



HALF-YEAR FINANCIAL REPORT
AT JUNE 30, 2023

AEFFE

Disclaimer

This Half-year financial report at June 30, 2023 has been translated into English solely for the convenience of the International reader. In the event of conflict or inconsistency between the terms used in the Italian Version of the report and the English version, the Italian version shall prevail, as the Italian version

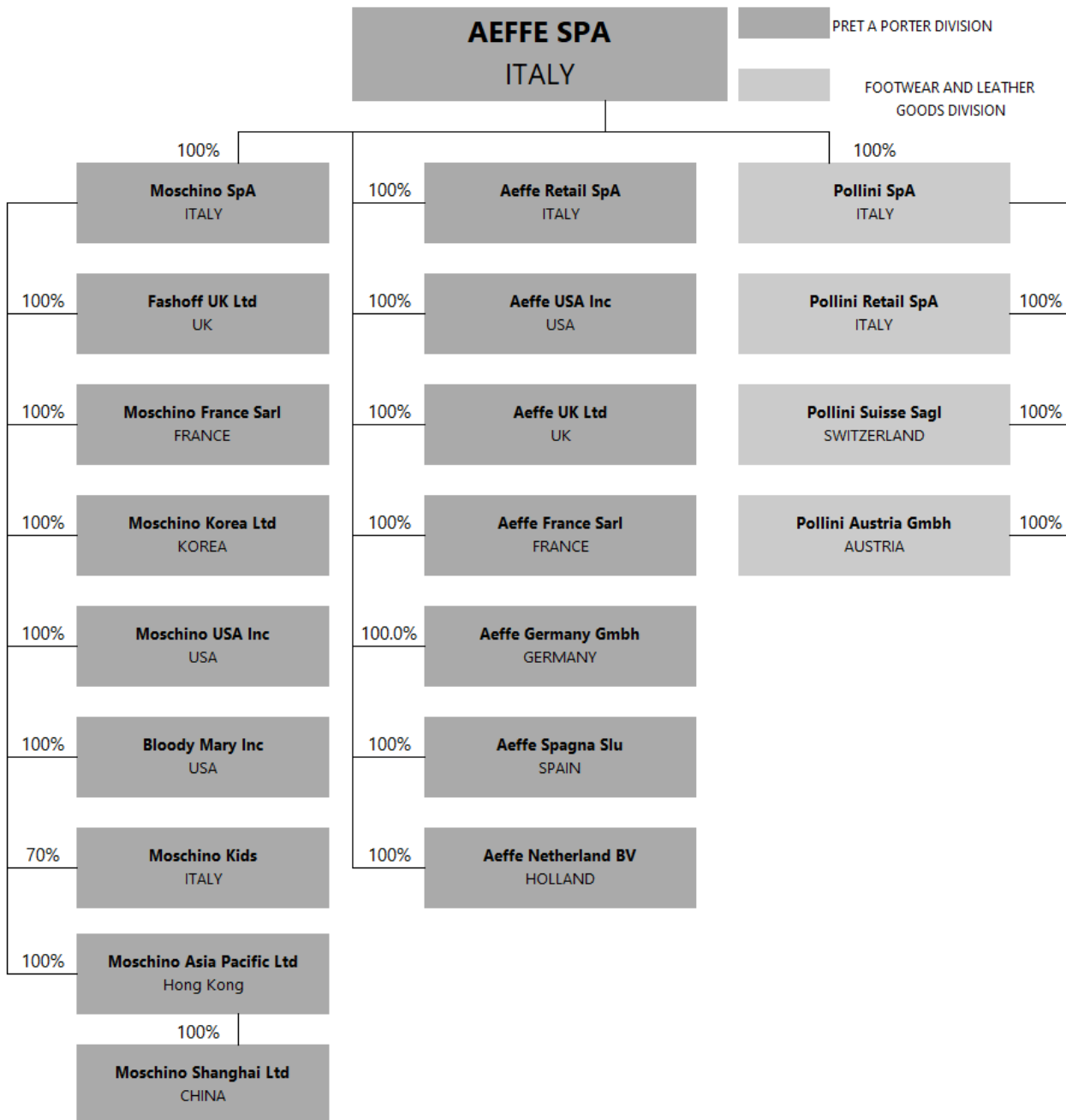
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CORPORATE BOARDS OF THE PARENT COMPANY

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

ORGANIZATION CHART



BRANDS PORTFOLIO

AEFFE SPA

Ready To Wear - Accessories

ALBERTA FERRETTI



MOSCHINO



PHILOSOPHY
DI
LORENZO SERAFINI



MOSCHINO
JEANS



POLLINI SPA

Footwear - Leather Goods

POLLINI

MOSCHINO.

LOVE
MOSCHINO

MOSCHINO SPA

Licences - Retail - Design

MOSCHINO.

MOSCHINO
JEANS
LOVE
MOSCHINO

AEFFE SPA

Beachwear - Underwear - Lingerie

MOSCHINO.



CHIARA FERRAGNI

HEADQUARTERS

AEFFE

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

MOSCHINO

Via San Gregorio, 28
20124 - Milano (MI)
Italy

POLLINI

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

SHOWROOMS

MILAN

FERRETTI – PHILOSOPHY – POLLINI
Via Donizetti, 48
20122 – Milano
Italy

MILAN

MOSCHINO
Via San Gregorio, 28
20124 – Milano
Italy

NEW YORK

GROUP
30 West 56th Street
10019 – New York
USA

LONDRA

MOSCHINO – FERRETTI – PHILOSOPHY
28-29 Conduit Street
W1S 2YB – London
UK

PARIS

GROUP
43, Rue du Faubourg Saint Honorè
75008 - Paris
France



MAIN FLAGSHIP STORE LOCATIONS UNDER DIRECT MANAGEMENT

MOSCHINO

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

ALBERTA FERRETTI

Milan
Rome
Paris

POLLINI

Milan
Venice
Bolzano



MAIN ECONOMIC-FINANCIAL DATA

		1 st Half 2023	1 st Half 2022
Total revenues	(Values in millions of EUR)	168.6	180.8
Gross operating margin (EBITDA) *	(Values in millions of EUR)	8.5	20.9
Net operating profit (EBIT)	(Values in millions of EUR)	(7.9)	7.0
Profit before taxes	(Values in millions of EUR)	(12.8)	5.7
Net profit for the Group	(Values in millions of EUR)	(11.7)	2.9
Basic earnings per share	(Values in units of EUR)	(0.118)	0.029
Cash Flow (net profit + depreciation)	(Values in millions of EUR)	4.1	15.8
Cash Flow/Total revenues	(Values in percentage)	2.5	8.7

* EBITDA is represented by operating profit before provisions and depreciation. EBITDA thus defined is a measure used by management to monitor and evaluate the operational performance and is not identified as an accounting measure under both Italian Accounting Principles and IFRS and therefore should not be considered an alternative measure for evaluating the Group's results. Since EBITDA is not regulated by applicable accounting standards, the criteria used by the Group might not be consistent with that adopted by others and therefore may not be comparable.

		At June 30, 2023	At December 31, 2022	At June 30, 2022	At December 31, 2021
Net capital invested	(Values in millions of EUR)	337.5	341.6	304.9	288.9
Net financial indebtedness	(Values in millions of EUR)	238.5	231.8	182.9	168.7
Group net equity	(Values in millions of EUR)	122.0	120.2	161.7	148.2
Group net equity per share	(Values in units of EUR)	0.9	1.0	1.1	1.1
Current assets/ current liabilities	(Ratio)	2.1	2.0	1.8	1.8
Curr. assets less invent./ curr. liabilities (ACID test)	(Ratio)	0.9	1.0	0.8	0.9
Net financial indebtedness/ Net equity	(Ratio)	2.4	2.1	1.5	1.4

AEFFE GROUP

INTERIM MANAGEMENT REPORT

1. SUMMARY OF THE GROUP'S KEY ACTIVITIES

Aeffe Group operates worldwide in the fashion and luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-a-porter, footwear and leather goods. The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including “Alberta Ferretti”, “Philosophy di Lorenzo Serafini”, “Moschino” and “Pollini”, and under licensed brands. The Group has also licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, children’s lines, sunglasses and other).

The Group’s business is divided, based on the various product lines and brands it sells, into two segments: (i) prêt-a-porter (which includes prêt-a-porter lines, lingerie and swimwear); and (ii) footwear and leather goods.

Prêt-a-porter Division

The Prêt-a-porter Division, which is composed of the companies Aeffe and Moschino, is mainly involved in the design, production and distribution of luxury prêt-a-porter garments and lingerie, beachwear and loungewear.

In terms of the prêt-a-porter collections, the activity is carried out by Aeffe, both for the production of the Group’s proprietary brands (“Alberta Ferretti”, “Philosophy di Lorenzo Serafini”, “Moschino”, “Boutique Moschino” and “Love Moschino”) and brands licensed from other companies. Aeffe also handles the distribution of all Division products both through the retail channel (via subsidiaries) and through the wholesale channel.

Furthermore Aeffe manufactures and distributes lingerie and swimwear collections, and specifically men’s/women’s lingerie, underwear, beachwear and loungewear. Collections are produced and distributed under the Group’s proprietary brands, as “Moschino”, and under third-party licensed brands.

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the Moschino brand licensing agreement relating to the Love line, “Moschino” branded perfumes and sunglasses.

Aeffe

Aeffe is the brainchild of designer Alberta Ferretti, who set up her own business in 1972. The history of the Parent Company has developed in parallel with that of its founder, whose personal involvement in fashion has been a key factor in Aeffe’s development.

The growth of the Parent Company as an industrial and creative entity has been distinguished from the start by a multi-brand approach, with Aeffe producing and distributing the prêt-a-porter collections of leading fashion houses utilising the know-how acquired in the production of luxury prêt-a-porter lines.

This provides the context for the partnership between Aeffe and designer Franco Moschino, whose brand “Moschino Couture!” it has produced and distributed under an exclusive licence since 1983.

Between 1995 and 2013, Aeffe worked with designer Jean Paul Gaultier producing and distributing the women prêt-à-porter collections branded “Jean Paul Gaultier”.

In 2001, Aeffe gained control of Pollini, an established manufacturer of footwear and leather goods. This allowed Aeffe to supplement the collections produced in-house with an accessories line.

In 2002, Aeffe took over Velmar, a firm that had collaborated with Aeffe for some time on the production and distribution of lingerie, beachwear and loungewear lines.

In 2007 Aeffe is quoted on the Euronext Star Segment of Euronext Milan Market of Borsa Italiana.

In 2022 the 100% subsidiary Velmar S.p.A. is merged by incorporation into Aeffe S.p.A..

Moschino

Moschino was founded in 1983 and grew during the 1990s to become an internationally renowned brand. Following the disappearance in 1994 of its founder, Franco Moschino, his family, staff and friends have kept the designer’s legacy alive, respecting his creative identity and philosophy. Rossella Jardini, who has worked for Franco Moschino since 1981, succeeded him as artistic director and becoming in charge of brand image and styling. The company provides design, marketing and agency services from the Milan showroom for Moschino collections in Italy and overseas.

The company also directly manages five single-brand Moschino stores, two in Milan, one in Rome, one in Capri and on-line.

In 2013 Jeremy Scott was appointed as creative director of the “Moschino” brand.

In 2021 Aeffe SpA. took over from Sinv Holding S.p.A., Sinv Real Estate S.p.A. and Sinv Lab S.r.l., the minority stake of 30% of Moschino S.p.A., thus coming to own the entire capital.

Aeffe USA

Aeffe USA is 100% owned by Aeffe S.p.A. and was incorporated in May 1987 under the laws of the State of New York.

The company operates in the wholesale segment of the North American market (United States and Canada) distributing items of clothing and accessories produced by the Parent Company, Pollini S.p.A. and other third-party licensed manufacturers, with different collections, of the brands produced by the Parent Company. The company also acts as agent for some of these lines. The company operates out of its showroom located in midtown Manhattan.

Aeffe Retail

Aeffe Retail operates in the retail segment of the Italian market and directly manages 14 stores, both mono-brand and multi-brand located in major Italian cities such as Milan, Rome, Venice, Florence and Capri, manages also an on-line mono-brand store.

Aeffe France

Aeffe France is 100% owned by Aeffe S.p.A. and manages the store in Rue St. Honorè in Paris, selling apparel and accessories under the brand “Alberta Ferretti”. The company also acts as an agent for the French market for the brands “Alberta Ferretti” and “Philosophy di Lorenzo Serafini”.

Aeffe Germany

Aeffe Germany is 100% owned by Aeffe S.p.A. and manages the store in Metzingen in Germany, which sells clothing and accessories under the Group labels.

Aeffe Spagna

Aeffe Spagna is 100% owned by Aeffe S.p.A. and manages the store in Barcelona in Spain, which sells clothing and accessories under the Group labels.

Aeffe Netherland

Aeffe Netherland is 100% owned by Aeffe S.p.A. and manages the store in Roermond in Holland, which sells clothing and accessories under the Group labels.

