

# FERRAGAMO

***Salvatore Ferragamo Group***  
**Interim Report as at 30 September 2022**

**Salvatore Ferragamo S.p.A.**

Florence

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This document has been translated into English solely for the convenience of international readers.

## General information

### Registered office

Salvatore Ferragamo S.p.A.  
Via Tornabuoni, 2  
50123 Florence  
Italy

### Legal information

Authorized, subscribed and paid-up share capital 16,879,000 Euro  
Tax code and Florence Company Register no.: 02175200480  
Registered with the Florence Chamber of Commerce under REA (Economic and Administrative Register) no.  
464724  
Corporate website <https://group.ferragamo.com/en/>

## Corporate boards

|   |  |                                       |
|---|--|---------------------------------------|
| <b>Board of Directors (1)</b>   | Leonardo Ferragamo (7)(12)             | Chair                                 |
|   | Angelica Visconti (8)(12)              | Deputy Chair                          |
|   | Marco Gobetti (9)(10)                  | Managing Director and General Manager |
|   | Giacomo Ferragamo (11)                 |                                       |
|   | Frédéric Biousse (12) (13)             |                                       |
|   | Patrizia Michela Gianguialano (12)(13) |                                       |
|   | Annalisa Loustau Elia (12) (13)        |                                       |
|   | Umberto Tombari (12)(13)               |                                       |
|   | Peter Woo Kwong Ching (12)             |                                       |
|   | Anna Zanardi Cappon (12)(13)           |                                       |
| <b>Control and Risks Committee (2)</b>                                | Patrizia Michela Gianguialano          | Chair                                 |
|   | Umberto Tombari                        |                                       |
|   | Anna Zanardi Cappon                    |                                       |
| <b>Nomination and Remuneration Committee (3)</b>                      | Anna Zanardi Cappon                    | Chair                                 |
|   | Umberto Tombari                        |                                       |
|   | Annalisa Loustau Elia                  |                                       |
| <b>Board of Statutory Auditors(4)</b>                                 | Andrea Balelli                         | Chair                                 |
|   | Paola Caramella                        | Acting Statutory Auditor              |
|   | Giovanni Crostarosa Guicciardi         | Acting Statutory Auditor              |
|   | Roberto Coccia                         | Substitute Statutory Auditor          |
|   | Antonella Andrei                       | Substitute Statutory Auditor          |
| <b>Independent Auditors (5)</b>                                       | KPMG S.p.A.                            |                                       |
| <b>Manager charged with preparing Company's Financial Reports (6)</b> | Alessandro Corsi                       |                                       |

(1) The members of the Board of Directors were appointed for a three-year term by resolution of the Shareholders' Meeting of 22 April 2021, except for the directors Frederic Biousse and Annalisa Loustau Elia, co-opted by Board resolution passed pursuant to art. 2386, paragraph 1, of the Italian Civil Code on 29 September 2021 and appointed by resolution of the Shareholders' Meeting on 14 December 2021, and the director Marco Gobetti, co-opted pursuant to art. 2386, paragraph 1, of the Italian Civil Code by the Board resolution of 14 December 2021, effective 1 January 2022, and appointed by resolution of the Shareholders' Meeting on 12 April 2022.

(2) Appointed by the Board of Directors on 22 April 2021.

(3) Appointed by the Board of Directors on 22 April 2021 and so composed as from 29 September 2021.

(4) Appointed by the Shareholders' Meeting on 8 May 2020 and serving until the date of approval of the separate financial statements as at 31 December 2022.

(5) Appointed by the Shareholders' Meeting on 18 April 2019 for the nine years from 2020 through 2028.

(6) Appointed by the Board of Directors on 10 March 2020 effective as from 1 April 2020.

(7) Appointed as Chair by the Board of Directors on 22 April 2021.

(8) Appointed as Deputy Chair by the Board of Directors on 14 December 2021, effective as from 1 January 2022.

(9) Appointed as director by the Shareholders' Meeting on 12 April 2022. On the same date, the Board of Directors also confirmed him as Managing Director and General Manager.

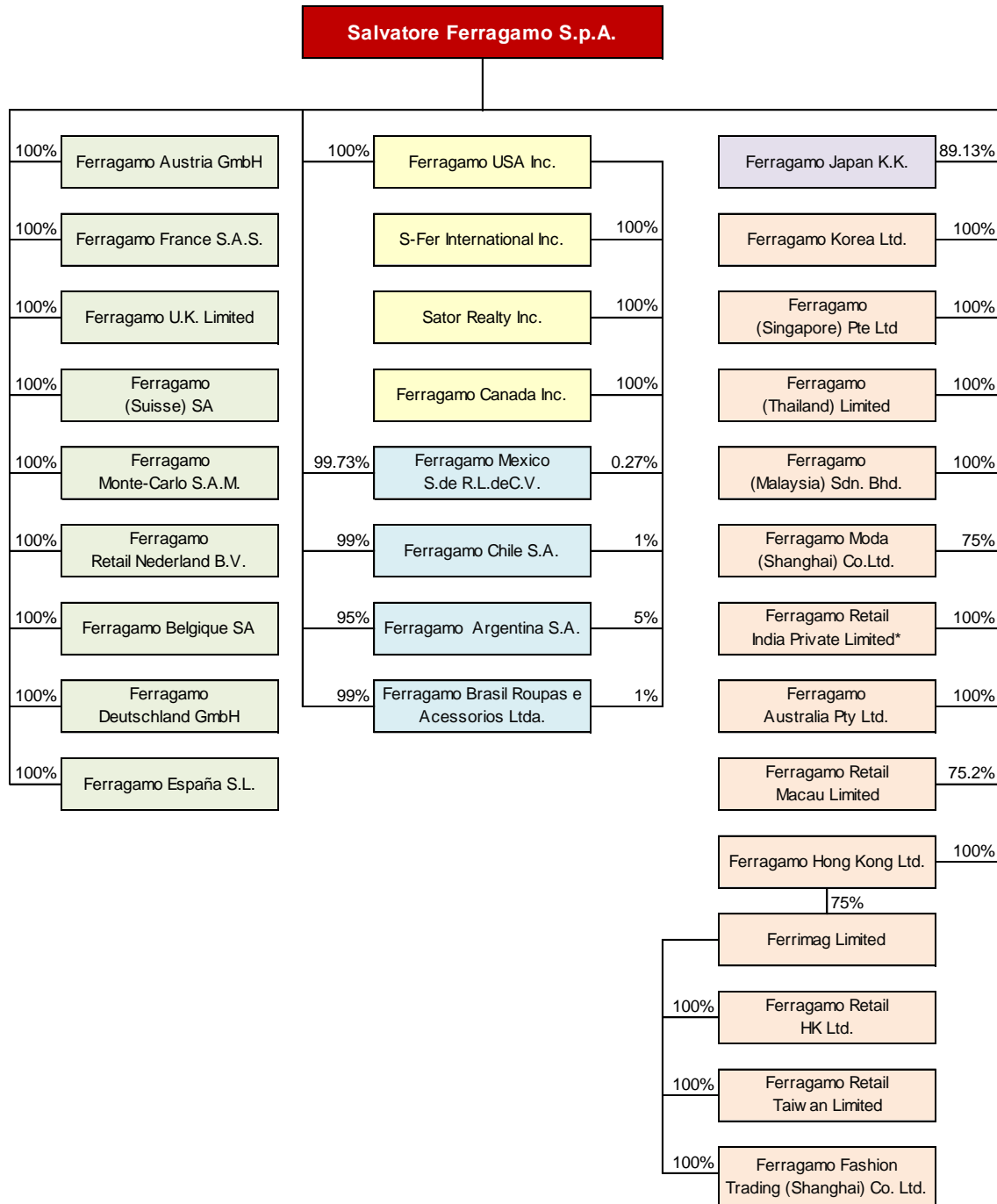
(10) Executive director.

(11) Executive director pursuant to the Corporate Governance Code as a manager of the Company.

(12) Non-executive director.

(13) Independent director pursuant to article 147-ter, paragraph 4 and article 148, paragraph 3 of Italian Legislative Decree no. 58 of 24 February 1998 ("T.U.F.", Consolidated Law on Finance) and the Corporate Governance Code for listed companies.

