

# GIORGIO ARMANI

## 2021 ECONOMIC AND FINANCIAL RESULTS OF THE ARMANI GROUP AND KEY TRENDS FOR THE FIRST HALF OF 2022

For 2021, the Armani Group reported consolidated net profits of 169.9 million euros, amounting to a 43% increase as compared to pre-pandemic levels of 2019, thereby confirming the effectiveness of its strategy focused on the 'less is more' principle.

The trends during the first months of 2022 further confirm and sustain the results achieved in 2021 by the Group, whose performance, when viewed against the worst periods of the pandemic, represented a sharp recovery that was achieved remarkably faster than expected.

### 2021 ECONOMIC AND FINANCIAL RESULTS

In 2021, **indirect turnover** — represented by sales of Armani-branded products realised directly by the Group and by third-party licensees — totalled **4.056 billion euros**, a **23.7** percent increase over 2020 (3.278 billion euros).

**Consolidated net revenues** reached **2.019 billion euros**, a **26.3%** increase over 2020, (a 6.3% drop compared to 2019, but already over 2019 in the second half of the year). These results were well above those forecast for 2021 by analysts from major institutions specialising in the apparel market.

Net revenues from the Group's directly-operated stores, in particular, grew by 37% over 2020, accounting for more than 50% of consolidated net revenues.

The Armani Group achieved a positive **operating profit (EBIT)** amounting to **171.2 million euros** in 2021, as compared to the negative EBIT of 29.5 million in 2020.

Following the contribution from financial operations and tax charges, the 2021 **consolidated net income** level rose to **169.9 million euros**, accounting for 8.4% of net revenues, which represents a value significantly higher than also the pre-pandemic net income achieved in 2019 (amounting to 119 million euros, 5.5% of net revenues).

Moreover, there was also significant improvement in the Group's **net financial position** (represented by cash and cash equivalents, as well as investments in securities), which amounted to **1.12 billion euros** at the end of 2021, representing an increase of almost 200 million euros (+21%) over the level reported at the end of 2020 (925 million euros).

The **consolidated net equity** - also grew by about 98 million, amounting to 2.108 billion euros at the end of 2021 (2.01 billion in 2020).

*"One full year earlier than planned, the Armani Group achieved more than 4 billion euros in turnover of Armani brands including licenses and more than 2 billion euros in direct consolidate revenues. These results are even more encouraging given that they were achieved without undue pressure on sales opportunities, but rather by streamlining the size of the collections, implementing an attentive selection of the distribution network, in line with the brand's founding principle: 'less is more', and improving the quality of the Armani experience offered to the end consumer. A relentless work and focus on brand equity which, combined with the Group's financial performance, confirms the effectiveness of the medium-long term strategic framework to which we are committed,"* commented Giuseppe Marsocci, Deputy General Manager and Chief Commercial Officer of the Armani Group, and Daniele Ballestrazzi, Deputy General Manager and Chief Operating & Financial Officer of the Armani Group.

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## **TRENDS OVER THE FIRST HALF OF 2022**

The first six months of 2022 were clouded by the grave geopolitical crisis in Eastern Europe, between Russia and Ukraine, which threatens to exert a profound depression and distortion on the global economy. At the same time, the re-emergence of Covid-19 outbreaks, particularly in China, prompted local authorities to impose extensive lockdowns in key areas to the Group's business.

Notwithstanding this, the Armani Group's consolidated net revenues in the first half of 2022 achieved further significant growth compared to the corresponding period in 2021. In fact, revenues in the first half of 2022 at current exchange rates grew by 20 percent compared to the first half of 2021, and now constantly exceed the levels achieved in 2019, thus setting the stage for a substantial improvement in operating profitability — subject to certain potential risks in the second half of the year, including: possible increase in recessionary impacts related to the conflict between Russia and Ukraine; possible new waves of the pandemic; and the tightening of restrictive policies by central banks, aimed at containing inflationary dynamics.

*"The remarkable growth achieved in 2021, consolidated by the positive performance in the first half of this year, makes me cautiously optimistic. I am also increasingly determined to continue my medium- to long-term strategic path, staying true to the principles that have always underpinned my creative and business philosophy, and applying them to all aspects of our strategy. This solid and consistent approach has proven to be efficient, even, and especially during these last few years, which have been so complicated for our personal and professional lives. Our Group proved to be healthy, from a capital and financial perspective, and this provided some relative respite, even in the face of a potential aggravation of the international scenario,"* declared Giorgio Armani, Chairman and CEO of the Armani Group.