Moschino Korea

Moschino Korea is 100% owned by Moschino S.p.A. and is based in Seoul. The company operates in the retail segment through flagship stores under direct management which sell Moschino-branded collections.

Fashoff UK

Fashoff UK operates by the showroom in London, acting as agent for the collections Moschino, Alberta Ferretti and Philosophy di Lorenzo Serafini.

The company also directly manages a single-brand Moschino store in London.

Moschino France

Moschino France is based in the Paris showroom and acts as agent for Moschino collections.

The company also manages one single-brand Moschino stores in Paris.

Moschino USA

Moschino USA, company founded in 2014 with base in New York and 100% owned by Moschino S.p.A., directly manage a single-brand Moschino store in New York.

Moschino Asia Pacific

Moschino Asia Pacific, company founded in 2021 with base in Hong Kong and 100% owned by Moschino S.p.A., carries out commercial services for the Asian markets.

Moschino Shanghai

Moschino Shanghai, based in Shanghai, is a company 100% owned by Moschino Asia Pacific Ltd., and directly manages numerous stores in China.

Moschino Kids

Moschino Kids, located in Padernello di Paese (TV), is a 70% subsidiary of Moschino Spa, operates in the children's clothing sector, and produces and distributes, as a licensee, Moschino brand products.

Footwear and leather goods Division

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials.

The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies. The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture “Pollini” products such as umbrellas, foulards and ties.

Pollini

Pollini was established in 1953 in the shoemaking district of San Mauro Pascoli, following in the Italian tradition of handmade leather goods and shoes. Italy is a leading producer of footwear: due to expertise required to make these products, nearly all production sites are located in areas with a long-standing shoemaking tradition, such as San Mauro Pascoli, Vigevano and Strà (PD). The company’s philosophy is focused on promoting Pollini in other countries as an amalgam of traditional quality and Italian style, offering a range of products that include shoes, bags and matching accessories.

Between 1957 and 1961, Pollini produced the footwear collections of the designer Bruno Magli.

In the 1960s and early 1970s, Pollini began making shoes under its own label, presenting “themed” collections (such as the “Daytona” sports footwear collection, inspired by the world of motorbike racing).

In the 1970s, Pollini rose to international fame: at that point, its collections were shown in Düsseldorf, Paris and New York, as well as in Milan and Bologna. Around the same time, the first stores opened in Milan, Verona, Varese and Venice.

In 1989, Pollini moved into its new office in Gatteo, in the Italian province of Forlì-Cesena. The new site measures 50,000 sq. m., just over a third of it indoor, with a production workshop and seven-storey building housing the showroom and offices. The new site brought the footwear and leather goods divisions and sales and administration offices under one roof.

In 2001, Aeffe and Pollini reached an agreement whereby Aeffe would acquire a controlling stake in Pollini. The acquisition was a natural progression of the increasingly concentrated partnership between the two companies, enabling the growth of the footwear and leather goods lines designed by Alberta Ferretti.

Always in 2008, Pollini has entered into new license agreements with Drops S.r.l., for the manufacturing of umbrellas, as well as Larioseta S.p.A., for the manufacturing and distribution of neckwear, including women’s shawls, women’s and men’s scarves and ties. In 2011 Aeffe S.p.A. has acquired the remaining 28% shareholding of Pollini S.p.A., becoming the sole shareholder.

Pollini Retail

Pollini Retail is active in the retail segment of the Italian market and directly manages 20 stores, between boutiques and outlets, in major Italian cities such as Milan and Venice.

Pollini Suisse

Pollini Suisse directly manages the mono-brand Pollini store in Mendrisio, Switzerland.

Pollini Austria

Pollini Austria directly manages two stores in Pandorf, one of which is a mono-brand that sells the Pollini lines and one that sells clothing and accessories for the Group's brands.

2. CONSOLIDATED RICLASSIFIED INCOME STATEMENT

(Values in units of EUR)	1 st Half	% on	1 st Half	% on	Change	%
	2023	revenues	2022	revenues		
REVENUES FROM SALES AND SERVICES	162,874,318	100.0%	176,506,070	100.0%	(13,631,752)	(7.7%)
Other revenues and income	5,694,778	3.5%	4,249,458	2.4%	1,445,320	34.0%
TOTAL REVENUES	168,569,096	103.5%	180,755,528	102.4%	(12,186,432)	(6.7%)
Changes in inventory	10,069,166	6.2%	24,302,020	13.8%	(14,232,854)	(58.6%)
Costs of raw materials, cons. and goods for resale	(70,732,128)	(43.4%)	(89,843,096)	(50.9%)	19,110,968	(21.3%)
Costs of services	(55,412,794)	(34.0%)	(53,207,959)	(30.1%)	(2,204,835)	4.1%
Costs for use of third parties assets	(3,391,993)	(2.1%)	(4,014,367)	(2.3%)	622,374	(15.5%)
Labour costs	(36,867,999)	(22.6%)	(34,399,226)	(19.5%)	(2,468,773)	7.2%
Other operating expenses	(3,734,805)	(2.3%)	(2,711,399)	(1.5%)	(1,023,406)	37.7%
Total Operating Costs	(160,070,553)	(98.3%)	(159,874,027)	(90.6%)	(196,526)	0.1%
GROSS OPERATING MARGIN (EBITDA)	8,498,543	5.2%	20,881,501	11.8%	(12,382,958)	(59.3%)
Amortisation of intangible fixed assets	(2,100,754)	(1.3%)	(2,011,980)	(1.1%)	(88,774)	4.4%
Depreciation of tangible fixed assets	(3,236,530)	(2.0%)	(2,280,454)	(1.3%)	(956,076)	41.9%
Depreciation of right-of-use assets	(10,396,016)	(6.4%)	(8,627,092)	(4.9%)	(1,768,924)	20.5%
Revaluations / (write-downs) and provisions	(635,574)	(0.4%)	(999,902)	(0.6%)	364,328	(36.4%)
Total Amortisation, write-downs and provisions	(16,368,874)	(10.1%)	(13,919,428)	(7.9%)	(2,449,446)	17.6%
NET OPERATING PROFIT / LOSS (EBIT)	(7,870,331)	(4.8%)	6,962,073	3.9%	(14,832,404)	(213.0%)
Financial income	290,786	0.2%	1,121,312	0.6%	(830,526)	(74.1%)
Financial expenses	(4,001,253)	(2.5%)	(1,506,052)	(0.9%)	(2,495,201)	165.7%
Financial expenses on right-of-use asset	(1,195,639)	(0.7%)	(915,597)	(0.5%)	(280,042)	30.6%
Total Financial Income/(expenses)	(4,906,106)	(3.0%)	(1,300,337)	(0.7%)	(3,605,769)	277.3%
PROFIT / LOSS BEFORE TAXES	(12,776,437)	(7.8%)	5,661,736	3.2%	(18,438,173)	(325.7%)
Total Income Taxes	1,174,511	0.7%	(2,795,167)	(1.6%)	3,969,678	(142.0%)
NET PROFIT / LOSS	(11,601,926)	(7.1%)	2,866,569	1.6%	(14,468,495)	(504.7%)
(Profit) / loss attributable to minority shareholders	(50,052)	(0.0%)	-	0.0%	(50,052)	#DIV/0!
NET PROFIT / LOSS FOR THE GROUP	(11,651,978)	(7.2%)	2,866,569	1.6%	(14,518,547)	(506.5%)

SALES

In the first semester of 2023, Aeffe consolidated revenues amount to EUR 162,874 thousand compared to EUR 176,506 thousand in the first semester of 2022 (-7.7% at current exchange rates, -7.4% at constant exchange rates). Increasing revenues in Asia where the Moschino brand has introduced a direct distribution system.

Sales by brand

(Values in thousands of EUR)	1 st Half	%	1 st Half	%	Change	%
	2023		2022		Δ	
Alberta Ferretti	11,766	7.2%	10,752	6.1%	1,014	9.4%
Philosophy	8,772	5.4%	7,231	4.1%	1,541	21.3%
Moschino	123,121	75.6%	139,451	79.0%	(16,330)	(11.7%)
Pollini	17,177	10.5%	16,544	9.4%	633	3.8%
Other	2,038	1.3%	2,528	1.4%	(490)	(19.4%)
Total	162,874	100.0%	176,506	100.0%	(13,632)	(7.7%)

In 1H 2023, Alberta Ferretti brand increases by 9.4%, generating 7.2% of consolidated sales, while Philosophy brand increases by 21.3%, generating 5.4% of consolidated sales.

In the same period, Moschino brand sales decrease by 11.7%, contributing to 75.6% of consolidated sales.

Pollini brand records an increase of 3.8%, generating the 10.5% of consolidated sales.

Other brands sales decrease by 19.4%, equal to 1.3% of consolidated sales.

Sales by geographical area

(Values in thousands of EUR)	1 st Half		1 st Half		Change	
	2023	%	2022	%	Δ	%
Italy	68,177	41.9%	71,301	40.4%	(3,124)	(4.4%)
Europe (Italy excluded)	50,217	30.8%	59,316	33.6%	(9,099)	(15.3%)
Asia and Rest of the World	34,359	21.1%	31,546	17.9%	2,813	8.9%
America	10,121	6.2%	14,343	8.1%	(4,222)	(29.4%)
Total	162,874	100.0%	176,506	100.0%	(13,632)	(7.7%)

Sales in ITALY, with an incidence of 41.9% on turnover, reported a decrease by 4.4% compared to 2022 at EUR 68,177 thousand: excellent results of the retail channel with an increase by 8% compared to the first semester of 2022, while the wholesale channel recorded a contraction of 6%.

Sales in EUROPE, with an incidence on turnover of 30.8%, reported a decrease by 15.3% at EUR 50,217 thousand. The major decrease was recorded on the United Kingdom market, both at a wholesale and retail level.

In ASIA and in the REST OF THE WORLD, the Group achieved revenues of EUR 34,359 thousand, with an incidence on turnover of 21.1%, in progression by 8.9% compared to 2022. The change of distribution in Greater China for the Moschino brand is gradually stabilizing with growing performance.

At current exchange rates, sales in AMERICA, with an incidence on turnover of 6.2%, recorded a decrease by 29.4%, due to the general slowdown in the consumption of luxury goods.

Sales by distribution channel

(Values in thousands of EUR)	1 st Half		1 st Half		Change	
	2023	%	2022	%	Δ	%
Wholesale	110,578	67.9%	129,677	73.5%	(19,099)	(14.7%)
Retail	47,002	28.9%	39,494	22.4%	7,508	19.0%
Royalties	5,294	3.2%	7,335	4.1%	(2,041)	(27.8%)
Total	162,874	100.0%	176,506	100.0%	(13,632)	(7.7%)

In the first semester of 2023 the Group recorded a consistent progression in the retail channel, offset by a decrease in the wholesale channel and royalties.

The revenues of the WHOLESALE CHANNEL, which represents 67.9% of turnover (EUR 110,578 thousand), recorded a decrease by 14.7% at current exchange rates, mainly attributable to the American market.

The revenues of the RETAIL CHANNEL, which represents 28.9% of Group sales (EUR 47,002 thousand), showed an increase by 19.0% at current exchange rates compared to the corresponding period of the previous year. Excellent results in Italy (+8%) and in Asia (+117%) thanks to the change in the distribution model in China of the Moschino brand.

The revenues for ROYALTIES, which represent 3.2% of consolidated turnover (EUR 5,294 thousand), decreased by 27.8% compared to the same period of 2022 following the termination of some licenses for the Moschino brand.

LABOUR COSTS

Labour costs increase from EUR 34,399 thousand in 1H 2022 to EUR 36,868 thousand in 1H 2023 with an incidence on revenues which increase from 19.5% in the first semester 2022 to 22.6% in the first semester 2023.

The workforce increases from an average of 1,325 units in the 1H 2022 to 1,426 units in the 1H 2023.

Average number of employees by category	1 st Half 2023	1 st Half 2022	Δ	Change %
Workers	231	232	(1)	(0.4%)
Office staff-supervisors	1,168	1,063	105	9.9%
Executive and senior managers	27	30	(3)	(10.0%)
Total	1,426	1,325	101	7.6%

GROSS OPERATING MARGIN (EBITDA)

In the first semester of 2023, consolidated ADJUSTED EBITDA, net of the extraordinary effects associated with the Group's organizational restructuring approved on March 29, 2023, was positive for EUR 10,410 thousand (with a margin of 6.4% on turnover), compared to the EBITDA of the first semester of 2022 equal to EUR 20,882 thousand (with an incidence of 11.8% on turnover).

Margins in the semester decreased as a result of the new strategic course of the Moschino brand with the associated costs connected both 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, also impacting turnover and royalties.

NET OPERATING PROFIT / LOSS (EBIT)

Consolidated ADJUSTED EBIT is negative for EUR 5,959 thousand compared to positive EUR 6,962 thousand in 1H 2022, showing a decrease of EUR 12,921 thousand.

PROFIT / LOSS BEFORE TAXES

The result before taxes changes from a profit of EUR 5,662 thousand in 1H 2022 to a loss of EUR 12,776 thousand in the 1H 2023, with a decrease in absolute value of EUR 18,438 thousand.