Group structure



Notes

- European companies
- North America companies
- Centre and South America companies
- Asia Pacific companies
- Japanese companies
- \* Non operating company

## Composition of the Salvatore Ferragamo Group

As at 30 September 2022, the Salvatore Ferragamo Group consists of Salvatore Ferragamo S.p.A. (the “Parent company” and the “Company”) and the following subsidiaries – consolidated on a line by line basis – in which the Parent company holds majority stakes, both directly or indirectly, and which it controls.

|   |   |
|---|---|
| <b>Salvatore Ferragamo S.p.A.</b>             | Parent company, owner of the “Ferragamo” and “Salvatore Ferragamo” brands, as well as of numerous other figurative and shape- trademarks; it undertakes production activities and distributes products through retail channels in Italy as well as wholesale channels in Italy and abroad, and acts as a holding company. |
| <b>Europe</b>                                 |   |
| Ferragamo Retail Nederland B.V.               | It manages directly operated stores (DOS) in Holland  |
| Ferragamo France S.A.S.                       | It manages directly operated stores (DOS) in France   |
| Ferragamo Deutschland GmbH                    | It manages directly operated stores (DOS) in Germany  |
| Ferragamo Austria GmbH                        | It manages directly operated stores (DOS) in Austria  |
| Ferragamo U.K. Limited                        | It manages directly operated stores (DOS) in the United Kingdom   |
| Ferragamo (Suisse) SA                         | It manages directly operated stores (DOS) in Switzerland  |
| Ferragamo Belgique SA                         | It manages directly operated stores (DOS) in Belgium  |
| Ferragamo Monte-Carlo S.A.M.                  | It manages directly operated stores (DOS) in the Principality of Monaco   |
| Ferragamo Espana S.L.                         | It manages directly operated stores (DOS) in Spain  |
| <b>North America</b>                          |   |
| Ferragamo USA Inc.                            | It distributes and promotes products in the USA and acts as a sub-holding for North America (USA and Canada)  |
| Ferragamo Canada Inc.                         | It manages directly operated stores (DOS) and the wholesale channel in Canada   |
| S-Fer International Inc.                      | It manages directly operated stores (DOS) in the USA  |
| Sator Realty Inc.                             | It manages directly operated stores (DOS) in the USA and real estate assets   |
| <b>Central and South America</b>              |   |
| Ferragamo Mexico S. de R.L. de C.V.           | It manages directly operated stores (DOS) and the wholesale channel in Mexico   |
| Ferragamo Chile S.A.                          | It manages directly operated stores (DOS) in Chile  |
| Ferragamo Argentina S.A.                      | It manages directly operated stores (DOS) in Argentina  |
| Ferragamo Brasil Roupas e Acessorios Ltda.    | It manages directly operated stores (DOS) in Brazil   |
| <b>Asia Pacific</b>                           |   |
| Ferragamo Hong Kong Ltd.                      | It distributes and promotes products in Asia and acts as a sub-holding for the Chinese area (Hong Kong)   |
| Ferragamo Australia Pty Ltd.                  | It manages directly operated stores (DOS) in Australia  |
| Ferrimag Limited                              | Sub-holding company for the Chinese area (Hong Kong, Taiwan, RPC)   |
| Ferragamo Fashion Trading (Shanghai) Co. Ltd. | It manages directly operated stores (DOS) and the wholesale channel in the People’s Republic of China   |
| Ferragamo Moda (Shanghai) Co. Ltd.            | It manages directly operated stores (DOS) in the People’s Republic of China   |
| Ferragamo Retail HK Limited                   | It manages directly operated stores (DOS) in Hong Kong  |
| Ferragamo Retail Taiwan Limited               | It manages directly operated stores (DOS) in Taiwan   |
| Ferragamo Retail Macau Limited                | It manages directly operated stores (DOS) in Macau  |
| Ferragamo Retail India Private Limited        | Non-operating company   |
| Ferragamo Korea Ltd.                          | It manages directly operated stores (DOS) and the wholesale channel in South Korea  |
| Ferragamo (Singapore) Pte Ltd.                | It manages directly operated stores (DOS) in Singapore  |
| Ferragamo (Thailand) Limited                  | It manages directly operated stores (DOS) in Thailand   |
| Ferragamo (Malaysia) Sdn. Bhd.                | It manages directly operated stores (DOS) in Malaysia   |
| <b>Japan</b>                                  |   |
| Ferragamo Japan K.K.                          | It manages directly operated stores (DOS) in Japan  |

## Main Stock Market indicators – Salvatore Ferragamo S.p.A.

|  |               |
|--|---------------|
| Official price as at 30 September 2022 in Euro                       | 14.46         |
| Stock Market capitalization as at 30 September 2022 in Euro          | 2,440,703,400 |
| Number of shares making up the share capital as at 30 September 2022 | 168,790,000   |
| Number of outstanding shares (free float) as at 30 September 2022*   | 45,753,290    |

\* determined as the number of shares that make up the share capital, excluding treasury shares and the shares held by the Ferragamo Finanziaria S.p.A. parent company, by Majestic Honour Limited and by other members of the Ferragamo family.

Below is the trend in Salvatore Ferragamo's share price during the first nine months of 2022.



### Alternative performance measures

In order to better assess its performance, the Salvatore Ferragamo Group makes use of some alternative performance measures which are not identified as accounting measures under IFRS. Therefore, the measurement basis applied by the Group may differ from that adopted by other groups, and the balance may not be comparable.

These alternative performance measures are derived exclusively from historical financial data and are determined in accordance with the Guidelines on Alternative Performance Measures issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015. They refer exclusively to the performance for the reporting period of this Interim report as well as the comparative periods, and not to the Group's expected performance and are not to be considered as substitutes for IFRS measures.

The definitions of the alternative performance measures adopted in this report are provided below:

**Net sales:** it consists of revenues from the sale of products; it is therefore determined by excluding the following items from *Revenues: Rental income investment properties, Licenses and services* and the effect of hedging against exchange rate risk on *Revenues (Cash flow hedging effect on Revenues)*.

**EBITDA:** it is *Operating profit before Amortization and depreciation and Write-downs of tangible/intangible assets and Right-of-use assets*.

**Operating profit/(loss):** it is the difference between *Revenues, Cost of goods sold, and Operating costs net of Other income*.

**Net working capital:** it is *Inventories, plus Right of return assets and Trade receivables net of Trade payables and Refund liabilities*.

**Net invested capital:** it is the total amount of *Non current assets, Current assets and Assets held for sale*, excluding financial assets (*Other current financial assets and Cash and cash equivalents*) net of *Non current liabilities, Current liabilities and Liabilities held for sale*, excluding financial liabilities (*Current and non current interest-bearing loans & borrowings, Other current and non current financial liabilities, and Current and non current lease liabilities*).

**Net financial debt/(surplus):** it is calculated as *Current and non current interest-bearing loans & borrowings plus Current and non current lease liabilities and Other current and non current financial liabilities* including the negative fair value of derivatives (non-hedging component), net of *Cash and cash equivalents and Other current financial assets*, including the positive fair value of derivatives (non-hedging component).

**Adjusted net financial debt/(surplus):** it is *Net financial debt/(surplus)* excluding *Current and non current lease liabilities*.

**Adjusted cash flow from (used in) operating activities:** it is *Net cash from (used in) operating activities* net of *Repayment of lease liabilities* (classified as *Cash flow from financing activities*).

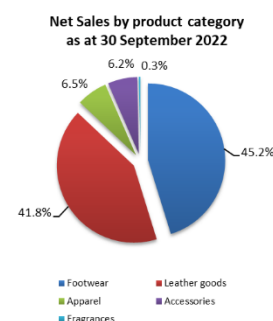
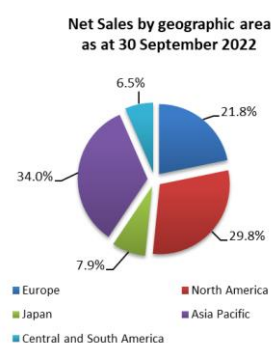
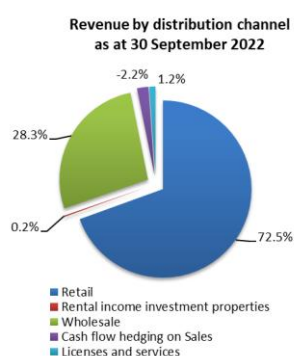
**Investments in tangible and intangible assets:** include i) increases in the historical cost of *Property, plant and equipment, Investment property* (excluding those relating to *Right-of-use assets*) and *Intangible assets with a*

*finite useful life*, net of decreases in tangible assets and intangible assets in progress and the costs of restoring the premises rented by third parties; ii) the increases in the historical cost of *Right-of-use assets* relating to the direct initial costs incurred to rent the premises from third parties.



