties	57,913	42,683		100,596
Gross operating margin (EBITDA)	7,477	8,644		16,121
Amortisation	(7,375)	(1,164)		(8,539)
Other non monetary items:				
Revaluations / write-downs	(262)	(182)		(444)
Net operating profit / loss (EBIT)	(160)	7,298		7,138
Financial income	(198)	100	(19)	(117)
Financial expenses	(1,576)	(196)	19	(1,753)
Profit / loss before taxes	(1,934)	7,202		5,268
Income taxes	(1,325)	(2,133)		(3,458)
Net profit / loss	(3,259)	5,069		1,810

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
III Q 2021				
SECTOR REVENUES	61,876	41,733	(8,596)	95,013
Intercompany revenues	(3,836)	(4,760)	8,596	-
Revenues with third parties	58,040	36,973		95,013
Gross operating margin (EBITDA)	9,735	6,220		15,955
Amortisation	(4,852)	(1,082)		(5,934)
Other non monetary items:				
Revaluations / write-downs	(100)	(82)		(182)
Net operating profit / loss (EBIT)	4,783	5,056		9,839
Financial income	70	198	(18)	250
Financial expenses	(758)	(197)	18	(937)
Profit / loss before taxes	4,095	5,057		9,152
Income taxes	(1,992)	(1,430)		(3,422)
Net profit / loss	2,103	3,627		5,730

Balance sheet

4. Operating net working capital

At 30 September 2022, operating net working capital amounts to EUR 113,519 thousand (32.3% of LTM sales) compared to EUR 83,084 thousand at 30 September 2021 (26.6% of LTM sales).

The increase of the incidence of net working capital on sales mainly refers to higher inventories.

5. Fixed assets

The change in fixed assets of 9,305 thousand at September 30, 2022 compared to December 31, 2021 is due to the amortisation of the period and to the capex realised during the first nine months of 2022.

6. Shareholders' equity

The Group's shareholders' equity moved mainly due to the profit for the period changing from RUR 120,160 thousand at December 31, 2021 to EUR 124,1366 thousand at September 30, 2022.

The number of shares is 107,362,504.

7. Net financial position

The financial debt net of IFRS 16 effects at the end of September 2022 amounts to EUR 134,409 thousand (EUR 61,331 thousand at the end of September 2021).

Please note that during 2021 Aeffe Group has finalized two extraordinary transactions, the acquisition of the 30% minority stake in Moschino S.p.A., for a consideration of 66.6 million euros, and the early acquisition of the license for the production and marketing of the "Love Moschino" women's clothing collections for a consideration of EUR 3.6 million. Net of these extraordinary effects and the IFRS 16, the NET FINANCIAL POSITION would have been negative for EUR 64.2 million.

Other information

Earnings per share

Reference earnings

The calculation of basic and dilutive earnings per share is based on the following elements:

(Values in thousands of EUR)	30 September 2022	30 September 2021
From continuing activities		
Earnings for determining basic earnings per share	4,677	23,157
Earnings for determining earnings per share	4,677	23,157
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	4,677	23,157
From continuing and discontinued activities		
Earnings for the period	4,677	23,157
Earnings from discontinued operations	-	-
Earnings for determining basic earnings per share	4,677	23,157
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	4,677	23,157
Number of reference share		
Average number of shares for determining earnings per share	98,687	99,799
Share options	-	-
Average number of shares for determining diluted earnings per	98,687	99,799

Basic results per share

The profit attributable to holders of ordinary shares of parent company AEFPE S.p.A., amounts to EUR 4,677 thousand (September 2021: EUR 23,157 thousand).

Dilutive results per share

The calculation of diluted earnings per share for the period January - September 2022, matches with the calculation of basic earnings per share, as there are no tools with potential dilutive effects.

Significant events of the period

On 28 June 2022 the Board of Directors of Aeffe S.p.A. has approved, pursuant to the law, the Articles of Association and through deliberation done by public act, to merge by absorption the 100% directly owned company Velmar S.p.A..

Significant events subsequent to the balance sheet date

No significant events occurred after the balance sheet date.

Outlook

The global business cycle continued to be affected by exceptionally high inflation, worsening financial conditions, uncertainty related to the conflict in Ukraine, weakening activity in China and, to a lesser extent than at the beginning of the year, supply difficulties along value chains. According to the projections of ECB experts published in September, Italy's gross domestic product will grow by 3.1 percent this year, by 0.9 in 2023 and by 1.9 in 2024.

Despite the difficult economic situation, the Group recorded double-digit growth in revenues, both in the prêt-à-porter segment and in footwear and leather goods, with a positive trend for all brands in most markets. The group is operating in a prompt and determined manner, implementing a series of initiatives, including a plan of significant investments for the strategic renewal of Moschino in terms of brand positioning and reorganization on the retail front in China, pending a relaxation of current restrictions and with expectations of benefits also in terms of profitability already in 2023. By carefully monitoring the dynamics of the markets, we remain focused on our long-term strategy aimed at strengthening the distinctiveness of our brands

The executive responsible for preparing the company's accounting documentation Matteo Scarpellini declares, pursuant to paragraph 2 of art. 154b of the Consolidated Finance Law, that the accounting information contained in this document agrees with the underlying documentation, records and accounting entries.