NET PROFIT / LOSS

Consolidated NET LOSS amounts to EUR 11,602 thousand compared to the net profit of EUR 2,867 thousand in 2022.

3. RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Values in units of EUR)	At June 30, 2023	At December 31, 2022	At June 30, 2022
Trade receivables	55,543,273	62,850,576	58,208,354
Stock and inventories	122,150,854	116,709,745	116,319,939
Trade payables	(83,248,657)	(88,596,138)	(92,598,951)
Operating net working capital	94,445,470	90,964,183	81,929,342
Other short term receivables	30,791,345	33,118,597	34,339,305
Tax receivables	14,939,140	12,987,118	10,919,992
Derivative assets	56,651	-	116,102
Other short term liabilities	(20,143,799)	(19,497,967)	(28,418,025)
Tax payables	(4,080,493)	(4,385,845)	(3,997,211)
Derivative liabilities	-	(173,473)	-
Net working capital	116,008,314	113,012,613	94,889,505
Tangible fixed assets	60,300,128	61,250,620	60,024,064
Intangible fixed assets	64,447,481	66,021,140	67,604,661
Right-of-use assets	104,738,196	110,566,821	86,161,530
Equity investments	41,196	39,197	30,069
Other fixed assets	833	199,911	2,413,290
Fixed assets	229,527,834	238,077,689	216,233,614
Post employment benefits	(3,435,116)	(3,551,239)	(4,152,196)
Provisions	(2,588,242)	(2,371,370)	(2,054,719)
Long term not financial liabilities	(1,400,373)	(1,634,539)	(470,373)
Deferred tax assets	14,527,763	13,894,621	14,466,029
Deferred tax liabilities	(15,122,855)	(15,798,928)	(14,017,950)
Net capital invested	337,517,325	341,628,847	304,893,910
Share capital	24,606,247	24,606,247	24,696,521
Other reserves	89,029,880	93,516,643	93,666,281
Profits/(Losses) carried-forward	(2,973,651)	735,589	725,475
Profits/(Loss) for the period	(11,651,978)	(9,043,968)	2,866,569
Group interest in shareholders' equity	99,010,498	109,814,511	121,954,846
Minority interest in shareholders' equity	41,000	(9,052)	-
Total shareholders' equity	99,051,498	109,805,459	121,954,846
Short term financial receivables	-	-	(3,177,047)
Cash	(22,391,656)	(21,657,539)	(22,970,296)
Long term financial liabilities	59,306,929	70,444,091	80,689,230
Short term financial liabilities	100,711,253	78,131,171	51,058,966
Financial debt without IFRS 16	137,626,526	126,917,723	105,600,853
Short term lease liabilities	15,732,985	16,072,913	14,406,387
Long term lease liabilities	85,106,316	88,832,752	62,931,824
Financial debt	238,465,827	231,823,388	182,939,064
Shareholders' equity and financial debt	337,517,325	341,628,847	304,893,910

NET INVESTED CAPITAL

Compared to December 31, 2022, net invested capital decreased by 1.2%.

NET WORKING CAPITAL

Net working capital amounts to EUR 116,008 thousand (34.3% of LTM sales) compared with EUR 113,013 thousand of December 31, 2022 (32.1% of sales).

The changes in the main items included in the net working capital are described below:

- At June 30, 2023, operating net working capital amount to EUR 94,445 thousand (27.9% of LTM sales) compared to EUR 81,929 thousand at June 30, 2022 (23.7% of LTM sales).
- the sum of other short term receivables and payables decrease of EUR 2,973 thousand mainly due to decrease of credits for prepaid costs;
- the net effect of tax receivables/payables increases net working capital of EUR 2,257 thousand, mainly determined by the increase of VAT receivable.

FIXED ASSETS

The variation in fixed assets of EUR 8,550 thousand to June 30, 2023 from December 31, 2022, is due to the amortisation of the period and to the capex made during the first half 2023.

NET FINANCIAL POSITION

The financial position of the Group at June 30, 2023 shows a DEBT of EUR 137,627 thousand net of the IFRS 16 effect (EUR 142,447 thousand as at March 31, 2023).

Regarding financial debt, it should be noted that in the last two years the Aeffe Group 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.

SHAREHOLDERS' EQUITY

The shareholders' equity decreases for EUR 10,754 thousand from EUR 109,805 thousand as of December 31, 2022 to EUR 99,051 thousand as of June 30, 2023.

The number of shares is 107,362,504.

4. RESEARCH & DEVELOPMENT ACTIVITIES

Considering the particular nature of the Group's products, research & development activities consist in the continual technical/stylistic renewal of models and the constant improvement of the materials employed in production. Such costs were charged in full to the Income Statement.

5. TRANSACTIONS BETWEEN GROUP COMPANIES AND WITH RELATED PARTIES

During the period, there were no transactions with related parties, including intragroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of July 28, 2006, is provided in Note "Related party transactions".

6. SIGNIFICANT EVENTS OF THE PERIOD

On 29th March 2023, the Board of Directors of Aeffe S.p.A. has approved the projects for the absorption by Aeffe of Moschino S.p.A. ("Moschino") and Aeffe Retail ("Aeffe Retail"), both wholly-owned subsidiaries. Both operations are part of a corporate rationalization and reorganization process, commenced in 2022 with the absorption of Velmar S.p.A.,

intended to enhance the operational efficiency and coordination of Group activities and their coordination, through the reduction the number of decision-making levels and rationalizing the release of synergies within the Group and the consequent saving of the corporate, accounting, tax and administrative costs of the above mentioned controlled companies.

7. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant events occurred after the balance sheet date.

8. RISKS, UNCERTAINTIES AND PROSPECTIVES FOR THE REMAINING SIX MONTHS OF THE YEAR

The result for the first half of 2023 is clearly influenced by the ongoing Group's reorganization and strategic repositioning which will lead us in the short term to be much more competitive on the global market. Although we report a decrease in revenues compared to the same period last year, we are satisfied with the results of the retail channel, a direct consequence of the transition to a direct distribution model for the Moschino brand on the Chinese market. In addition to the good performance of the Alberta Ferretti, Philosophy di Lorenzo Serafini and Pollini brands, we are preparing a celebratory fashion show for the 40th anniversary of the Maison Moschino for the next Milan fashion week in September, which will mark a further step in the brand's repositioning and revamping project, boasting a significant development potential. We look forward to the second half of the year with constant attention towards the markets and our customers, but confident of returning to satisfactory growth very soon.

Half-year condensed financial statements at June 30, 2023

Financial statement

CONSOLIDATED BALANCE SHEET (*)

(Values in units of EUR)	Notes	At June 30, 2023	At December 31, 2022	Change
Trademarks		62,761,044	64,507,805	(1,746,761)
Other intangible fixed assets		1,686,437	1,513,335	173,102
Intangible fixed assets	(1)	64,447,481	66,021,140	(1,573,659)
Lands		17,123,494	17,123,494	-
Buildings		24,953,981	25,339,662	(385,681)
Leasehold improvements		11,138,665	11,208,330	(69,665)
Plant and machinery		3,298,879	3,564,074	(265,195)
Equipment		276,082	318,192	(42,110)
Other tangible fixed assets		3,509,027	3,696,868	(187,841)
Tangible fixed assets	(2)	60,300,128	61,250,620	(950,492)
Right-of-use assets	(3)	104,738,196	110,566,821	(5,828,625)
Equity investments	(4)	41,196	39,197	1,999
Other fixed assets	(5)	833	199,911	(199,078)
Deferred tax assets	(6)	14,527,763	13,894,621	633,142
NON-CURRENT ASSETS		244,055,597	251,972,310	(7,916,713)
Stocks and inventories	(7)	122,150,854	116,709,745	5,441,109
Trade receivables	(8)	55,543,273	62,850,576	(7,307,303)
Tax receivables	(9)	14,939,140	12,987,118	1,952,022
Derivate assets	(10)	56,651	-	56,651
Cash	(11)	22,391,656	21,657,539	734,117
Financial receivables		-	-	-
Other receivables	(12)	30,791,345	33,118,597	(2,327,252)
CURRENT ASSETS		245,872,919	247,323,575	(1,450,656)
TOTAL ASSETS		489,928,516	499,295,885	(9,367,369)
Share capital		24,606,247	24,606,247	-
Other reserves		89,029,880	93,516,643	(4,486,763)
Profits / (losses) carried-forward		(2,973,651)	735,589	(3,709,240)
Net profit / (loss) for the Group		(11,651,978)	(9,043,968)	(2,608,010)
Group interest in shareholders' equity		99,010,498	109,814,511	(10,804,013)
Minority interests in share capital and reserves		(9,052)	3,000	(12,052)
Net profit / (loss) for the minority interests		50,052	(12,052)	62,104
Minority interests in shareholders' equity		41,000	(9,052)	50,052
SHAREHOLDERS' EQUITY	(13)	99,051,498	109,805,459	(10,753,961)
Provisions	(14)	2,588,242	2,371,370	216,872
Deferred tax liabilities	(6)	15,122,855	15,798,928	(676,073)
Post employment benefits	(15)	3,435,116	3,551,239	(116,123)
Long term financial liabilities	(16)	144,413,245	159,276,843	(14,863,598)
Long term not financial liabilities	(17)	1,400,373	1,634,539	(234,166)
NON-CURRENT LIABILITIES		166,959,831	182,632,919	(15,673,088)
Trade payables	(18)	83,248,657	88,596,138	(5,347,481)
Tax payables	(19)	4,080,493	4,385,845	(305,352)
Derivate liabilities	(10)	-	173,473	(173,473)
Short term financial liabilities	(20)	116,444,238	94,204,084	22,240,154
Other liabilities	(21)	20,143,799	19,497,967	645,832
CURRENT LIABILITIES		223,917,187	206,857,507	17,059,680
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		489,928,516	499,295,885	(9,367,369)

Pursuant to Consob Resolution N. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated statement of financial position are presented in the specific scheme provided in the attachment I and are further described in the paragraph "Related party transactions".

CONSOLIDATED INCOME STATEMENT (*)

(Values in units of EUR)	Notes	1 st Half 2023		1 st Half 2022	
			%		%
REVENUES FROM SALES AND SERVICES	(22)	162,874,318	100.0%	176,506,070	100.0%
Other revenues and income	(23)	5,694,778	3.5%	4,249,458	2.4%
TOTAL REVENUES		168,569,096	103.5%	180,755,528	102.4%
Changes in inventory		10,069,166	6.2%	24,302,020	13.8%
Costs of raw materials, cons. and goods for resale	(24)	(70,732,128)	(43.4%)	(89,843,096)	(50.9%)
Costs of services	(25)	(55,412,794)	(34.0%)	(53,207,959)	(30.1%)
Costs for use of third parties assets	(26)	(3,391,993)	(2.1%)	(4,014,367)	(2.3%)
Labour costs	(27)	(36,867,999)	(22.6%)	(34,399,226)	(19.5%)
Other operating expenses	(28)	(3,734,805)	(2.3%)	(2,711,399)	(1.5%)
Amortisation, write-downs and provisions	(29)	(16,368,874)	(10.1%)	(13,919,428)	(7.9%)
Financial income/(expenses)	(30)	(4,906,106)	(3.0%)	(1,300,337)	(0.7%)
PROFIT / LOSS BEFORE TAXES		(12,776,437)	(7.8%)	5,661,736	3.2%
Taxes	(31)	1,174,511	0.7%	(2,795,167)	(1.6%)
NET PROFIT / LOSS		(11,601,926)	(7.1%)	2,866,569	1.6%
(Profit)/loss attributable to minority shareholders		(50,052)	(0.0%)	-	0.0%
NET PROFIT / LOSS FOR THE GROUP		(11,651,978)	(7.2%)	2,866,569	1.6%
Basic earnings per share	(32)	(0.118)		0.029	
Dilutive earnings per share	(32)	(0.118)		0.029	

(*) Pursuant to Consob Resolution N. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated Income Statement are presented in the specific scheme provided in the attachment II and are further described in the paragraph "Related party transactions".