## 1. The Group's main income and financial results for the first nine months of 2022

| (In millions of Euro)                  | Period ended 30 September |       | % change<br>2022 vs 2021 |
|--|---------------------------|-------|--------------------------|
|  | 2022                      | 2021  |                          |
| Revenues                               | 920.7                     | 785.3 | 17.2%                    |
| Gross profit                           | 661.7                     | 531.7 | 24.4%                    |
| Gross profit %                         | 71.9%                     | 67.7% |                          |
| EBITDA                                 | 241.3                     | 201.9 | 19.5%                    |
| EBITDA %                               | 26.2%                     | 25.7% |                          |
| Operating profit/(loss)                | 113.9                     | 84.5  | 34.8%                    |
| Operating profit/(loss) %              | 12.4%                     | 10.8% |                          |
| Net profit/(loss) for the period       | 67.4                      | 39.9  | 69.2%                    |
| Net profit/(loss) – Group              | 69.0                      | 37.5  | 83.7%                    |
| Net profit/(loss) – minority interests | (1.5)                     | 2.3   |                          |



| (In millions of Euro)                                  | 30 September<br>2022 | 31 December<br>2021 | 30 September<br>2021 |
|--|----------------------|---------------------|----------------------|
| Investments in tangible/intangible assets              | 30.5                 | 44.2                | 26.2                 |
| Net working capital                                    | 224.1                | 199.4               | 249.9                |
| Shareholders' equity                                   | 749.6                | 785.9               | 757.6                |
| Adjusted net financial debt/(surplus)                  | (352.8)              | (372.8)             | (265.2)              |
| Adjusted cash flow from (used in) operating activities | 114.5                | 275.5               | 154.4                |

|                                | 30 September<br>2022 | 31 December<br>2021 | 30 September<br>2021 |
|--------------------------------|----------------------|---------------------|----------------------|
| Staff as at the reporting date | 3,772                | 3,887               | 3,777                |
| Number of DOS                  | 395                  | 409                 | 404                  |

### Geographical distribution of DOS (30 September 2022)



**395 Ferragamo monobrand stores (managed directly)**

#### **Disclaimer**

*This document contains forward-looking statements, in particular in the sections headed “Macroeconomic situation and outlook” and “Significant events occurred after 30 September 2022” relating to future events and the operating, income and financial results of the Salvatore Ferragamo Group. These statements are based on the Salvatore Ferragamo Group’s current expectations and forecasts regarding future events and, by their nature, involve risks and uncertainties, since they refer to events and depend on circumstances which may, or may not, happen or occur in the future. As such, they must not be unduly relied upon. The actual results could differ significantly from those contained in these statements due to a variety of factors, including the volatility and deterioration in the performance of securities and financial markets, changes in raw material prices, changes in macroeconomic conditions and in economic growth, and other changes in business conditions, in the legal and institutional framework (both in Italy and abroad), and many other factors, most of which are beyond the Group’s control.*

## **2. Introduction**

This Interim report was not audited nor prepared in accordance with IAS 34 “Interim Financial Reporting”, as the Group applies said standard to half-year reports and not also quarterly reports. Publication is voluntary.

The market in which the Salvatore Ferragamo Group operates is characterized by seasonal events that are typical of the retail and wholesale sales and which result in an uneven monthly breakdown in the sales flow and in operating costs. Therefore, it is important to remember that the financial performance for the first nine months of the year cannot be considered as proportional to the year as a whole. The figures are affected by the mentioned seasonal events also in terms of equity and financial position as well as in terms of taxation.

The Interim report, in addition to the indicators required for financial statements, in compliance with International Financial Reporting Standards (IFRS), also includes some alternative performance measures used by management to monitor and assess the Group’s performance, as detailed in a specific section. This Interim report must be read together with the 2021 Annual Report, which provides full details on the issues addressed.

## **3. The Salvatore Ferragamo Group's activities**

The Salvatore Ferragamo Group is active in the creation, production and sale of luxury goods for men and women: footwear, leather goods, apparel, silk goods, jewels, and other accessories. The product range also includes fragrances, eyewear, and watches manufactured under license by third parties. The product range stands out for its uniqueness, which is the result of the combination of creative and innovative style with the quality and craftsmanship that are the hallmark of luxury goods made in Italy.

The Salvatore Ferragamo Group has a presence in more than 90 countries around the world and carries out product sales mainly through a network of Salvatore Ferragamo monobrand stores, managed both directly (DOS) or by third parties, and, alongside this network, also through a significant and well-established presence in department stores and multibrand specialty stores as well as the e-commerce channel.

The Group is also active in the licensing of the Salvatore Ferragamo brand and in real estate management.

## Effect of exchange rate changes on operations

The Ferragamo Group has a strong presence in international markets, including through commercial companies located in countries with currencies other than the Euro, mainly the US Dollar, the Chinese Renminbi, the Japanese Yen, the South Korean Won, and the Mexican Peso. Therefore, the Group is exposed to both settlement and translation risk.

In 2022, the outbreak of the Russia-Ukraine conflict and soaring prices of commodities, chief among them energy commodities, plunged markets into considerable uncertainty and caused inflation to surge. With the aim of counteracting this effect, central banks started to raise interest rates significantly. The EUR/USD exchange rate went from 1.13 in January and then fell in the first half of the year as a result of the US Dollar's safe-haven status, reaching 1.04 in June. Subsequently, as a result of the FED's aggressive interventions on interest rates, the Dollar appreciated further and the EUR/USD exchange rate reached 0.97 at the end of September.

In China, following the maintenance of a "zero-Covid" policy and a general economic slowdown, the PBOC went against the trend set by the major central banks, reducing official and lending rates. The Yuan depreciated against the Dollar from 6.36 to 7.12, also as a result of the strengthening of the US currency. On the other hand, the Yuan strengthened against the Euro, which is being affected by the Russia-Ukraine conflict and the energy crisis: the EUR/CNY exchange rate went from 7.22 in January to 6.94 in September.

The South Korean Won – linked to the economic cycle and to the trade balance – also weakened against the Dollar, starting from 1,193 in January and reaching 1,437 in September. Against the Euro, it went from 1,354 to 1,400.

In Japan, where interest rates have remained very low due to high government debt, the currency trend remains directly correlated to the Western rates trend. Over the course of the year, the Yen depreciated in correspondence with the US 10Y rate hike: the EUR/JPY exchange rate went from 130.6 in January to 141 at the end of September, with peaks at around 144.5 in September.

The Mexican Peso strengthened significantly due to the rise in commodity prices and the Mexican Central Bank's rate hike. In addition, the EUR/MXN cross went from 23.2 to 19.6, extending the downward trend by benefiting from the weakening Euro.

The exchange risk management policy and the hedging arrangements put in place by the Ferragamo Group (for details, please refer to the Annual Report as at 31 December 2021, paragraph 3 "Management of financial risks" of the Consolidated Financial Statements and the Separate Financial Statements) mitigated the effects of the above fluctuations on the expected industrial margin.

#### 4. The Group's operating performance

In the first nine months of 2022, the Salvatore Ferragamo Group's results show a positive trend, both in revenues (+ 17.2% at current exchange rates and +12.7% at constant exchange rates compared to the first nine months of 2021), as well as in margins (gross profit amounted to 71.9% as a percentage of revenues, compared to 67.7% in the prior-year period), driven by better profitability in all sales channels and influenced by the favorable exchange rate trend, which benefits operators with productions in Euro. It should be noted that the positive results obtained in the first nine months of 2022 were achieved in a macroeconomic context still rendered uncertain both by the dramatic events of the Russia-Ukraine conflict and its consequences on the increase in the prices of raw materials and energy, as well as by the persistence of the Covid-19 pandemic which, particularly in China, has led to new restrictions and barriers on commercial activities and people. The operating result went from 84.5 million Euro in the first nine months of 2021 to 113.9 million Euro in the first nine months of 2022, despite an increase in operating costs, partly related to the growth in revenues and partly, primarily during the third quarter, to the steps that Group's management has started to take to implement the corporate strategic plan. The Group posted a 67.4 million Euro net profit for the period, compared to a 39.9 million Euro net profit for the prior-year period.

The Group's adjusted net financial position (surplus), amounting to 352.8 million Euro, remains solid and positive, down compared to 31 December 2021, when it was equal to 372.8 million Euro, after the payment of dividends in the amount of 56.4 million Euro and the buyback of treasury shares in the amount of 42.7 million Euro in the first nine months of 2022. Lastly, it shows a marked improvement compared to 30 September 2021 (265.2 million Euro).

The following table shows the main income statement data.

|   | Period ended 30 September |               |                  |               |              |
|---|---------------------------|---------------|------------------|---------------|--------------|
|   | 2022                      | % of Revenues | 2021             | % of Revenues | % change     |
| <b>Revenues</b>                                       | <b>920,725</b>            | 100.0%        | <b>785,341</b>   | 100.0%        | <b>17.2%</b> |
| <b>Gross profit</b>                                   | <b>661,689</b>            | 71.9%         | <b>531,713</b>   | 67.7%         | <b>24.4%</b> |
| Style, product development and logistics costs        | (36,641)                  | (4.0%)        | (28,879)         | (3.7%)        | 26.9%        |
| Sales & distribution costs                            | (331,162)                 | (36.0%)       | (290,042)        | (36.9%)       | 14.2%        |
| Marketing & communication costs                       | (54,200)                  | (5.9%)        | (42,559)         | (5.4%)        | 27.4%        |
| General and administrative costs                      | (121,733)                 | (13.2%)       | (90,009)         | (11.5%)       | 35.2%        |
| Other operating costs                                 | (17,622)                  | (1.9%)        | (15,734)         | (2.0%)        | 12.0%        |
| Other income  | 13,532                    | 1.5%          | 19,986           | 2.5%          | (32.3%)      |
| <b>Total operating costs (net of other income)</b>    | <b>(547,826)</b>          | (59.5%)       | <b>(447,237)</b> | (56.9%)       | <b>22.5%</b> |
| <b>Operating profit/(loss)</b>                        | <b>113,863</b>            | 12.4%         | <b>84,476</b>    | 10.8%         | <b>34.8%</b> |
| Net financial income and charges                      | (14,264)                  | (1.5%)        | (15,538)         | (2.0%)        | (8.2%)       |
| Profit/(loss) before taxes                            | <b>99,599</b>             | 10.8%         | <b>68,938</b>    | 8.8%          | <b>44.5%</b> |
| Income taxes  | (32,151)                  | (3.5%)        | (23,775)         | (3.0%)        | 35.2%        |
| <b>Profit/(loss) from continuing operations</b>       | <b>67,448</b>             | 7.3%          | <b>45,163</b>    | 5.8%          | <b>49.3%</b> |
| Profit/(loss) from discontinued operation, net of tax | -                         | -             | (5,309)          | (0.7%)        | -            |
| <b>Net profit/(loss) for the period</b>               | <b>67,448</b>             | 7.3%          | <b>39,854</b>    | 5.1%          | <b>69.2%</b> |
| Net profit/(loss) – Group                             | 68,973                    | 7.5%          | 37,537           | 4.8%          | 83.7%        |
| Net profit/(loss) – minority interests                | (1,525)                   | (0.2%)        | 2,317            | 0.3%          | na           |
| Amortization, depreciation and write-downs            | 127,452                   | 13.8%         | 117,437          | 15.0%         | 8.5%         |
| <b>EBITDA</b>   | <b>241,315</b>            | 26.2%         | <b>201,913</b>   | 25.7%         | <b>19.5%</b> |

**Revenues** in the first nine months of 2022 totaled 920,725 thousand Euro compared to 785,341 thousand Euro in the first nine months of 2021, up 17.2%. The four main currencies other than the Euro in which the Group generates most of its revenues, i.e., US Dollar, Chinese Renminbi, South-Korean Won, and Japanese Yen, performed as follows in the first nine months of 2022 compared to the prior-year period: the US Dollar appreciated by 11.1% <sup>(1)</sup>, the Chinese Renminbi appreciated by 9.3% <sup>(2)</sup>, the South-Korean Won appreciated by 0.4% <sup>(3)</sup>, and the Japanese Yen depreciated by 4.7% <sup>(4)</sup> against the Euro, the currency in which the amounts in the consolidated financial statements are expressed. Revenues were up 12.7% at constant exchange rates (applying

1 With reference to the average Euro/Usd exchange rate in the first nine months of 2022 1.0638; first nine months of 2021 1.1962  
2 With reference to the average Euro/Cny exchange rate in the first nine months of 2022 7.0193; first nine months of 2021 7.7376  
3 With reference to the average Euro/Krw exchange rate in the first nine months of 2022 1,348.8; first nine months of 2021 1,354.3  
4 With reference to the average Euro/Yen exchange rate in the first nine months of 2022 135.968; first nine months of 2021 129.832

the average exchange rate for the first nine months of 2022 to the revenues for the first nine months of 2021 – net of the hedging impact). With reference to the third quarter of 2022 only, revenues amounted to 290,446 thousand Euro, up 11.1% compared to the prior-year period (+4.2% at constant exchange rates).

In the first nine months of 2022, **gross profit** totaled 661,689 thousand Euro, up 24.4% from 531,713 thousand Euro in the prior-year period. Gross profit amounted to 71.9% of revenues compared to 67.7% for the first nine months of 2021, positively influenced by the exchange rate trend and by the more than proportional improvement in sales at full price. In the third quarter of 2022 alone, the Group generated 208,884 thousand Euro in gross profit, up 22.3% from 170,753 thousand Euro in the prior-year period. Gross profit rose as a percentage of revenues to 71.9%, compared to 65.3% in the third quarter of 2021.

Total **operating costs** (net of other income) amounted to 547,826 thousand Euro in the first nine months of 2022, up 22.5% from the first nine months of 2021 (447,237 thousand Euro), and totaled 59.5% as a percentage of revenues. The increase in total operating costs, partly influenced by the appreciation of the main currencies during the period, is primarily attributable to the growth of revenues and the progressive normalization of the Group's cost structure and, starting from the third quarter, to the steps that Management has begun to undertake to implement the brand relaunch strategy. In this regard, the higher costs for enhancing communication and marketing activities and the organizational structure should be noted. In addition, in the first nine months of 2022, the contributions received, both in support of employment and for the renegotiation of rent payments, were lower than in the same period of the previous year. Certain types of costs already show an increase linked to inflationary pressure. In the third quarter of 2022, total net operating costs increased from 152,202 thousand Euro to 190,410 thousand Euro, up 25.1% compared to the prior-year period; as a percentage of revenues, they rose from 58.2% in the third quarter of 2021 to 65.6% in the third quarter of 2022.

Thanks to the growth in gross profit, **EBITDA** rose from 201,913 thousand Euro in the first nine months of 2021 to 241,315 thousand Euro (+19.5%), amounting to 26.2% as a percentage of revenues compared to 25.7% in the first nine months of 2021. In the third quarter of 2022, EBITDA totaled 61,810 thousand Euro, compared to 57,611 thousand Euro in the prior-year period, and accounted for 21.3% of revenues, compared to 22.0% in the third quarter of 2021.

The Group reported a 113,863 thousand Euro **operating profit**, up from 84,476 thousand Euro in the first nine months of 2021. The ratio to revenues amounted to 12.4%, up from 10.8% in the first nine months of 2021. With reference to the third quarter of 2022 only, operating profit totaled 18,474 thousand Euro, substantially in line with the third quarter of 2021 (-0.4%), as a result of higher costs incurred for brand relaunch activities, mitigated by the improved margins recorded in the quarter.

**Net financial income and charges** shifted from 15,538 thousand Euro in charges in the first nine months of 2021 to 14,264 thousand Euro in charges in the first nine months of 2022, improving by 1,274 thousand Euro.

| (In thousands of Euro)  | Period ended 30 September |                 | Change 2022 vs 2021 |
|---|---------------------------|-----------------|---------------------|
|   | 2022                      | 2021            |                     |
| Net interest  | 447                       | (639)           | 1,086               |
| Other net income/(charges)  | (708)                     | (855)           | 147                 |
| Net interest and expenses on lease liabilities                          | (9,838)                   | (9,940)         | 102                 |
| Net gains/(losses) on exchange rate differences                         | 16,673                    | 6,291           | 10,382              |
| Net financial income/(charges) for fair value adjustment of derivatives | (20,838)                  | (10,395)        | (10,443)            |
| <b>Total</b>  | <b>(14,264)</b>           | <b>(15,538)</b> | <b>1,274</b>        |

Net interest and expenses on lease liabilities were down from 9,940 thousand Euro in the first nine months of 2021 to 9,838 thousand Euro in the first nine months of 2022.

Net gains and losses on exchange rate differences mainly reflect the impact of commercial transactions in foreign currency. Changes in net gains and losses should be correlated with the item "Net financial income/(charges) for fair value adjustment of derivatives", which refers to the premium or discount on transactions to hedge the exchange rate risk undertaken by the Parent company and the changes in the fair value of non-hedging derivatives. The net impact of these two line items, Net gains/(losses) on exchange rate differences and Net financial income/(charges) for fair value adjustment of derivatives, shifted from a negative 4,104 thousand Euro in the first nine months of 2021 to a negative 4,165 thousand Euro in the first nine months of 2022.

In the third quarter of 2022, net financial income and charges totaled 7,081 thousand Euro in charges compared to charges of 5,632 thousand Euro in the prior-year period.

## Income taxes

The change in income taxes was as follows:

| (In thousands of Euro)            | Period ended 30 September |               | Change 2022 vs 2021 |
|-----------------------------------|---------------------------|---------------|---------------------|
|                                   | 2022                      | 2021          |                     |
| <b>Profit/(loss) before taxes</b> | <b>99,599</b>             | <b>68,938</b> | <b>30,661</b>       |
| Current taxes                     | (35,050)                  | (14,671)      | (20,379)            |
| Deferred taxes                    | 2,899                     | (9,104)       | 12,003              |
| <b>Tax rate</b>                   | <b>32.3%</b>              | <b>34.5%</b>  |                     |

Taxes were calculated using the best possible estimate of the annual average expected tax rate at the reporting date, resulting in a 32.3% tax rate.

In the first nine months of 2021, the Group posted a **Loss from discontinued operation**, net of taxes, of 5,309 thousand Euro. This referred to the fragrances business: under the agreement with Inter Parfums, Inc., this was transferred effective 1 October 2021 with the grant of an exclusive global license to produce and distribute Ferragamo-branded fragrances. For further details, please refer to the paragraph Significant events occurred during the year in the Annual Report as at 31 December 2021.

The Group reported a 67,448 thousand Euro consolidated **net profit** for the first nine months of 2022, compared to a 39,854 thousand Euro net profit for the first nine months of 2021. The Group share amounted to a consolidated profit of 68,973 thousand Euro, compared to a 37,537 thousand Euro profit in the prior year. With reference to the third quarter of 2022 only, a net profit was achieved equal to 5,514 thousand Euro compared to a net profit of 6,415 thousand Euro in the third quarter of 2021.

## Revenues

For a more detailed performance analysis, the representation of Net sales by distribution channel, geographical area and product category is shown below, excluding the effect of hedging against exchange rate risk on Revenues (Cash flow hedging effect on Revenues). The data for the first nine months of 2021 is shown again for comparison purposes.