COMPREHENSIVE INCOME STATEMENT

(Values in units of EUR)	1 st Half 2023	1 st Half 2022
Profit/(loss) for the period (A)	(11,601,926)	2,866,569
Remeasurement of defined benefit plans	-	-
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-
Total other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1)	-	-
Gains/(losses) on cash flow hedges	165,919	99,732
Gains/(losses) on exchange differences on translating foreign operations	682,045	441,412
Income tax relating to components of Other Comprehensive income / (loss)	-	-
Total other comprehensive income that will be reclassified subsequently to profit or loss, net of tax (B2)	847,964	541,144
Totale Other comprehensive income, net of tax(B1)+(B2)=(B)	847,964	541,144
Total Comprehensive income / (loss) (A) + (B)	(10,753,962)	3,407,713
Total Comprehensive income / (loss) attributable to:	(10,753,962)	3,407,713
Owners of the parent	(10,804,014)	3,407,713
Non-controlling interests	50,052	-

CONSOLIDATED CASH FLOW STATEMENT (*)

(Values in thousands of EUR)	Notes	1 st Half 2023	1 st Half 2022
Opening balance		21,658	31,307
Profit/loss before taxes		(12,776)	5,662
Amortisation / write-downs		16,369	13,920
Accrual (+)/availment (-) of long term provisions and post employment benefits		101	(30)
Paid income taxes		(440)	(2,475)
Financial income (-) and financial charges (+)		4,906	1,300
Change in operating assets and liabilities		(3,525)	(16,261)
Cash flow (absorbed) / generated by operating activity	(33)	4,635	2,116
Increase (-)/ decrease (+) in intangible fixed assets		(527)	(750)
Increase (-)/ decrease (+) in tangible fixed assets		(2,322)	(3,535)
Increase (-)/ decrease (+) in right-of-use assets		(4,567)	(8,827)
Investments and write-downs (-)/ Disinvestments and revaluations (+)		(2)	-
Cash flow (absorbed) / generated by investing activity	(34)	(7,418)	(13,112)
Other variations in shareholders' equity		848	(1,051)
Dividends paid		-	-
Proceeds (+)/repayment (-) of financial payments		11,443	4,455
Proceeds (+)/ repayment (-) of lease payments		(4,067)	1,666
Increase (-)/ decrease (+) in long term financial receivables		199	(1,111)
Financial income (+) and financial charges (-)		(4,906)	(1,300)
Cash flow (absorbed) / generated by financing activity	(35)	3,517	2,659
Closing balance		22,392	22,970

*) Pursuant to Consob Resolution N. 15519 of July 27, 2006, the effects of related party transactions on the Consolidated statement of cash flows are presented in the specific scheme provided in the attachment III and are further described in the paragraph "Related party transactions".

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(Values in thousands of EUR)</i>	Share capital	Share premium reserve	Cash flow reserve	Other reserves	Fair Value reserve	IAS reserve	Reamusement of defined benefit plans reserve	Translation reserve	Profit/(losses) carried-forward	Net profit / loss for the Group	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total shareholders' equity
At December 31, 2022	24,606	67,599	(125)	12,690	7,901	7,607	(1,225)	(930)	735	(9,044)	109,814	(9)	109,805
Allocation of 2022 income/(loss)	-	(5,335)	-	-	-	-	-	-	(3,709)	9,044	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) at 30/06/23	-	-	166	-	-	-	-	682	-	(11,652)	(10,804)	50	(10,754)
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
At June 30, 2023	24,606	62,264	41	12,690	7,901	7,607	(1,225)	(248)	(2,974)	(11,652)	99,010	41	99,051

<i>(Values in thousands of EUR)</i>	Share capital	Share premium reserve	Cash flow reserve	Other reserves	Fair Value reserve	IAS reserve	Reamusement of defined benefit plans reserve	Translation reserve	Profit/(losses) carried-forward	Net profit / loss for the Group	Group interest in shareholders' equity	Minority interest 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 2021 income/(loss)	-	-	-	(15,920)	-	-	-	-	28,046	(12,126)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock (buyback)/sale	(221)	(1,392)	-	-	-	-	-	-	-	-	(1,613)	-	(1,613)
Total comprehensive income/(loss) at 30/06/22	-	-	100	-	-	-	-	441	-	2,867	3,408	-	3,408
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
At June 30, 2022	24,696	67,942	84	12,690	7,901	7,607	(1,466)	(1,091)	725	2,867	121,955	-	121,955

Explanatory notes

GENERAL INFORMATION

Aeffe Group operates worldwide in the luxury goods sector and is active in the design, production and distribution of a wide range of products that includes prêt-à-porter, footwear and leather goods.

The Group develops, produces and distributes, with a constant focus on the qualities of uniqueness and exclusivity, its own collections both under its own-label brands, including “Alberta Ferretti”, “Philosophy di Lorenzo Serafini”, “Moschino” and “Pollini”, and licensed brands.

The Group also has licensed to key partners the production and distribution of other accessories and products with which it supplements its product range (perfumes, junior and children’s lines, watches, sunglasses and other).

The Group’s business is divided, based on the various product lines and brands it sells, into two segments: prêt-à-porter (which includes prêt-à-porter, lingerie and swimwear) and footwear and leather goods.

The Parent Company Aeffe, an Italian legal entity incorporated as a public limited company (società per azioni) based in San Giovanni in Marignano (RN), is currently listed in the – Euronext STAR Milan Segment – of the EXM, the Italian Stock Exchange operated by Borsa Italiana.

Aeffe is controlled by Fratelli Ferretti Holding S.r.l..

These consolidated financial statements include the financial statements of the Parent Company Aeffe and its subsidiaries and the Group’s equity interests in affiliated companies. They consist of the balance sheet, income statement, comprehensive income statement, cash flow statement, statement of changes in equity and these notes.

The financial statements are expressed in euro, since this is the currency in which most of the Group’s transactions are conducted. Foreign operations are included in the consolidated financial statements according to the principles stated in the notes that follow.

DECLARATION OF CONFORMITY AND REPORTING PRINCIPLES

The half-year condensed financial statements at June 30, 2023 have been prepared in accordance with International Financial Reporting Standards –“IFRS”- (the designation IFRS also includes all valid International Accounting Standards –“IAS”-, as well as all interpretations of the International Financial Reporting Interpretations Committee –“IFRIC”-, formerly the Standing Interpretations Committee –“SIC”-), issued by the International Accounting Standards Board –“IASB”– endorsed by the European Commission according to the procedures in art. 6 of (EC) Regulation n. 1606/2002 of the European Parliament and Council dated July 19, 2002. In particular, these half-year condensed financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting*.

In the “Accounting policies” section are showed the international accounting principles adopted.

Unless otherwise indicated in the measurement bases described below, these consolidated financial statements were prepared in accordance with the historic cost principle.

The measurement bases were applied uniformly by all Group companies.

CONSOLIDATION PRINCIPLES

The scope of consolidation at June 30, 2023 includes the financial statements of the Parent Company Aeffe and those of the Italian and foreign companies in which Aeffe holds control either directly or through its subsidiaries and associates or in which it exerts a dominant influence.

If necessary, adjustments were made to the financial statements of subsidiaries to bring their accounting policies into line with those adopted by the Group.

Companies are consolidated using the line-by-line method. The principles adopted for the application of this method are essentially as follows:

- the book value of equity investments held by the Parent Company or other consolidated companies is written-off against the corresponding net equity at June 30, 2023 in relation to assumption of the assets and liabilities of the subsidiaries;
- the difference between historical cost and fair value of the net equity of shareholdings on the acquisition date is allocated as much as possible to the assets and liabilities of the shareholdings. The remainder is allocated to goodwill. In accordance with the transitional provisions of IFRS 3, the Group, in case it was present, has ceased to depreciate goodwill, instead subjecting it to impairment tests;
- significant transactions between consolidated companies are written-off, as are receivables and payables and earnings not yet realised from third parties arising from transactions between Group companies, excluding any tax effect;
- minority interests in shareholders' equity and net profit are reported in the relevant items of the consolidated balance sheet and income statement;
- companies acquired during the period are consolidated from the date on which majority control was achieved.

Subsidiaries

Subsidiaries are enterprises controlled by the Company. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are consolidated from the date on which the Group acquires control and until the date when such control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition cost is determined by adding together the fair values of the assets transferred, the shares issued and the liabilities assumed on the acquisition date, plus the costs directly associated with the acquisition. Any surplus acquisition cost over the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill.

If the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate exceeds acquisition cost, the difference is immediately recorded in the income statement.

Intercompany balances, transactions, revenue and costs are eliminated in the consolidated statements.

Furthermore, intercompany business combinations are recognised by maintaining the same book value of assets and liabilities as previously recorded in the consolidated financial statements.

Associates

An associate is an enterprise in which the Group has significant influence, but has neither sole or joint control, by taking part in decisions regarding the company's financial and operating strategy.

Trading results and the assets and liabilities of associates are accounted for in the consolidated financial statements based on the equity method, except where they are classified as held for sale.

According to this method, equity interests in associates are recorded in the balance sheet at cost, adjusted to take account of changes following the acquisition of their net assets, excluding any loss in value of individual investments. Losses of associates that exceed the Group's percentage interest in them (including long-term receivables that essentially form part of the Group's net investment in the associate) are not recognised unless the Group has an obligation to cover them. The surplus acquisition cost over the parent's percentage share of the present value of the identifiable assets, liabilities and contingent liabilities of the associate on the acquisition date is recognised as goodwill. Goodwill is included in the carrying amount of the investment and is subjected to impairment tests. The historical cost deficit compared with the Group's percentage share of the fair value of the identifiable assets, liabilities and contingent liabilities of associates on the acquisition date is credited to the income statement in the year of acquisition. With reference to operations between a Group company and an associate, unrealised gains and losses are eliminated in equal measure to the Group's percentage interest in the associate, except for cases where the unrealised losses constitute evidence of impairment of the asset transferred.

SCOPE OF CONSOLIDATION

The companies included in the scope of consolidation are listed in the following table:

Company	Location	Currency	Share capital	Direct interest	Indirect interest
Companies included in the scope of consolidation					
Italian companies					
Aeffe Retail S.p.A.	S.G. in Marignano (RN) Italia	EUR	8,585,150	100%	
Moschino S.p.A.	S.G. in Marignano (RN) Italia	EUR	66,817,108	100%	
Pollini S.p.A.	Gatteo (FC) Italy	EUR	6,000,000	100%	
Pollini Retail S.r.l.	Gatteo (FC) Italy	EUR	5,000,000		100% (i)
Moschino Kids S.r.l.	Padernello di Paese (TV) Italia	EUR	10,000		70% (ii)
Foreign companies					
Aeffe France S.a.r.l.	Parigi (FR)	EUR	50,000	100%	
Aeffe UK Ltd.	Londra (GB)	GBP	310,000	100%	
Aeffe USA Inc.	New York (USA)	USD	600,000	100%	
Aeffe Germany G.m.b.h.	Metzingen (DE)	EUR	25,000	100%	
Aeffe Spagna S.l.u.	Barcelona (E)	EUR	320,000	100%	
Aeffe Netherlands B.V.	Rotterdam (NL)	EUR	25,000	100%	
Pollini Suisse S.a.g.l.	Chiasso (CH)	CHF	20,000		100% (i)
Pollini Austria G.m.b.h.	Vienna (A)	EUR	35,000		100% (i)
Fashoff UK Ltd.	Londra (GB)	GBP	1,550,000		100% (ii)
Moschino Korea Ltd.	Seoul (ROK)	KRW	6,192,940,000		100% (ii)
Moschino France S.a.r.l.	Parigi (FR)	EUR	50,000		100% (ii)
Moschino USA Inc.	New York (USA)	USD	10,000		100% (ii)
Bloody Mary Inc.	New York (USA)	USD	100,000		100% (ii)
Moschino Asia Pacific Ltd.	Hong Kong (HK)	HKD	500,000		100% (ii)
Moschino Shanghai Ltd	Shanghai (CN)	CNY	17,999,960		100% (iii)

Notes (details of indirect shareholdings):

- (i) owned by Pollini Spa;
- (ii) owned by Moschino Spa;
- (iii) owned by Moschino Asia Pacific; Ltd.

FOREIGN CURRENCIES

Functional and reporting currency

The amounts in the financial statements of each Group enterprise are measured using the operating currency or the currency of the economic area in which the enterprise operates. These consolidated financial statements are presented in euro, which is the operating and reporting currency of the Parent Company.

Foreign currency transactions

Foreign currency transactions are converted into the operating currency at the exchange rate in force on the transaction date. Cash assets and liabilities denominated in foreign currencies are converted at the exchange rate in force on the balance sheet date. Any exchange rate differences arising from the elimination of these transactions or from the conversion of cash assets and liabilities are posted to the income statement. Non-cash assets and liabilities in foreign currencies that are measured at fair value are converted at the exchange rates in force on the date on which the fair value was determined.

Financial statements of foreign companies

The financial statements of companies outside the euro-zone are translated into euro based on the following procedures:

- (i) assets and liabilities, including goodwill and fair value adjustments arising from consolidation are converted at the exchange rate in force on the balance sheet date;
- (ii) revenue and costs are converted at the average rate for the period, which must be close to the exchange rate in force on the transaction date;
- (iii) exchange rate differences are recognised in a separate account in shareholders' equity. When a foreign company is sold, the total amount of accumulated exchange rate differences relating to that company are recorded in the income statement.