The breakdown of Revenues by **distribution channel** was as follows:

| (In thousands of Euro)               | Period ended 30 September |               |                |               | at constant exchange rates |              |
|--------------------------------------|---------------------------|---------------|----------------|---------------|----------------------------|--------------|
|                                      | 2022                      | % of Revenues | 2021*          | % of Revenues | % change                   | % change     |
| Retail                               | 667,610                   | 72.5%         | 568,122        | 72.4%         | 17.5%                      | 9.7%         |
| Wholesale                            | 260,417                   | 28.3%         | 206,703        | 26.3%         | 26.0%                      | 18.7%        |
| <b>Net sales</b>                     | <b>928,027</b>            | <b>100.8%</b> | <b>774,825</b> | <b>98.7%</b>  | <b>19.8%</b>               | <b>12.1%</b> |
| Cash flow hedging effect on revenues | (20,023)                  | (2.2%)        | 3,867          | 0.5%          | na                         | -            |
| Licenses and services                | 10,606                    | 1.2%          | 4,904          | 0.6%          | 116.3%                     | 116.3%       |
| Rental income investment properties  | 2,115                     | 0.2%          | 1,745          | 0.2%          | 21.2%                      | 7.8%         |
| <b>Revenues</b>                      | <b>920,725</b>            | <b>100.0%</b> | <b>785,341</b> | <b>100.0%</b> | <b>17.2%</b>               | <b>12.7%</b> |

\* The data for the first nine months of 2021 is shown again for comparison purposes, for a different presentation of revenues by channel.

Retail sales refer to revenues generated by sales in directly operated stores (DOS) as well as through the direct e-commerce channel.

Wholesale sales are targeted mainly at retailers and, to a lesser extent, distributors. Wholesale customers consist of:

- franchisees, which ensure a foothold in markets for which a direct retail presence is currently not possible or not deemed necessary, such as the Middle East, Russia, some areas of Africa, and some areas of the People's Republic of China;
- travel retail/duty free stores opened inside airports and other "duty free" locations;
- department stores and luxury specialist retailers, in order to strengthen the presence in countries where the Salvatore Ferragamo Group has its own network of directly operated stores; the business in the United States is of particular importance.

In the first nine months of 2022, net retail sales were up 17.5% at current exchange rates and 9.7% at constant exchange rates. The retail channel accounted for 72.4% of total revenues in the first nine months of 2021 and 72.5% in the first nine months of 2022.

Compared to the situation as at 31 December 2021, the number of directly operated stores (DOS) declined by 14 units from 409 to 395.

The wholesale channel saw net sales rise by 26.0% at current exchange rates and 18.7% at constant exchange rates.

The Cash flow hedging effect on Revenues item represents the impact of the hedging revenues policy from the risk of foreign exchange fluctuations and resulted in a negative adjustment on revenues in the first nine months of 2022 amounting to 20,023 thousand Euro, compared to a positive adjustment of 3,867 thousand Euro registered on 30 September 2021.

In the first nine months of 2022, revenues from licenses and services increased by 116.3% at both current and constant exchange rates; this item mainly consists of royalties for the licensing of the Salvatore Ferragamo brand to the Marchon group in the eyewear industry, the Timex group in the watch industry, and, since October 2021, the Inter Parfums group in the fragrances industry.

Revenues from rental income investment properties refer solely to the management of property located in the United States and leased/sub-leased to third parties; the item increased by 21.2% at current exchange rates and 7.8% at constant exchange rates.

The following table shows Net sales by **geographical area** and the change over the prior-year period:

| (In thousands of Euro)    | Period ended 30 September |                |                |                | at constant exchange rates |              |
|---------------------------|---------------------------|----------------|----------------|----------------|----------------------------|--------------|
|                           | 2022                      | % of Net sales | 2021*          | % of Net sales | % change                   | % change     |
| Europe                    | 202,125                   | 21.8%          | 147,170        | 19.0%          | 37.3%                      | 37.9%        |
| North America             | 276,680                   | 29.8%          | 213,570        | 27.6%          | 29.6%                      | 15.6%        |
| Japan                     | 72,788                    | 7.9%           | 60,684         | 7.8%           | 19.9%                      | 25.5%        |
| Asia Pacific              | 315,710                   | 34.0%          | 309,069        | 39.9%          | 2.1%                       | (5.4%)       |
| Central and South America | 60,724                    | 6.5%           | 44,332         | 5.7%           | 37.0%                      | 22.4%        |
| <b>Net sales</b>          | <b>928,027</b>            | <b>100.0%</b>  | <b>774,825</b> | <b>100.0%</b>  | <b>19.8%</b>               | <b>12.1%</b> |

\* For a more detailed performance analysis, the representation of Net sales by geographical area is shown excluding the effect of hedging against exchange rate risk on Revenues (Cash flow hedging effect on Revenues). The data for the first nine months of 2021 is shown again for comparison purposes.

Europe saw net sales rise by 37.3% at current exchange rates and 37.9% at constant exchange rates compared to the first nine months of 2021, driven by growth in both the wholesale and retail channels.

The North American market continued to record a strong growth trend, already observed in 2021, as net sales rose by 29.6% at current exchange rates (15.6% at constant exchange rates), showing improvements in both the wholesale and retail channels.

In Japan, net sales grew by 19.9% at current exchange rates and 25.5% at constant exchange rates.

The Asia-Pacific region made once again the largest contribution to the Group's revenues, accounting for 34.0% of the total, although it was affected, especially with respect to the retail channel in China, by tighter restrictions on business operations and people (so-called lockdown) as a result of the Chinese government's "zero-Covid" strategy, up 2.1% at current exchange rates (-5.4% at constant exchange rates) compared to the first nine months of 2021.

The Central and South American market was up 37.0% at current exchange rates and 22.4% at constant exchange rates in the first nine months of 2022, thanks to growth in both sales channels. The revenues generated in the first nine months of 2022 and 2021 by Ferragamo Argentina S.A. (which operates in a country classified as a hyperinflationary economy since 1 July 2018) were adjusted in accordance with the relevant international accounting standards (see note 2 "Basis of presentation" in the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2021), resulting in a positive residual impact of 391 thousand Euro in the first nine months of 2022 and 115 thousand Euro in the first nine months of 2021.

The following table shows Net sales by **product category** and the change over the prior-year period:

| (In thousands of Euro) | Period ended 30 September |                |                |                |              | at constant exchange rates |
|------------------------|---------------------------|----------------|----------------|----------------|--------------|----------------------------|
|                        | 2022                      | % of Net sales | 2021*          | % of Net sales | % change     | % change                   |
| Footwear               | 419,664                   | 45.2%          | 339,700        | 43.8%          | 23.5%        | 14.7%                      |
| Leather goods          | 387,960                   | 41.8%          | 342,940        | 44.3%          | 13.1%        | 6.4%                       |
| Apparel                | 59,810                    | 6.5%           | 45,171         | 5.8%           | 32.4%        | 25.9%                      |
| Accessories            | 57,468                    | 6.2%           | 44,067         | 5.7%           | 30.4%        | 23.6%                      |
| Fragrances             | 3,125                     | 0.3%           | 2,947          | 0.4%           | 6.0%         | (2.0%)                     |
| <b>Net sales</b>       | <b>928,027</b>            | <b>100.0%</b>  | <b>774,825</b> | <b>100.0%</b>  | <b>19.8%</b> | <b>12.1%</b>               |

\* For a more detailed performance analysis, the representation of Net sales by product category is shown excluding the effect of hedging against exchange rate risk on Revenues (Cash flow hedging effect on Revenues). The data for the first nine months of 2021 is shown again for comparison purposes.

All main product categories saw a significant increase in turnover compared to the first nine months of 2021, with footwear and leather goods accounting for 45.2% and 41.8% of turnover, respectively, in the first nine months of 2022 (up 23.5% and 13.1%, respectively, at current exchange rates).