The exchange rates used for the conversion into euro of the financial and equity statements of companies included in the scope of consolidation are listed in the following table:

Currency description	Average exchange rate 1 st Half 2023	Actual exchange rate 30/06/2023	Average exchange rate FY 2022	Actual exchange rate 31/12/2022	Average exchange rate 1 st Half 2022	Actual exchange rate 30/06/2022
Hong Kong Dollar	8.4709	8.5157	8.3163	8.2451	8.5559	8.1493
Renminbi chinese (yuan)	7.4894	7.8983	7.3582	7.0788	7.0823	6.9624
United States Dollar	1.0807	1.0866	1.0666	1.0530	1.0934	1.0387
United Kingdom Pound	0.8764	0.8583	0.8869	0.8528	0.8539	0.8582
South Korean Won	1,400.43	1,435.88	1,344.09	1,358.07	1,347.84	1,351.60
Swiss Franc	0.9856	0.9788	0.9847	1.0047	1.0319	0.9960

FINANCIAL STATEMENT FORMATS

As part of the options available under IAS 1 for the preparation of its economic and financial position, The Group has elected to adopt a balance sheet format that distinguishes between current and non-current assets and liabilities, and an income statement that classifies costs by type of expenditure, since this is deemed to reflect more closely its business activities. The cash flow statement is presented using the "indirect" format.

With reference to Consob Resolution n. 15519 dated July 27, 2006 regarding the format of the financial statements, additional schedules have also been presented for the income statement, the statement of financial position and the statement of cash flows in order to identify any significant transactions with related parties. This has been done to avoid any compromising the overall legibility of the main financial statements.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this half-year financial report are the same used as those used in the preparation of the consolidated financial statement as of December 31, 2021, except for the following interpretations and amendments to the accounting principles that have been mandatory since January 1, 2023.

Accounting standards, amendments and interpretations approved by the European Union, applicable from 1 January 2023,:

- **amendments to IFRS 17 "Insurance contracts":** the new standard establishes the principles for the recognition, evaluation, presentation and disclosure of insurance contracts under the IAS / IFRS international accounting standards. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents such contracts. This information provides users of the financial statements with a basis for evaluating the effect that insurance contracts have on the financial position, financial results and cash flows of the entity. IFRS 17 was issued in May 2017 and applies to annual financial years starting on or after 1 January 2023;
- **amendments to IAS 1 "Presentation of Financial Statements":** Classification of Liabilities as Current or Noncurrent". The document aims to clarify how to classify debts and other short-term or long-term liabilities. The changes come into force on 1 January 2023; however, early application is permitted;

- **amendments to IAS 12 “Income Taxes”:** Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The document clarifies how deferred taxes must be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leasing and decommissioning obligations. The amendments will apply from 1 January 2023, but early application is permitted.

COMMENTS ON THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

1. INTANGIBLE FIXED ASSETS

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)	Brands	Other	Total
NBV at January 1, 2023	64,508	1,513	66,021
Increases	-	558	558
- increases externally acquired	-	558	558
- increases from business aggregations	-	-	-
Disposals	-	(13)	(13)
Translation diff. / other variations	-	(18)	(18)
Amortisation	(1,747)	(354)	(2,101)
NBV at June 30, 2023	62,761	1,686	64,447

Changes in intangible fixed assets highlight the following variations:

- increases equal to EUR 558 thousand, mainly related to “Other”;
- amortisation of the period equal to EUR 2,101 thousand.

Brands

This item includes the Group’s own-label brands (“Alberta Ferretti”, “Moschino” and “Pollini”). A breakdown of brands is given below:

(Values in thousands of EUR)	Brand residual life	June 30, 2023	December 31, 2022
Alberta Ferretti	20	2,457	2,520
Moschino	22	35,096	36,060
Pollini	18	25,208	25,928
Total		62,761	64,508

Other

The item other mainly includes software licences.

2. TANGIBLE FIXED ASSETS

The table below illustrates the breakdown and the changes of this item:

(Values in thousands of EUR)

	Lands	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total
NBV at January 1, 2023	17,123	25,340	11,209	3,564	318	3,697	61,251
Increases	-	-	1,836	139	18	346	2,339
Disposals	-	(7)	-	(1)	(1)	(11)	(20)
Translation diff. / other variations	-	-	(24)	2	-	(11)	(33)
Depreciation	-	(379)	(1,882)	(405)	(59)	(512)	(3,237)
NBV at June 30, 2023	17,123	24,954	11,139	3,299	276	3,509	60,300

Tangible fixed assets are changed as follows:

- Increases for new investments of EUR 2,339 thousand. These mainly refer to new investments in leasehold improvements and buildings.
- Disposals, net of the accumulated depreciation, of EUR 20 thousand.
- Decrease for translation differences and other variations of EUR 33 thousand.
- Depreciation of EUR 3,237 thousand charged in relation to all tangible fixed assets, except for land, using the rates applicable to each category.

3. RIGHT-OF-USE ASSETS

The table below illustrates the changes of this item:

(Values in thousands of EUR)

	Buildings	Car	Other	Total
NBV at January 1, 2023	108,580	1,153	834	110,567
Increases	4,410	56	106	4,572
Disposals	(380)	-	-	(380)
Translation diff. / other variations	375	-	-	375
Depreciation	(9,929)	(245)	(222)	(10,396)
NBV at June 30, 2023	103,056	964	718	104,738

The item Buildings includes Activities by right of use relating mainly to shop rental contracts and to a residual extent relating to rental contracts for offices, and other spaces. The increases are linked to new lease agreements relating to the opening or relocation of retail stores and the renewal of existing lease agreements.

The entry is changed as follows:

- Increases of EUR 4,572 thousand.
- Decreases of EUR 380 thousand.
- Positive differences arising on translation of EUR 375 thousand.
- Depreciation of EUR 10,396 thousand.

4. EQUITY INVESTMENTS

This item includes holdings represented by the cost.

5. OTHER FIXED ASSETS

The item includes long-term receivables of a non-financial nature.

6. DEFERRED TAX ASSETS AND LIABILITIES

The table below illustrates the breakdown of this item at June 30, 2023 and at December 31, 2022:

(Values in thousands of EUR)	Receivables		Liabilities	
	At June 30, 2023	At December 31, 2022	At June 30, 2023	At December 31, 2022
Tangible fixed assets	4	5	(17)	(17)
Intangible fixed assets	3	3	(144)	(144)
Provisions	3,789	3,997	(6)	(6)
Costs deductible in future periods	787	636	(17)	(17)
Income taxable in future periods	-	-	(189)	(138)
Tax losses carried forward	2,603	1,963	-	-
Other	3,566	3,555	(1,053)	(1,313)
Tax assets (liabilities) from transition to IAS	3,776	3,736	(13,697)	(14,164)
Total	14,528	13,895	(15,123)	(15,799)

Changes in temporary differences during the period are illustrated in the following table:

(Values in thousands of EUR)	Opening balance	Differences arising on translation	Recorded in the income statement	Other	Closing balance
Tangible fixed assets	(12)	-	(1)	-	(13)
Intangible fixed assets	(141)	-	-	-	(141)
Provisions	3,991	(4)	(204)	-	3,783
Costs deductible in future periods	619	(1)	140	12	770
Income taxable in future periods	(138)	-	(51)	-	(189)
Tax losses carried forward	1,963	(91)	1,678	(947)	2,603
Other	2,242	1	270	-	2,513
Tax assets (liabilities) from transition to IAS	(10,428)	1	589	(83)	(9,921)
Total	(1,904)	(94)	2,421	(1,018)	(595)

Deferred tax assets related to costs deductible in future periods mainly relate to the deferred taxation on provisions for doubtful investments and for risks and charges.

CURRENT ASSETS

7. STOCKS AND INVENTORIES

This item comprises:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Raw, ancillary and consumable materials	8,715	10,956	(2,241)	(20.5%)
Work in progress	7,162	7,169	(7)	(0.1%)
Finished products and goods for resale	106,259	98,569	7,690	7.8%
Advance payments	15	16	(1)	(6.3%)
Total	122,151	116,710	5,441	4.7%

Inventories of raw materials and work in progress mainly relate to the production of the Autumn/Winter 2022 collections, while finished products mainly concern the Spring/Summer 2023 and the Autumn/Winter 2023 collections and the Spring/Summer 2024 sample collections.

(Values in thousands of EUR)	At December 31,	Increases	Decreases / Other changes	At June 30,
	2022			2023
Inventory write-down fund	(20,392)	(237)	2,145	(18,484)
Total	(20,392)	(237)	2,145	(18,484)

The value of inventories is already indicated net of the obsolescence provision equal to EUR 18,484 thousand. The obsolescence provision reflects the best estimate made by management on the basis of the breakdown by year and season of inventories, on the considerations derived from the past experience of sales through alternative channels and the future prospects of sales volumes.

8. TRADE RECEIVABLES

This item is illustrated in details in the following table:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Trade receivables	58,775	66,218	(7,443)	(11.2%)
(Allowance for doubtful account)	(3,232)	(3,367)	135	(4.0%)
Total	55,543	62,851	(7,308)	(11.6%)

Trade receivables amount to EUR 58,775 thousand at June 30, 2023, with a 11.2% decrease compared with the amount at December 31, 2022. Management considers that the fair value of amounts due from customers approximates their book value.

The allowance for doubtful accounts is determined by reference to a detailed analysis of the available information and, in general, is based on historical trends.

The following table shows the movements of the bad debt provision for the year:

(Values in thousands of EUR)	At December 31, 2022	Increases	Decreases / Other changes	At June 30, 2023
(Allowance for doubtful account)	3,367	157	(292)	3,232
	3,367	157	(292)	3,232

9. TAX RECEIVABLES

This item is illustrated in details in the following table:

(Values in thousands of EUR)	At June 30, 2023	At December 31, 2022	Change	
			Δ	%
VAT	8,690	7,018	1,672	23.8%
Corporate income taxes (IRES)	3,120	2,731	389	14.2%
Local business tax (IRAP)	550	699	(149)	(21.3%)
Amounts due by tax authority for withheld taxes	4	5	(1)	(20.0%)
Other tax receivables	2,575	2,534	41	1.6%
Total	14,939	12,987	1,952	15.0%

As of June 30, 2023, the Group's tax receivables amount to EUR 14,939 thousand, recording an increase of EUR 1,952 thousand compared to December 31, 2022, mainly due to the increase of VAT receivable.

10. DERIVATE ASSETS AND LIABILITIES

The AEFTE Group, characterized by an important presence in international markets, is exposed to exchange rate risk mainly for purchases by the subsidiary Pollini in US Dollars (USD). The Group signs forward currency derivative contracts (USD) at term (Forward) with primary credit institutions to cover the aforementioned risk. These contracts are set up to cover a specific percentage of expected purchase volumes in USD. At the balance sheet date, the notional amount of forward currency contracts stipulated is USD 5,500 thousand (USD 4,000 thousand at 30/06/2022). All contracts opened at 30/06/2023 will expire in 2023.

The composition of the derivative financial instruments in place at June 30, 2023 and December 31, 2022 is summarized below with an indication of the respective current and non-current accounting values referring to the fair value and fair value of the cash flow hedge reserve, this last shown net of the related deferred tax effect:

(Values in thousands of EUR)	At June 30, 2023			At December 31, 2022		
	Assets	Liabilities	Hedging Reserve	Assets	Liabilities	Hedging Reserve
Forward contracts for cash flow hedge exchange rate risk	-	-	-	-	-	-
TOTAL NON CURRENT	-	-	-	-	-	-
Forward contracts for cash flow hedge exchange rate risk	57	-	41	-	(173)	(125)
TOTAL CURRENT	57	-	41	-	(173)	(125)

The cash flow hedge reserve relating to forward contracts hedging the currency risk on currencies amounts to EUR 41 thousand net of the related tax effect (EUR -16 thousand).

The transfer to the 1st Half 2023 income statement of the effect of the hedging transactions on exchange rate risk was equal to EUR 246 thousand brought to costs increase.

11. CASH

This item includes:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Bank and post office deposits	22,007	21,131	876	4.1%
Cheques	20	27	(7)	(25.9%)
Cash in hand	365	500	(135)	(27.0%)
Total	22,392	21,658	734	3.4%

Bank and postal deposits represent the nominal value of the current account balances with credit institutions, including interest accrued on the balance sheet date. Cash in hand and equivalents represent the nominal value of the cash held on the balance sheet date.

The increase in cash and cash equivalent, recorded at June 30, 2023 compared with the amount recorded at December 31, 2022, is EUR 734 thousand. About the reason of this variation refer to the Statement of Cash Flows.

12. OTHER RECEIVABLES

This caption comprises:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Credits for prepaid costs	25,754	27,559	(1,805)	(6.5%)
Advances for royalties and commissions	160	15	145	966.7%
Advances to suppliers	297	130	167	128.5%
Accrued income and prepaid expenses	2,186	1,716	470	27.4%
Other	2,394	3,699	(1,305)	(35.3%)
Total	30,791	33,119	(2,328)	(7.0%)

Other current receivables decrease by EUR 2,328 thousand mainly for the decrease of prepaid leases and credits for prepaid costs and of prepayments and accrued income generated by the seasonality of the business.

Credits for prepaid costs relate to the costs incurred to design and make samples for the Spring/Summer 2024 collections, which the corresponding revenues from sales have not been realised yet for and the partial suspension of the same costs for the Autumn/Winter 2023 collections.

13. SHAREHOLDERS' EQUITY

Described below are the main categories of shareholders' equity at June 30, 2023, while the corresponding variations are described in the prospect of shareholders' equity.