## Statement of financial position and Investments

Below is the statement of financial position as at 30 September 2022 reclassified by sources and uses, compared to the position as at 31 December 2021 and 30 September 2021.

| (In thousands of Euro)   | 30 September 2022 | 31 December 2021 | 30 September 2021 | % change 09.22 vs 12.21 | % change 09.22 vs 09.21 |
|--|-------------------|------------------|-------------------|-------------------------|-------------------------|
| Property, plant and equipment, investment property, intangible assets with a finite useful life and goodwill | 256,741           | 257,179          | 247,769           | (0.2%)                  | 3.6%                    |
| Right-of-use assets  | 496,319           | 500,047          | 472,813           | (0.7%)                  | 5.0%                    |
| Net working capital  | 224,138           | 199,358          | 249,912           | 12.4%                   | (10.3%)                 |
| Other non current assets/(liabilities), net  | 88,880            | 78,321           | 86,520            | 13.5%                   | 2.7%                    |
| Other current assets/(liabilities), net  | (67,938)          | (24,543)         | (14,083)          | 176.8%                  | 382.4%                  |
| Assets/(liabilities) held for sale, net  | -                 | -                | 17,138            | -                       | -                       |
| <b>Net invested capital</b>  | <b>998,140</b>    | <b>1,010,362</b> | <b>1,060,069</b>  | <b>(1.2%)</b>           | <b>(5.8%)</b>           |
| Group shareholders' equity   | 722,031           | 764,313          | 737,336           | (5.5%)                  | (2.1%)                  |
| Minority interests   | 27,612            | 21,566           | 20,275            | 28.0%                   | 36.2%                   |
| <b>Shareholders' equity (A)</b>  | <b>749,643</b>    | <b>785,879</b>   | <b>757,611</b>    | <b>(4.6%)</b>           | <b>(1.1%)</b>           |
| <b>Net financial debt/(surplus) (B)</b>  | <b>248,497</b>    | <b>224,483</b>   | <b>302,458</b>    | <b>10.7%</b>            | <b>(17.8%)</b>          |
| <b>Total sources of financing (A+B)</b>  | <b>998,140</b>    | <b>1,010,362</b> | <b>1,060,069</b>  | <b>(1.2%)</b>           | <b>(5.8%)</b>           |
| <b>Net financial debt/(surplus) (B)</b>  | <b>248,497</b>    | <b>224,483</b>   | <b>302,458</b>    | <b>10.7%</b>            | <b>(17.8%)</b>          |
| Lease liabilities (C)  | 601,259           | 597,242          | 567,678           | 0.7%                    | 5.9%                    |
| <b>Adjusted net financial debt/(surplus) (B-C)</b>   | <b>(352,762)</b>  | <b>(372,759)</b> | <b>(265,220)</b>  | <b>(5.4%)</b>           | <b>33.0%</b>            |
| <b>Adjusted net financial debt/(surplus)/Shareholders' equity</b>  | <b>(47.1%)</b>    | <b>(47.4%)</b>   | <b>(35.0%)</b>    |                         |                         |

## Investments in fixed assets

During the first nine months of 2022, the Group made investments in tangible and intangible assets for a total amount of 30,480 thousand Euro, of which 24,050 thousand Euro in tangible assets and 6,430 thousand Euro in intangible assets, compared to a total of 26,177 thousand Euro in first nine months of 2021.

The most important investments in tangible assets were made in the opening and refurbishment of stores (20.7 million Euro, approximately 86% of total investments in tangible assets). The main investments in intangible assets refer to the development of software to support business processes (totaling 2.2 million Euro,



approximately 34% of total investments in intangible assets), including investments in the e-commerce platform, the “Marlin Project” aimed at standardizing the Group’s retail information systems relying on SAP, and the successive releases of the RIO “Regional Inventory Optimization” project (the first was finalized in 2021) to optimize regional retail stock management, and the Enterprise Business Intelligence project (aimed at rationalizing corporate reporting and analytics systems by establishing a single shared “Data Warehouse”).

Investments in tangible assets under construction, amounting to 9.8 million Euro, mainly concerned the investments made for the refurbishment and opening of new stores which were not yet operational as at the reporting date.

Investments in intangible assets under development totaled 5.0 million Euro and largely consisted of investments in the development of software to support business processes, including: the “New POS Solution” project, aimed at introducing the new cash register and back office system, Oracle Xstore, for the Group's retail channel, the “Marlin Project” aimed at standardizing the Group’s retail information systems relying on SAP, and the continued development of the e-commerce project.

During the first nine months of 2022, the Group did not make any investments in financial assets.

Amortization and depreciation (excluding depreciation of the Right-of-use assets) totaled 37,878 thousand Euro in the first nine months of 2022, slightly up from 36,661 thousand Euro in the first nine months of 2021 (+3.3%).

### Right-of-use assets

The item, totaling 496,319 thousand Euro as at 30 September 2022, refers to the “Right-of-use assets” recognized against “Lease liabilities” following the application of the accounting standard IFRS16.

Right-of-use assets relating to lease contracts for property leased in the United States are included under Investment property.

### Net working capital

Below is the breakdown and change in net working capital as at 30 September 2022 compared with 31 December 2021 and 30 September 2021.

| (In thousands of Euro)                 | 30<br>September<br>2022 | 31<br>December<br>2021 | 30<br>September<br>2021 | % change<br>09.22<br>vs 12.21 | % change<br>09.22<br>vs 09.21 |
|--|-------------------------|------------------------|-------------------------|-------------------------------|-------------------------------|
| Inventories and Right of return assets | 294,515                 | 279,790                | 284,192                 | 5.3%                          | 3.6%                          |
| Trade receivables                      | 81,707                  | 112,670                | 92,863                  | (27.5%)                       | (12.0%)                       |
| Trade payables and Refund liabilities  | (152,084)               | (193,102)              | (127,143)               | (21.2%)                       | 19.6%                         |
| <b>Total</b>                           | <b>224,138</b>          | <b>199,358</b>         | <b>249,912</b>          | <b>12.4%</b>                  | <b>(10.3%)</b>                |

Net working capital was up 12.4% compared to 31 December 2021, mainly because of the increase in Inventories (+5.3%) and the decline in Trade Payables and Refund Liabilities (-21.2%), offset by the decrease in Trade Receivables (-27.5%); compared to 30 September 2021, net working capital was down 10.3%, largely because of the decline in Trade receivables (-12.0%), and the rise in Trade Payables and Refund Liabilities (+19.6%).

Specifically, inventories of finished products were up 20,152 thousand Euro compared to 31 December 2021 (+8.5%) and up 7,772 thousand Euro (+3.1%) compared to 30 September 2021. Raw materials for production were down 16.2% or 6,013 thousand Euro compared to 31 December 2021 and up 1.7% compared to 30 September 2021, and depend on production volumes for the period.

Trade receivables declined by 30,963 thousand Euro from 31 December 2021 (-27.5%) and essentially referred to sales in the wholesale channel.

Trade payables mainly refer to purchases of production materials (raw materials and accessories), finished products, and costs relating to outsourced manufacturing.

**Net financial debt**

Net financial debt as at 30 September 2022, 31 December 2021 and 30 September 2021 was as follows:

| (In thousands of Euro)   | 30 September     | 31 December      | 30 September     | Change          | Change          |
|--|------------------|------------------|------------------|-----------------|-----------------|
|  | 2022             | 2021             | 2021             | 09.22 vs 12.21  | 09.22 vs 09.21  |
| A. Cash  | 359,044          | 471,808          | 380,258          | (112,764)       | (21,214)        |
| B. Cash equivalents  | 74,046           | 39,988           | 51,830           | 34,058          | 22,216          |
| C. Other current financial assets                              | 683              | 596              | 371              | 87              | 312             |
| <b>D. Cash and cash equivalents (A+B+C)</b>                    | <b>433,773</b>   | <b>512,392</b>   | <b>432,459</b>   | <b>(78,619)</b> | <b>1,314</b>    |
| E. Current financial payables (including debt instruments)     | 28,787           | 53,955           | 81,695           | (25,168)        | (52,908)        |
| F. Current portion of non-current financial payables           | 135,153          | 132,174          | 129,277          | 2,979           | 5,876           |
| <b>G. Current financial debt (E+F)</b>                         | <b>163,940</b>   | <b>186,129</b>   | <b>210,972</b>   | <b>(22,189)</b> | <b>(47,032)</b> |
| <b>H. Current financial debt, net (G-D)</b>                    | <b>(269,833)</b> | <b>(326,263)</b> | <b>(221,487)</b> | <b>56,430</b>   | <b>(48,346)</b> |
| I. Non-current financial payables (excluding debt instruments) | 518,330          | 550,746          | 523,945          | (32,416)        | (5,615)         |
| J. Debt instruments  | -                | -                | -                | -               | -               |
| K. Trade and other current payables                            | -                | -                | -                | -               | -               |
| <b>L. Non current financial debt (I+J+K)</b>                   | <b>518,330</b>   | <b>550,746</b>   | <b>523,945</b>   | <b>(32,416)</b> | <b>(5,615)</b>  |
| <b>M. Net financial debt (H+L)</b>                             | <b>248,497</b>   | <b>224,483</b>   | <b>302,458</b>   | <b>24,014</b>   | <b>(53,961)</b> |

Net financial debt as at 30 September 2022, including lease liabilities, increased from 224,483 thousand Euro as at 31 December 2021 to 248,497 thousand Euro as at 30 September 2022, including 601,259 thousand Euro related to current and non current lease liabilities.

Net financial debt/(surplus), excluding lease liabilities, as at 30 September 2022, 31 December 2021, and 30 September 2021 was restated as follows:

| (In thousands of Euro)                             | 30 September     | 31 December      | 30 September     | Change         | Change          |
|--|------------------|------------------|------------------|----------------|-----------------|
|  | 2022             | 2021             | 2021             | 09.22 vs 12.21 | 09.22 vs 09.21  |
| <b>Net financial debt/(surplus) (a)</b>            | <b>248,497</b>   | <b>224,483</b>   | <b>302,458</b>   | <b>24,014</b>  | <b>(53,961)</b> |
| Non current lease liabilities                      | 488,123          | 487,230          | 460,393          | 893            | 27,730          |
| Current lease liabilities                          | 113,136          | 110,012          | 107,285          | 3,124          | 5,851           |
| <b>Lease liabilities (b)</b>                       | <b>601,259</b>   | <b>597,242</b>   | <b>567,678</b>   | <b>4,017</b>   | <b>33,581</b>   |
| <b>Adjusted net financial debt/(surplus) (a-b)</b> | <b>(352,762)</b> | <b>(372,759)</b> | <b>(265,220)</b> | <b>19,997</b>  | <b>(87,542)</b> |

The Group ended the first nine months of 2022 with a positive adjusted net financial position of 352,762 thousand Euro, down 19,997 thousand Euro from 31 December 2021. This was largely due to a positive 114,456 thousand Euro in adjusted cash flows from operating activities, as well as the cash used to invest in tangible and intangible assets (30,480 thousand Euro), pay dividends (56,397 thousand Euro) approved by the Parent company and buy back shares (42,670 thousand Euro) in the first nine months of 2022.

Compared to 30 September 2021, the Group's adjusted net financial position was up 87,542 thousand Euro from a positive 265,220 thousand Euro to a positive 352,762 thousand Euro.

## 5. Significant events occurred during the first nine months of 2022

For information on significant events occurred in the first six months of the year, reference should be made to the Half-year report as at 30 June 2022, approved on 6 September 2022. Below are the main events occurred during the third quarter of 2022.

### Investment in Ferragamo Japan K.K.

On 27 July 2022, Salvatore Ferragamo S.p.A. subscribed 5,000 new shares issued by Ferragamo Japan K.K., for a total amount of 3,573,019 thousand JPY (25.6 million Euro). Following this transaction, Salvatore Ferragamo S.p.A. increased its stake in the share capital of the Japanese subsidiary from 71.00% to 89.13% of its share capital. The transaction aims to strengthen the Salvatore Ferragamo Group's presence in Japan, providing Ferragamo Japan K.K. with greater financial resources to develop the local business.

## Tax and customs disputes and audits

### Updates on ongoing audits

- As for the ongoing tax audit of Ferragamo Deutschland GmbH relating to the tax years 2011-2015 that started in previous years and was already commented on in the 2021 Annual Report, on 13 April 2022 the company and German tax authorities met in person and explored potential solutions for a settlement. At the end of July 2022, German tax authorities communicated a proposed settlement to the company, on which the latter is continuing the dispute proceedings. It should also be noted that in a communication dated 21 September 2022, the German tax authorities requested transfer pricing documentation from the company for the years 2016 to 2019, which was filed on 20 October 2022.

### Tax and customs audits commenced during the period

- On 20 September 2022, the Regional Unit of the Tuscany Inland Revenue Office – Large Taxpayers Department started a documentary inspection on the tax credits related to research and development activities (pursuant to Article 3 of Italian Legislative Decree no. 145 of 23 December 2013) from which the Company benefited for the fiscal years from 2015 to 2019.

## 6. Other information

### Dividends

The Salvatore Ferragamo S.p.A. Parent company, in execution of the resolution of the Shareholders' Meeting of 12 April 2022, provided for the distribution to the Shareholders of a part of the profits allocated to Extraordinary Reserve, drawing on the profits made in 2008 - 2016 and set aside in this reserve, equal to a dividend per share of 0.34 Euro for each of the no. 166,866,600 ordinary shares in circulation (net of 1,923,400 treasury shares) at the ex-coupon date, for a total of 56,734,644 Euro. As at 30 September 2022, dividends paid amounted to 56,397 thousand Euro.

Other Group companies with third-party minority shareholders did not pay or authorize any dividends during the first nine months of 2022.

### Relations with shareholders and financial reporting

Salvatore Ferragamo S.p.A., in accordance with the recommendations in the Corporate Governance Code and in order to maintain a constant dialog with its Shareholders, potential investors and financial analysts, has set up the Investor Relators function as well as adopted an engagement policy, available at the Company's website (<https://group.ferragamo.com/en/governance/corporate-governance/>).

Financial data, corporate presentations, interim reports, official press releases, and real-time share price information are also available on the Group's website <http://group.ferragamo.com>.

### Stakes in Salvatore Ferragamo S.p.A.

As at 30 September 2022, Ferragamo Finanziaria S.p.A. held a majority stake in the share capital of Salvatore Ferragamo S.p.A., i.e., 54.276%, as per the disclosure of Ferragamo Finanziaria S.p.A. pursuant to article 120 of the Consolidated Law on Finance through form 120/A as per Attachment 4 to Consob Regulation no. 11971/1999 as amended and supplemented (the "Issuers' Regulation"). Please note that Ferragamo Finanziaria S.p.A. has requested to register the Salvatore Ferragamo ordinary shares it owns in the Special List set up by the Company

pursuant to article 127-quinquies, paragraph 2, of the Consolidated Law on Finance to benefit from increased voting rights, as described below:

- on 2 July 2018, 86,499,010 shares, accounting for 51.246% of the Company's share capital; and
- on 14 January 2019, 5,112,800 shares, accounting for 3.029% of the Company's share capital.

Pursuant to article 6 of the Bylaws and article 9 of the Company's Rules for Increased Voting Rights, the increased voting rights attached to the ordinary shares held by Ferragamo Finanziaria S.p.A. and included in the Special List on 2 July 2018 and 14 January 2019 became effective on 7 August 2020 and 5 February 2021, respectively, as they have met the requirements under applicable law for increasing voting rights.

Considering the above, as at 30 September 2022 Ferragamo Finanziaria owned 172,998,020 voting rights, accounting for 62.17% of the Company's share capital, attached to the mentioned 86,499,010 shares, and 10,225,600 voting rights, accounting for 3.68% of the Company's share capital, attached to 5,112,800 shares. Therefore, as at 30 September 2022 Ferragamo Finanziaria S.p.A. owned 183,223,620 voting rights, accounting for 65.85% of the total.

### Treasury shares and shares or stakes in parent companies

On 12 April 2022, the Shareholders' Meeting of Salvatore Ferragamo S.p.A. authorized the Board of Directors to purchase, pursuant to Article 2357 of the Italian Civil Code, including in multiple rounds, ordinary shares in Salvatore Ferragamo S.p.A. with a par value of 0.10 Euro each, up to a maximum amount that, considering the ordinary shares in Salvatore Ferragamo S.p.A. held from time to time by the Company or its subsidiaries, shall not exceed 2% of the Company's share capital from time to time, in accordance with specific terms and conditions.

On 12 April 2022, the Meeting also authorized the Board of Directors, in accordance with article 2357-ter of the Italian Civil Code, to sell, including in multiple rounds, all or part of the ordinary shares bought, in accordance with specific terms and conditions.

At the meeting held on 12 April 2022, the Board of Directors of Salvatore Ferragamo S.p.A. approved the launch of the ordinary treasury share repurchase program as authorized by the Ordinary Shareholders' Meeting on the same date. Please note that the aforementioned repurchase program was completed in July 2022.

As at 30 September 2022, Salvatore Ferragamo S.p.A. held 3,375,800 treasury shares, equal to 2.0% of the share capital, bought throughout 2018, 2019, 2021 and 2022 for a total outlay of around 58,202 thousand Euro, including banking fees and other tax charges, including 2,601,637 treasury shares purchased in the first nine months of 2022, amounting to 42,670 thousand Euro. On the same date, its subsidiaries did not hold any of its shares. The Group does not hold directly or indirectly shares in parent companies, and during the period it did not buy or sell shares in parent companies.

### Staff

Here below is the Salvatore Ferragamo Group's staff divided by category as at 30 September 2022, 31 December 2021, and 30 September 2021.

| Staff  | 30 September<br>2022 | 31 December<br>2021 | 30 September<br>2021 |
|--|----------------------|---------------------|----------------------|
| Top managers, middle managers and store managers | 737                  | 774                 | 776                  |
| White collars                                    | 2,745                | 2,848               | 2,731                |
| Blue collars                                     | 290                  | 265                 | 270                  |
| <b>Total</b>                                     | <b>3,772</b>         | <b>3,887</b>        | <b>3,777</b>         |

### Significant non-recurring events and transactions

During the first nine months of 2022, the Salvatore Ferragamo Group did not carry out significant non-recurring transactions.

## Transactions arising from atypical and/or unusual transactions

The Parent company Salvatore Ferragamo S.p.A. and the Group did not undertake atypical and/or unusual transactions, i.e. those transactions which, due to their importance and/or size, the counterparties involved, the subject of the transaction, the means of determining the transfer price and the timing of the event, may give rise to doubts about the correctness/completeness of the information provided in the Interim report, conflicts of interest, the safeguarding of the company's equity, and the protection of minority interests.

## Transactions with related parties

In accordance with the Regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010 as amended and supplemented (the "RPT Consob Regulation"), Salvatore Ferragamo S.p.A. adopted a Related Party Transaction Procedure ("Related Party Procedure") which was revised and updated by the Company's Board of Directors first on 31 July 2018, and then on 11 May 2021, so as align it with the new provisions introduced by Consob resolution no. 21624 of 10 December 2020 into the RPT Consob Regulation. The current version of the Related Party Procedure is available on the website <https://group.ferragamo.com>, section Governance/Corporate Governance, Procedures.