(Values in thousands of EUR)	At June 30, 2023	At December 31, 2022	Change Δ
Share capital	24,606	24,606	-
Share premium reserve	62,264	67,599	(5,335)
Cash flow reserve	41	(125)	166
Other reserves	12,690	12,690	-
Fair value reserve	7,901	7,901	-
IAS reserve	7,607	7,607	-
Reamasurement of defined benefit plans reserve	(1,225)	(1,225)	-
Translation reserve	(248)	(930)	682
Profits / (losses) carried-forward	(2,974)	735	(3,709)
Net profit / (loss) for the Group	(11,652)	(9,044)	(2,608)
	41	(9)	50
Total	99,051	109,805	(10,804)

SHARE CAPITAL

Share capital as of June 30, 2023, totally subscribed and paid, (gross of treasury shares) totals EUR 26,841 thousand), and is represented by 107,362,504 shares, par value EUR 0.25 each. At June 30, 2023 the Parent Company holds 8,937,519 treasury shares, representing the 8.325% of its share capital.

There are no shares with restricted voting rights, without voting rights or with preferential rights. No treasury shares of the Parent Company were purchased during the period.

SHARE PREMIUM RESERVE

The variation in the share premium reserve amounts to EUR 5,335 thousand and it is related to cover the prior-year loss of the Parent Company.

CASH FLOW RESERVE

For the change in the cash flow hedge reserve of EUR 166 thousand, please refer to note 10 of the assets and liabilities for derivatives.

OTHER RESERVES

This item did not change during the half-year.

FAIR VALUE RESERVE

The fair value reserve derives from the application of IAS 16 in order to measure the land and buildings owned by the Company at their fair value, as determined with reference to an independent appraisal.

IAS RESERVE

The IAS reserve, formed on the first-time adoption of IFRS, reflects the differences in value that emerged on the transition from ITA GAAP to IFRS. The differences reflected in this equity reserve are stated net of tax effect, as required by IFRS 1. Each difference was allocated on a pro rata basis to minority interests.

REAMISUREMENT OF DEFINED BENEFIT PLANS RESERVE

The reamasurement of defined benefit plans reserve amounts to EUR -1.225 thousand and it remains unchanged since December 31, 2022.

TRANSLATION RESERVE

The translation reserve amounts to EUR -248 thousand and is related to the conversion of companies' financial statements in other currency than EUR.

PROFITS/(LOSSES) CARRIED-FORWARD

The caption Profits/(losses) carried-forward decrease mainly as a consequence of the consolidated result recorded during the year ended at December 31, 2022.

NON-CURRENT LIABILITIES

14. PROVISIONS

Provisions are illustrated in the following statement:

(Values in thousands of EUR)	At December 31, 2022	Increases	Decreases	At June 30, 2023
Pensions and similar obligations	1,409	318	(62)	1,665
Other	962	150	(189)	923
Total	2,371	468	(251)	2,588

The supplementary clientele severance indemnity fund is determined based on an estimate of the liability relating to the severance of agency contracts, taking account of statutory provisions and any other relevant factor, such as statistical data, average duration of agency contracts and their rate of turnover. The item is calculated based on the actual value of the outflow necessary to extinguish the obligation.

The other provisions mainly relate to provisions for future charges and risks linked to organizational changes.

Potential tax liabilities for which no reserves have been established, since it is not considered probable that they will give rise to a liability for the Group, are described in the paragraph "Contingent liabilities".

15. POST-EMPLOYMENT BENEFITS

The severance indemnities payable on a deferred basis to all employees of the Group are deemed to represent a defined benefits plan (IAS 19), since the employer's obligation does not cease on payment of the contributions due on the remuneration paid, but continue until termination of the employment relationship.

For plans of this type, the standard requires the amount accrued to be projected forward in order to determine the amount that will be paid on the termination of employment, based on an actuarial valuation that takes account of employee turnover, likely future pay increases and any other applicable factors. This methodology does not apply to those employees whose severance indemnities are paid into approved supplementary pension funds which, in the circumstances, are deemed to represent defined contributions plans.

Changes in the provision are illustrated in the following statement:

(Values in thousands of EUR)	At December 31, 2022	Increases	Decreases/ Other variations	At June 30, 2023
Post employment benefits	3,551	28	(144)	3,435
Total	3,551	28	(144)	3,435

Increases include the share of post employment benefits matured in the year and the related revaluation, while the entry decreases/other changes includes the decrease for the liquidation of the post employment benefits and the actuarial loss.

16. LONG-TERM FINANCIAL LIABILITIES

The following table contains details of long-term borrowings:

(Values in thousands of EUR)	At June 30, 2023	At December 31, 2022	Change	
			Δ	%
Loans from financial institutions	59,307	70,444	(11,137)	(15.8%)
Lease liabilities	85,106	88,833	(3,727)	(4.2%)
Total	144,413	159,277	(14,864)	(9.3%)

The entry “Loans from financial institutions” relates to the portion of bank loans due beyond 12 months. It is about unsecured loans and bank finance not assisted by any form of security and they are not subject to special clauses, except for the early repayment clauses normally envisaged in commercial practice. The only exception is a mortgage loan on the property located in Gatteo headquarters of the subsidiary Pollina S.p.A. of EUR 14,113 thousand.

Furthermore, there are no covenants to comply with specific financial terms or negative pledges.

Lease liabilities relate to the application of IFRS 16.

The following table contains details of bank loans as of June 30, 2023, including the current portion and long term portion:

(Values in thousands of EUR)	Total amount	Current portion	Long term portion
Bank borrowings	79,742	20,435	59,307
Total	79,742	20,435	59,307

It should be noted that the amount due beyond five years amounts to EUR 4,909 thousand.

17. LONG-TERM NOT FINANCIAL LIABILITIES

The item amounts to EUR 1,400 thousand at June 30, 2023, decreasing compared to EUR 1,635 thousand December 31, 2022.

CURRENT LIABILITIES

18. TRADE PAYABLES

The item is compared with the respective value at December 31, 2022:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Trade payables	83,249	88,596	(5,347)	(6.0%)
Total	83,249	88,596	(5,347)	(6.0%)

Trade payables are due within 12 months and concern debts for supplying goods and services.

19. TAX PAYABLES

Tax payables are analysed in comparison with the related balances as of December 31, 2022 in the following table:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Local business tax (IRAP)	393	161	232	144.1%
Corporate income tax (IRES)	290	71	219	308.5%
Amounts due to tax authority for withheld taxes	1,936	2,439	(503)	(20.6%)
VAT due to tax authority	1,165	871	294	33.8%
Other	296	844	(548)	(64.9%)
Total	4,080	4,386	(306)	(7.0%)

Tax payables decrease of EUR 306 thousand compared with December 31, 2022.

20. SHORT-TERM FINANCIAL LIABILITIES

A breakdown of this item is given below:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Due to banks	100,711	78,131	22,580	28.9%
Lease liabilities	15,733	16,073	(340)	(2.1%)
Total	116,444	94,204	22,240	23.6%

Current bank debts include advances granted by credit institutions, current loans and the current portion of long-term financing commitments. Advances mainly consist of withdrawals from short-term credit facilities to finance the working capital requirement.

Leasing payables relate to the application of IFRS16.

21. OTHER LIABILITIES

Other current liabilities are analysed on a comparative basis in the following table:

(Values in thousands of EUR)	At June 30,	At December 31,	Change	
	2023	2022	Δ	%
Due to total security organization	3,672	3,628	44	1.2%
Due to employees	7,541	5,274	2,267	43.0%
Trade debtors - credit balances	3,094	2,957	137	4.6%
Accrued expenses and deferred income	2,003	3,702	(1,699)	(45.9%)
Other	3,834	3,937	(103)	(2.6%)
Total	20,144	19,498	646	3.3%

The entry Other liabilities records an increase of EUR 646 thousand compared to December 31, 2022.

SEGMENT INFORMATION REGARDING PROFIT OR LOSS, ASSETS AND LIABILITIES

In order to apply the IFRS 8 the Group has considered to delineate as operative sectors the same used by IAS 14 Segment reporting: *Prêt-à porter* Division and footwear and leather goods Division. Such decision has been taken because they represent business activities from which the entity may earn revenues and incur expenses, whose operating result are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Prêt-à porter Division is mainly represented by the companies Aeffe and Moschino, operating in the design, production and distribution of luxury prêt-à porter and lingerie, beachwear and loungewear collections.

In terms of prêt-à porter collections, the activity is carried out by Aeffe, both for the production of the Group's own-label brands ("Alberta Ferretti", "Philosophy di Lorenzo Serafini", "Moschino", "Boutique Moschino" and "Love Moschino") and brands licensed from other companies. Aeffe also handles the distribution of all Division products, which takes place via the retail channel through subsidiaries and via the wholesale channel.

Furthermore Aeffe manufactures and distributes lingerie and swimwear collections, and specifically men's/women's lingerie, underwear, beachwear and loungewear. Collections are produced and distributed under the Group's own-label brands such as "Moschino", and under third-party licensed brands.

The Prêt-a-porter Division also manages licensing agreements granted to other companies to manufacture Aeffe and Moschino branded product lines such as the "Moschino" brand licensing agreement relating to the love line, "Moschino" branded perfumes and sunglasses.

The footwear and leather goods Division, which is composed of Pollini and its subsidiaries, mainly handles the design, production and distribution of footwear, small leather goods, bags and matching accessories made from exclusive materials. The operating activity is mainly carried out by Pollini, which directly handles the design, production and distribution of own-label products, as well as the production and distribution of brands licensed by Group companies.

The footwear and leather goods division also manages licensing agreements granted to other companies to manufacture "Pollini" products such as umbrellas, foulards and ties.

The following tables indicate the main economic data for the first half-year 2023 and 2022 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
1st Half 2023				
SECTOR REVENUES	108,820	75,263	(21,209)	162,874
Intercompany revenues	(8,010)	(13,199)	21,209	-
Revenues with third parties	100,810	62,064	-	162,874
Gross operating margin (EBITDA)	971	7,528	-	8,499
Amortisation	(12,780)	(2,953)	-	(15,733)
Other non monetary items:				
Write-downs	(481)	(155)	-	(636)
Net operating profit / loss (EBIT)	(12,290)	4,420	-	(7,870)
Financial income	107	184	-	291
Financial expenses	(4,141)	(1,056)	-	(5,197)
Profit / loss before taxes	(16,324)	3,548	-	(12,776)
Income taxes	2,340	(1,166)	-	1,174
Net profit / loss	(13,984)	2,382	-	(11,602)

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
1st Half 2022				
SECTOR REVENUES	120,181	80,172	(23,847)	176,506
Intercompany revenues	(8,737)	(15,110)	23,847	-
Revenues with third parties	111,444	65,062	-	176,506
Gross operating margin (EBITDA)	12,784	8,098	-	20,882
Amortisation	(10,629)	(2,291)	-	(12,920)
Other non monetary items:				
Write-downs	(780)	(220)	-	(1,000)
Net operating profit / loss (EBIT)	1,375	5,587	-	6,962
Financial income	466	681	(26)	1,121
Financial expenses	(1,722)	(725)	26	(2,421)
Profit / loss before taxes	119	5,543	-	5,662
Income taxes	(1,022)	(1,773)	-	(2,795)
Net profit / loss	(903)	3,770	-	2,867

The following tables indicate the main patrimonial and financial data at June 30, 2023 and December 31, 2022 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
At June 30, 2023				
SECTOR ASSETS	352,070	151,122	(42,730)	460,462
<i>of which non-current assets (*)</i>				
<i>Intangible fixed assets</i>	<i>39,159</i>	<i>25,288</i>	-	<i>64,447</i>
<i>Tangible fixed assets</i>	<i>52,732</i>	<i>7,568</i>	-	<i>60,300</i>
<i>Right-of-use assets</i>	<i>93,738</i>	<i>11,000</i>	-	<i>104,738</i>
<i>Other non-current assets</i>	<i>23</i>	<i>19</i>	-	<i>42</i>
OTHER ASSETS	24,323	5,144	-	29,467
CONSOLIDATED ASSETS	376,393	156,266	(42,730)	489,929
SECTOR LIABILITIES	328,242	86,162	(42,730)	371,674
OTHER LIABILITIES	12,816	6,387	-	19,203
CONSOLIDATED LIABILITIES	341,058	92,549	(42,730)	390,877

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

(Values in thousand of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
At December 31, 2022				
SECTOR ASSETS	360,176	154,968	(42,730)	472,414
<i>of which non-current assets (*)</i>				
<i>Intangible fixed assets</i>	<i>39,996</i>	<i>26,025</i>	<i>-</i>	<i>66,021</i>
<i>Tangible fixed assets</i>	<i>53,524</i>	<i>7,727</i>	<i>-</i>	<i>61,251</i>
<i>Right-of-use assets</i>	<i>99,009</i>	<i>11,558</i>	<i>-</i>	<i>110,567</i>
<i>Other non-current assets</i>	<i>220</i>	<i>19</i>	<i>-</i>	<i>239</i>
OTHER ASSETS	22,448	4,437	-	26,885
CONSOLIDATED ASSETS	382,624	159,405	(42,730)	499,299
SECTOR LIABILITIES	320,179	91,856	(42,730)	369,305
OTHER LIABILITIES	13,807	6,378	-	20,185
CONSOLIDATED LIABILITIES	333,986	98,234	(42,730)	389,490

(*) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts

Segment information by geographical area

The following table indicates the revenues for the first half-year 2023 and 2022 divided by geographical area:

(Values in thousands of EUR)	1 st Half 2023		1 st Half 2022		Δ	Change %
		%		%		
Italy	68,177	41.9%	71,301	40.4%	(3,124)	(4.4%)
Europe (Italy excluded)	50,217	30.8%	59,316	33.6%	(9,099)	(15.3%)
Asia and Rest of the World	34,359	21.1%	31,546	17.9%	2,813	8.9%
America	10,121	6.2%	14,343	8.1%	(4,222)	(29.4%)
Total	162,874	100.0%	176,506	100.0%	(13,632)	(7.7%)

COMMENTS ON THE CONSOLIDATED INCOME STATEMENT

22. REVENUES FROM SALES AND SERVICES

Accounting Policy:

Revenues from sales and services derive mainly from the sale of goods with the recognition of "at point in time" revenues when the asset was transferred to the customer. This is provided for both the Wholesale distribution (shipment of goods to the customer, and for retail distribution when the asset is sold through a physical store. With regard to the export of goods, the control can be transferred in various stages depending on the type of product). Incoterm applied to the specific customer. This premise leads to a limited judgment on the identification of the control passage of the asset and the consequent recognition of the revenue.

A part of the group's revenues derives from the recognition of the Royalties, agreed, based on a predetermined percentage in the contract with the customer, on the net turnover. The royalties accrue "at point in time", therefore at the time of issue by the Licensee, of the invoices for the sale of the products granted.

Determination of the transaction price:

Most of the Group's revenues derive from list prices that can vary depending on the type of product, brand and geographical region. Some contracts with the Group's Retail Companies provide for the transfer of control with the right of return. Being intra-group transactions they do not impact the consolidated financial statements as they are eliminated.

With regard to the recognition of Royalties, these are calculated based on a percentage of the Licensee's net sales. The percentage may vary depending on the type of product.

Breakdown of revenues from sales and services (IFRS 15)

(Values in thousands of EUR)	Prêt-à porter Division	Footwear and leather goods Division	Elimination of intercompany transactions	Total
1 st Half 2023				
Geographical area	108,820	75,263	(21,209)	162,874
Italy	46,806	38,341	(16,970)	68,177
Europe (Italy excluded)	23,871	27,754	(1,408)	50,217
Asia and Rest of the World	27,836	7,655	(1,132)	34,359
America	10,307	1,513	(1,699)	10,121
Brand	108,820	75,263	(21,209)	162,874
Alberta Ferretti	12,000	911	(1,145)	11,766
Philosophy	8,905	279	(412)	8,772
Moschino	86,946	55,438	(19,263)	123,121
Pollini	-	17,186	(9)	17,177
Other	969	1,449	(380)	2,038
Distribution channel	108,820	75,263	(21,209)	162,874
Wholesale	61,594	64,893	(15,909)	110,578
Retail	36,683	10,298	21	47,002
Royalties	10,543	72	(5,321)	5,294
Timing of goods and services transfer	108,820	75,263	(21,209)	162,874
POINT IN TIME (transfer of significant risks and benefits connected to the property of the asset)	98,277	75,191	(15,888)	157,580
POINT IN TIME (Royalties accrual on Licensee's turnover)	10,543	72	(5,321)	5,294

In the first semester of 2023, Aeffe consolidated revenues amount to EUR 162,874 thousand compared to EUR 176,506 thousand in the first semester of 2022 (-7.7% at current exchange rates, -7.4% at constant exchange rates). Increasing revenues in Asia where the Moschino brand has introduced a direct distribution system.

23. OTHER REVENUES AND INCOME

This item comprises:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2023	2022	Δ	%
Other income	5,695	4,249	1,446	34.0%
Total	5,695	4,249	1,446	34.0%

In 1H 2023, the caption other revenues and income, which amounts to EUR 5,695 thousand, is composed by co-branding activities, time expiry of receivables and payables that arose in prior years, exchange gains on commercial transaction, rental income, sales of raw materials and packaging.

24. COSTS OF RAW MATERIALS

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2023	2022	Δ	%
Raw, ancillary and consumable materials and goods fo	70,732	89,843	(19,111)	(21.3%)
Total	70,732	89,843	(19,111)	(21.3%)

The entry purchase of raw materials decreases of EUR 19,111 thousand.

This item mainly includes costs for the acquisition of raw materials such as fabrics, threads, skins and accessories, purchases of finished products for resale (products sold) and packaging.

25. COSTS OF SERVICES

This item comprises:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2023	2022	Δ	%
Subcontracted work	14,442	13,318	1,124	8.4%
Consultancy fees	11,724	11,057	667	6.0%
Advertising	8,684	7,980	704	8.8%
Commission	5,330	5,607	(277)	(4.9%)
Transport	5,199	6,125	(926)	(15.1%)
Utilities	1,215	1,477	(262)	(17.7%)
Directors' and auditors' fees	1,712	1,810	(98)	(5.4%)
Insurance	361	451	(90)	(20.0%)
Bank charges	445	697	(252)	(36.2%)
Travelling expenses	993	632	361	57.1%
Other services	5,308	4,054	1,254	30.9%
Total	55,413	53,208	2,205	4.1%

Costs of services increase from EUR 53,208 thousand in the 1H 2022 to EUR 55,413 thousand in the 1H 2023, up by 4.1%. The increase is mainly due to the increase in “subcontracted work”, “consultancy fees” and “advertising”.

26. COSTS FOR USE OF THIRD PARTIES ASSETS

This item comprises:

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022	Change	
			Δ	%
Rental expenses	2,522	3,063	(541)	(17.7%)
Royalties	418	580	(162)	(27.9%)
Hire charges and similar	452	371	81	21.8%
Total	3,392	4,014	(622)	(15.5%)

The costs for use of third parties assets decreases by EUR 622 thousand from EUR 4,014 thousand in 1H 2022 to EUR 3,392 thousand in 1H 2023.

27. LABOUR COSTS

The item includes:

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022	Change	
			Δ	%
Labour costs	36,868	34,399	2,469	7.2%
Total	36,868	34,399	2,469	7.2%

Labour costs increase from EUR 34,399 thousand in 1H 2022 to EUR 36,868 thousand in 1H 2023 with an incidence on revenues which increases from 19.5% in the first semester 2022 to 22.6% in the first semester 2023.

The workforce changes from an average of 1,325 units in the 1H 2022 to 1,426 units in the 1H 2023.

Average number of employees by category	1 st Half 2023	1 st Half 2022	Change	
			Δ	%
Workers	231	232	(1)	(0.4%)
Office staff-supervisors	1,168	1,063	105	9.9%
Executive and senior managers	27	30	(3)	(10.0%)
Total	1,426	1,325	101	7.6%

28. OTHER OPERATING EXPENSES

This item includes:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2023	2022	Δ	%
Taxes	547	534	13	2.4%
Gifts	192	122	70	57.4%
Contingent liabilities	226	94	132	140.4%
Write-down of current receivables	80	261	(181)	(69.3%)
Foreign exchange losses	2,349	1,333	1,016	76.2%
Other operating expenses	341	367	(26)	(7.1%)
Total	3,735	2,711	1,024	37.8%

29. AMORTISATION, WRITE-DOWNS AND PROVISIONS

This item includes:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2023	2022	Δ	%
Amortisation of intangible fixed assets	2,101	2,012	89	4.4%
Depreciation of tangible fixed assets	3,237	2,280	957	42.0%
Depreciation of right-of-use assets	10,396	8,627	1,769	20.5%
Write-downs	635	1,000	(365)	(36.5%)
Total	16,369	13,919	2,450	17.6%

30. FINANCIAL INCOME/EXPENSES

This item includes:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2023	2022	Δ	%
Interest income	17	207	(190)	(91.8%)
Foreign exchange gains	224	867	(643)	(74.2%)
Financial discounts	50	48	2	4.2%
Financial income	291	1,122	(831)	(74.1%)
Bank interest expenses	3,033	384	2,649	689.8%
Other interest expenses	218	135	83	61.5%
Foreign exchange losses	99	633	(534)	(84.4%)
Other expenses	651	354	297	83.9%
Financial expenses	4,001	1,506	2,495	165.7%
Leasing interest expenses	1,196	916	280	30.6%
Financial expenses on right-of-use asset	1,196	916	280	30.6%
Total	4,906	1,300	3,606	277.4%

The total entry financial income/expenses increases mainly due to higher interests.

31. INCOME TAXES

This item includes:

(Values in thousands of EUR)	1 st Half	1 st Half	Change	
	2023	2022	Δ	%
Current income taxes	1,856	4,581	(2,725)	(59.5%)
Deferred income/(expenses) taxes	(2,421)	(1,416)	(1,005)	71.0%
Taxes related to previous years	(610)	(370)	(240)	64.9%
Total income taxes	(1,175)	2,795	(3,970)	n.a.

Details of deferred tax assets and liabilities and changes in this item are described in the paragraph on deferred tax assets and liabilities.

The reconciliation between actual and theoretical taxation for the 1H 2023 and 1H 2022 is illustrated in the following table:

(Values in thousands of EUR)	1 st Half	1 st Half
	2023	2022
Profit before taxes	(12,776)	5,662
Theoretical tax rate	24.0%	24.0%
Theoretical income taxes (IRES)	(3,066)	1,359
Fiscal effect	(467)	3,798
Effect of foreign tax rates	2,391	(1,420)
Total income taxes excluding IRAP (current and deferred)	(1,142)	3,737
IRAP (current and deferred)	(33)	(942)
Total income taxes (current and deferred)	(1,175)	2,795

This reconciliation of the theoretical and effective tax rates does not take account of IRAP, given that it does not use profit before taxes to calculate the taxable amount. Accordingly, the inclusion of IRAP in the reconciliation would generate distorting effects between years.

32. RESULT PER SHARE

Reference earning(loss)

The calculation of basic and dilutive earning/(loss) per share is based on the following elements:

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022
From continuing activities		
Earnings for determining basic earnings per share	(11,652)	2,867
Earnings for determining earnings per share	(11,652)	2,867
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	(11,652)	2,867
From continuing and discontinued activities		
Earnings for the period	(11,652)	2,867
Earnings from discontinued operations	-	-
Earnings for determining basic earnings per share	(11,652)	2,867
Dilutive effects	-	-
Earnings for determining dilutive earnings per share	(11,652)	2,867
Number of reference share		
Average number of shares for determining earnings per share	98,425	98,786
Share options	-	-
Average number of shares for determining diluted earnings per share	98,425	98,786

Basic earning/(loss) per share

Group loss attributable to holders of ordinary shares of parent company AEFSE S.p.A., amounts to EUR 11,652 thousand (June 2022: EUR +2,867 thousand).

Dilutive earning/(loss) per share

The calculation of diluted earnings per share for the period January - June 2023, matches with the calculation of basic earnings per share, as there are no tools with potential dilutive effects.

COMMENTS ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The cash flow generated during the first half of 2023 is EUR 734 thousand.

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022
Opening balance (A)	21,658	31,307
Cash flow (absorbed)/ generated by operating activity (B)	4,635	2,116
Cash flow (absorbed)/ generated by investing activity (C)	(7,418)	(13,112)
Cash flow (absorbed)/ generated by financing activity (D)	3,517	2,659
Increase/(decrease) in cash flow (E)=(B)+(C)+(D)	734	(8,337)
Closing balance (F)=(A)+(E)	22,392	22,970

33. CASH FLOW (ABSORBED)/GENERATED BY OPERATING ACTIVITY

The cash flow generated by operating activity during the first half of 2023 amounts to EUR 4,635 thousand.

The cash flow comprising these funds is analysed below:

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022
Profit before taxes	(12,776)	5,662
Amortisation / write-downs	16,369	13,920
Accrual (+)/availment (-) of long term provisions and post employment benefits	101	(30)
Paid income taxes	(440)	(2,475)
Financial income (-) and financial charges (+)	4,906	1,300
Change in operating assets and liabilities	(3,525)	(16,261)
Cash flow (absorbed) / generated by operating activity	4,635	2,116

34. CASH FLOW (ABSORBED)/GENERATED BY INVESTING ACTIVITY

The cash flow absorbed by investing activity during the first half of 2023 amounts to EUR 7,418 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022
Increase (-)/ decrease (+) in intangible fixed assets	(527)	(750)
Increase (-)/ decrease (+) in tangible fixed assets	(2,322)	(3,535)
Increase (-)/ decrease (+) in right-of-use assets assets	(4,567)	(8,827)
Investments and write-downs (-)/ Disinvestments and revaluations (+)	(2)	-
Cash flow (absorbed) / generated by investing activity	(7,418)	(13,112)

35. CASH FLOW (ABSORBED)/GENERATED BY FINANCING ACTIVITY

The cash flow generated by financing activity during the first half of 2023 amounts to EUR 3,517 thousand.

The factors comprising these funds are analysed below:

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022
Other variations in reserves and profits carried-forward of shareholders' equity	848	(1,051)
Dividends paid	-	-
Proceeds (+)/repayment (-) of financial payments	11,443	4,455
Proceeds (+)/repayment (-) of leasing payments	(4,067)	1,666
Increase (-)/ decrease (+) in long term financial receivables	199	(1,111)
Financial income (+) and financial charges (-)	(4,906)	(1,300)
Cash flow (absorbed) / generated by financing activity	3,517	2,659

OTHER INFORMATION

36. INCENTIVE PLANS

Regarding the long term incentive plans reserved to executive directors of Aeffe S.p.A., please refer to the indicated in the Report on remuneration available from the governance section of the following website: www.aeffe.com.

37. STATEMENT OF INDEBTEDNESS

As required by ESMA guidance 32-382-1138 of March 4, 2021, in line with the "Warning no. 5/21 "of April 29, 2021 of Consob, it should be noted that the debt of the Aeffe Group at June 30, 2023 is as follows:

(Values in thousands of EUR)	At June 30, 2023	At December 31, 2022
A - Cash	22,392	21,658
B - Cash equivalents	-	-
C - Other current financial assets	-	-
D - Liquidity (A + B + C)	22,392	21,658
E - Current financial debt	80,277	58,998
F - Current portion of non-current financial debt	36,168	35,206
G - Current financial indebtedness (E + F)	116,445	94,204
H - Net current financial indebtedness (G - D)	94,053	72,546
I - Non-current financial debt (excluding current portion and debt instruments)	144,413	159,277
J - Debt instruments	-	-
K - Non-current trade and other payables	-	-
L - Non-current financial indebtedness (I + J + K)	144,413	159,277
M - Total financial indebtedness (H + L)	238,466	231,823

The financial position of the Group at June 30, 2023 shows a DEBT of EUR 137,627 thousand net of the IFRS 16 effect (EUR 142,447 thousand as at March 31, 2023).

Regarding financial debt, it should be noted that in the last two years the Aeffe Group 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.

38. RELATED PARTY TRANSACTIONS

Reciprocal transactions and balances between Group companies included within the scope of consolidation are eliminated from the consolidated financial statements and as such will not be described here. Operations carried out with related parties mainly concern the exchange of goods, the performance of services and the provision of financial resources. All transactions arise in the ordinary course of business and are settled on market terms i.e. on the terms that are or would be applied between two independent parties.

The Group's business dealing with other related parties are summarised below:

(Values in thousands of EUR)	1 st Half 2023	1 st Half 2022	Nature of the transactions
Shareholder Alberta Ferretti with Aeffe S.p.a.			
Contract for the sale of artistic assets and design	500	500	Costo
Ferrim with Aeffe S.p.a.			
Property rental	51	58	Costo
Commerciale Valconca with Aeffe S.p.a.			
Commercial	79	71	Ricavo
Property rental	33	63	Costo
Commercial	592	592	Credito
Commercial	63	63	Debito
Aeffe USA with Ferrim USA			
Commercial	-	63	Ricavo
Commercial	125	901	Credito
Commercial	316	132	Debito
Short term financial	-	3,177	Credito

The following table indicates the data related on the incidence of related party transactions on the income statement, balance sheet, cash flow and indebtedness at June 30, 2023 and at June 30, 2022.

(Values in thousands of EUR)	Balance 1 st Half	Value rel. party 2023	%	Balance 1 st Half	Value rel. party 2022	%
Incidence of related party transactions on the income statement						
Revenues from sales and services	162,874	79	0.0%	176,506	71	0.0%
Costs of services	55,413	500	0.9%	53,208	500	0.9%
Costs for use of third party assets	3,392	84	2.5%	4,014	121	3.0%
Financial income	291	-	0.0%	1,121	63	5.6%
Incidence of related party transactions on the balance sheet						
Trade receivables	55,543	717	1.3%	58,208	1,493	2.6%
Short term financial receivables	-	-	#DIV/0!	3,177	3,177	100.0%
Trade payables	83,249	379	0.5%	92,599	195	0.2%
Incidence of related party transactions on the cash flow						
Cash flow (absorbed) / generated by operating activities	4,635	(334)	n.a.	2,116	(596)	n.a.
Cash flow (absorbed) / generated by financial activities	3,517	-	0.0%	2,659	(263)	n.a.
Incidence of related party transactions on the indebtedness						
Net financial indebtedness	(238,466)	(334)	0.1%	(182,939)	(859)	0.5%

39. ATYPICAL AND/OR UNUSUAL TRANSACTIONS

Pursuant to Consob communication DEM/6064293 dated July 28, 2006, it is confirmed that in the first half of 2023 the Group did not enter into any atypical and/or unusual transactions, as defined in that communication.

40. SIGNIFICANT NON RECURRING EVENTS AND TRANSACTIONS

It is confirmed that in during the period no significant non-recurring events and transactions have been realised.

41. CONTINGENT LIABILITIES

Fiscal disputes

In consideration of the fact that there are no significant tax disputes, no provision has been set aside.

Attachments of the explanatory notes

ATTACHMENT I : Consolidated Balance Sheet with related parties

ATTACHMENT II : Consolidated Income Statement with related parties

ATTACHMENT III : Consolidated Cash Flow Statement with related parties

ATTACHMENT I

Consolidated Balance Sheet Assets with related parties

Pursuant to Consob Resolution N. 15519 of July 27, 2006

(Values in units of EUR)	Notes	At June 30, 2023	of which Rel. parties	At December 31, 2022	of which Rel. parties
Trademarks		62,761,044		64,507,805	
Other intangible fixed assets		1,686,437		1,513,335	
Intangible fixed assets	(1)	64,447,481		66,021,140	
Lands		17,123,494		17,123,494	
Buildings		24,953,981		25,339,662	
Leasehold improvements		11,138,665		11,208,330	
Plant and machinery		3,298,879		3,564,074	
Equipment		276,082		318,192	
Other tangible fixed assets		3,509,027		3,696,868	
Tangible fixed assets	(2)	60,300,128		61,250,620	
Right-of-use assets	(3)	104,738,196		110,566,821	
Equity investments	(4)	41,196		39,197	
Other fixed assets	(5)	833		199,911	
Deferred tax assets	(6)	14,527,763		13,894,621	
NON-CURRENT ASSETS		244,055,597		251,972,310	
Stocks and inventories	(7)	122,150,854		116,709,745	
Trade receivables	(8)	55,543,273	717,119	62,850,576	640,464
Tax receivables	(9)	14,939,140		12,987,118	
Derivate assets	(10)	56,651		-	
Cash	(11)	22,391,656		21,657,539	
Financial receivables	0	-		-	
Other receivables	(12)	30,791,345		33,118,597	
CURRENT ASSETS		245,872,919		247,323,575	
TOTAL ASSETS		489,928,516		499,295,885	
Share capital		24,606,247		24,606,247	
Other reserves		89,029,880		93,516,643	
Profits/(losses) carried-forward		(2,973,651)		735,589	
Net profit/(loss) for the Group		(11,651,978)		(9,043,968)	
Group interest in shareholders' equity		99,010,498	-	109,814,511	
Minority interests in share capital and reserves		(9,052)		3,000	
Net profit / (loss) for the minority interests		50,052		(12,052)	
Minority interests in shareholders' equity		41,000	-	(9,052)	
SHAREHOLDERS' EQUITY	(15)	99,051,498		109,805,459	
Provisions	(14)	2,588,242		2,371,370	
Deferred tax liabilities	(6)	15,122,855		15,798,928	
Post employment benefits	(15)	3,435,116		3,551,239	
Long term financial liabilities	(16)	144,413,245		159,276,843	
Long term not financial liabilities	(17)	1,400,373		1,634,539	
NON-CURRENT LIABILITIES		166,959,831		182,632,919	
Trade payables	(18)	83,248,657	378,572	88,596,138	131,362
Tax payables	(19)	4,080,493		4,385,845	
Derivate liabilities	(10)	-		173,473	
Short term financial liabilities	(20)	116,444,238		94,204,084	
Other liabilities	(21)	20,143,799		19,497,967	
CURRENT LIABILITIES		223,917,187		206,857,507	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		489,928,516		499,295,885	

ATTACHMENT II

Consolidated Income Statement with related parties

Pursuant to Consob Resolution N. 15519 of July 27, 2006

(Values in units of EUR)	Notes	1 st Half 2023	of which	1 st Half 2022	of which
REVENUES FROM SALES AND SERVICES	(22)	162,874,318	78,750	176,506,070	70,786
Other revenues and income	(23)	5,694,778		4,249,458	
TOTAL REVENUES		168,569,096		180,755,528	
Changes in inventory		10,069,166		24,302,020	
Costs of raw materials, cons. and goods for resale	(24)	(70,732,128)		(89,843,096)	
Costs of services	(25)	(55,412,794)	(500,000)	(53,207,959)	(500,000)
Costs for use of third parties assets	(26)	(3,391,993)	(83,962)	(4,014,367)	(120,602)
Labour costs	(27)	(36,867,999)		(34,399,226)	
Other operating expenses	(28)	(3,734,805)		(2,711,399)	
Amortisation, write-downs and provisions	(29)	(16,368,874)		(13,919,428)	
Financial income/(expenses)	(30)	(4,906,106)		(1,300,337)	62,859
PROFIT / LOSS BEFORE TAXES		(12,776,437)		5,661,736	
Income taxes	(31)	1,174,511		(2,795,167)	
NET PROFIT / LOSS		(11,601,926)		2,866,569	
(Profit)/loss attributable to minority shareholders		(50,052)		-	
NET PROFIT / LOSS FOR THE GROUP		(11,651,978)		2,866,569	

ATTACHMENT III

Consolidated Cash Flow Statement with related parties

Pursuant to Consob Resolution N. 15519 of July 27, 2006

(Values in thousands of EUR)	Notes	1 st Half 2023	of which	1 st Half 2022	of which
Opening balance		21,658		31,307	
Profit / loss before taxes		(12,776)	(505)	5,662	(487)
Amortisation / write-downs		16,369		13,920	
Accrual (+)/availment (-) of long term provisions and post employment ben		101		(30)	
Paid income taxes		(440)		(2,475)	
Financial income (-) and financial charges (+)		4,906		1,300	
Change in operating assets and liabilities		(3,525)	172	(16,261)	(109)
Cash flow (absorbed) / generated by operating activity	(33)	4,635		2,116	
Increase (-)/ decrease (+) in intangible fixed assets		(527)		(750)	
Increase (-)/ decrease (+) in tangible fixed assets		(2,322)		(3,535)	
Increase (-)/ decrease (+) in right-of-use assets		(4,567)		(8,827)	
Investments and write-downs (-)/ Disinvestments and revaluations (+)		(2)		-	
Cash flow (absorbed) / generated by investing activity	(34)	(7,418)		(13,112)	
Other variations in shareholders' equity		848		(1,051)	
Dividends paid		-		-	
Proceeds (+)/repayment (-) of financial payments		11,443	-	4,455	(263)
Proceeds (+)/ repayment (-) of lease payments		(4,067)		1,666	
Increase (-)/ decrease (+) in long term financial receivables		199		(1,111)	
Financial income (+) and financial charges (-)		(4,906)		(1,300)	
Cash flow (absorbed) / generated by financing activity	(35)	3,517		2,659	
Closing balance		22,392		22,970	

Attestation of the Half Year condensed financial statements pursuant to art.81-ter of Consob Regulation N. 11971 of May 14, 1999, and subsequent amendments and additions

The undersigned Simone Badioli as chief executive officer and Matteo Scarpellini as manager responsible for preparing Aeffe S.p.A.'s financial reports, pursuant to the provisions of Article 154-bis, clauses 3 and 4, of Legislative Decree n. 58 of 1998 ,hereby attest:

- the adequacy with respect to the Company structure and
- the effective application,

of the administrative and accounting procedures applied in preparation of the Half year condensed financial statements at June 30, 2023.

The undersigned moreover attest that:

The Half Year condensed financial statements:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated July 19, 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The interim management report contains a reliable analysis of important events which took place during the first six months of the current fiscal year and their impact on the half-year condensed financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The interim management report also contains information concerning related party transactions.

July 28, 2023

Chief executive officer

Simone Badioli

Manager responsible for preparing
Company's financial reports

Matteo Scarpellini

Report on review of the half-yearly condensed consolidated financial statements

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*To the Shareholders of
Aeffe S.p.A.*

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements as of June 30, 2023, consisting of the consolidated statement of financial position, consolidated income statement, statement of comprehensive income, consolidated statement of cash flows, statement of changes in equity and related explanatory notes, of the Aeffe Group. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standard recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review of the half-yearly financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Aeffe Group as of June 30, 2023, are not prepared, in all material respects, in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, July 28, 2023

Ria Grant Thornton S.p.A.

Signed by

Marco Bassi

Partner

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international.