Sales and purchases between related parties are carried out at normal market prices. The outstanding balances at the end of the period are not backed by guarantees, do not generate interest, and are settled in cash. As at 30 September 2022, bank guarantees were issued in favor of Palazzo Feroni Finanziaria S.p.A. (1,845 thousand Euro), in favor of Lungarno Alberghi S.r.l. (488 thousand Euro) and in favor of Ferragamo Finanziaria S.p.A. (23 thousand Euro): they concerned the leasing of properties owned by said companies. There are no other guarantees, given or received, relating to receivables and payables with related parties. The Salvatore Ferragamo Group has not set aside any provision for bad debt in relation to amounts due from related parties.

## 7. Basis of presentation

This Interim report was approved by the Board of Directors of Salvatore Ferragamo S.p.A. on 8 November 2022 and, on the same date, the Board authorized its release to the public. This Interim report was not prepared in accordance with IAS 34 "Interim Financial Reporting", as the Group applies said standard to half-year reports and not also quarterly reports.

For comparative purposes, the consolidated financial statements show the comparison with the consolidated statement of financial position as at 31 December 2021 and 30 September 2021 and the consolidated income statement as at 30 September 2021.

All amounts are expressed in Euro and are rounded to the nearest thousand Euro, unless otherwise indicated.

The **accounting standards** used to prepare the equity, income and financial data as at 30 September 2022 were the International Financial Reporting Standards (IFRS) and the related interpretations, issued by the International Accounting Standards Board (IASB) and adopted by the European Union, in force at the reporting date.

In preparing the Interim report, the same accounting standards have been applied as adopted in drawing up the Consolidated Annual Report of the Salvatore Ferragamo Group for the year ended 31 December 2021, to which reference should be made, except for the adoption of the new or revised standards of the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are effective as from 1 January 2022.

The procedures used for making estimates and assumptions are the same as those used in preparing the consolidated annual report.

## Consolidation area

During the first nine months of 2022 the Group structure underwent the following change:

- On 27 July 2022, Salvatore Ferragamo S.p.A. subscribed 5,000 new shares issued by Ferragamo Japan K.K., for a total amount of 3,573,019 thousand JPY (25.6 million Euro). Following this transaction, Salvatore Ferragamo S.p.A. increased its stake in the share capital of the Japanese subsidiary from 71.00% to 89.13% of its share capital. The transaction aims to strengthen the Salvatore Ferragamo Group's presence in Japan, providing Ferragamo Japan K.K. with greater financial resources to develop the local business.

In addition, please note that Ferragamo Argentina S.A. operates in a country that has been considered a hyperinflationary economy since 1 July 2018 in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies"; therefore, this accounting standard has been applied since 2018 in the reporting of the financial

position, financial performance, and cash flows of Ferragamo Argentina S.A. for consolidated purposes, as detailed in note 2 Basis of presentation in the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2018, 2019, 2020, and 2021. The impact of the application of the new standard as at 30 September 2022 is not to be considered material at the Group level.

***Translation of financial statements in currencies other than the Euro and of items denominated in foreign currency***

The exchange rates used to determine the value in Euro of subsidiaries' financial statements expressed in foreign currency were (to 1 Euro) as follows:

|                      | Average exchange rates |              | Exchange rates at the end of the reporting period |             |              |
|----------------------|------------------------|--------------|---|-------------|--------------|
|                      | 30 September           | 30 September | 30 September                                      | 31 December | 30 September |
|                      | 2022                   | 2021         | 2022  | 2021        | 2021         |
| US Dollar            | 1.0638                 | 1.1962       | 0.9748  | 1.1326      | 1.1579       |
| Swiss Franc          | 1.01183                | 1.09042      | 0.9561  | 1.0331      | 1.0830       |
| Japanese Yen         | 135.968                | 129.832      | 141.01  | 130.38      | 129.67       |
| Pound Sterling       | 0.8472                 | 0.8636       | 0.8830  | 0.8403      | 0.8605       |
| Australian Dollar    | 1.5044                 | 1.5770       | 1.5076  | 1.5615      | 1.6095       |
| South Korean Won     | 1,348.8                | 1,354.3      | 1,400.7   | 1,346.4     | 1,371.6      |
| Hong Kong Dollar     | 8.3326                 | 9.2912       | 7.6521  | 8.8333      | 9.0184       |
| Mexican Peso         | 21.554                 | 24.077       | 19.6393   | 23.1438     | 23.7439      |
| New Taiwanese Dollar | 31.0959                | 33.4390      | 31.0263   | 31.4393     | 32.2360      |
| Singapore Dollar     | 1.4631                 | 1.6020       | 1.4001  | 1.5279      | 1.5760       |
| Thai Baht            | 36.7873                | 37.7261      | 36.8230   | 37.6530     | 39.2350      |
| Malaysian Ringgit    | 4.6165                 | 4.9413       | 4.5201  | 4.7184      | 4.8475       |
| Indian Rupee         | 82.2984                | 88.0420      | 79.4250   | 84.2292     | 86.0766      |
| Macau Pataca         | 8.578                  | 9.569        | 7.8927  | 9.1131      | 9.2943       |
| Chinese Renminbi     | 7.0193                 | 7.7376       | 6.9368  | 7.1947      | 7.4847       |
| Chilean Peso         | 912.08                 | 882.34       | 942.52  | 965.57      | 944.03       |
| Argentine Peso       | 127.402                | 111.663      | 143.804   | 116.491     | 114.380      |
| Brazilian Real       | 5.4631                 | 6.3765       | 5.2584  | 6.3101      | 6.2631       |
| Canadian Dollar      | 1.3643                 | 1.4967       | 1.3401  | 1.4393      | 1.4750       |

**8. Significant events occurred after 30 September 2022**

No significant events occurred after 30 September 2022.

## 9. **Macroeconomic situation and outlook**

The short-term economic outlook remains uncertain.

The conflict in Ukraine, which began in February 2022, has had limited direct impacts on the majority of brands in the luxury sector, despite having important consequences worldwide, not only for the serious humanitarian crisis, but also for the possible economic effects on global markets, which have already been reflected in a further increase in the costs of some raw materials (first and foremost energy).

It should be noted that the Group does not hold investments in companies located in the areas currently affected by the conflict, where it operated only through local distributors and with a turnover that did not represent a significant percentage at the Group level. In addition, the Group does not have any suppliers of raw materials in Russia or Ukraine, nor production sites located there. The future evolution of the conflict and its effects in neighboring territories are not foreseeable at this time.

Throughout 2020, the Covid-19 pandemic resulted in a significant adverse shock, with a strong unfavorable impact on activities, which continue to have repercussions through the increase in prices. In 2021 and in the first nine months of 2022, a phase of moderate recovery of economic activity was experienced at a global level. In 2022, the resurgence of the pandemic and the zero-Covid policy led to new closures and restrictions on people and commerce in the Chinese area.

In its October 2022 forecasts, the International Monetary Fund still expects GDP to grow, but at a lower and lower rate than previously estimated. GDP is now expected to grow by 3.2% in 2022 at the global level and by 1.6% in the United States, 3.1% in the Euro Area, and 3.2% in China. The risks in this baseline scenario remain mostly related to the increase in inflation, currently at levels higher than the average recorded in the last period, with increases in interest rates implemented by the main central banks, primarily the ECB and the FED. This context leads to a reduction in consumers' spending propensity and power, in addition to the developments and consequences of the already mentioned Russian-Ukrainian conflict and the future course of the pandemic.

The new strategy of the Ferragamo Group, approved by the Board of Directors, focuses on increasing revenues in the medium to long term, to be achieved through a growing engagement of new and young consumers. The achievement of this objective will be pursued through a series of actions aimed at responding to the continuous evolution of the luxury market context.

The main strategic highlights can be summarized as follows:

- the product always at the center,
  - new energy for the brand,
  - focus on the digital domain,
  - enrichment of the customer experience,
- to be actualized relying on the following key operational supports:

- supply chain excellence,
- strong commitment to sustainability,
- maximizing the value of human capital and evolution of the organization.

Despite the uncertainty and volatility of the geopolitical and macroeconomic context, the Company continued to introduce strategic levers to generate growth in the medium-long term and to realize Ferragamo's full potential.

Florence, 8 November 2022

On behalf of the Board of Directors

The Chair  
Leonardo Ferragamo

## Financial Statements

### Consolidated Statement of Financial Position – Assets

| (In thousands of Euro)                      | 30<br>September<br>2022 | <i>of which with<br/>related parties</i> | 31<br>December<br>2021 | <i>of which with<br/>related parties</i> | 30<br>September<br>2021 | <i>of which<br/>with<br/>related<br/>parties</i> |
|---|-------------------------|--|------------------------|--|-------------------------|--|
| <b>NON CURRENT ASSETS</b>                   |                         |  |                        |  |                         |  |
| Property, plant and equipment               | 188,337                 |  | 186,854                |  | 177,294                 |  |
| Investment property                         | 31,530                  |  | 30,223                 |  | 30,576                  |  |
| Goodwill                                    | 6,679                   |  | 6,679                  |  | 6,679                   |  |
| Right-of-use assets                         | 496,319                 | 98,273                                   | 500,047                | 97,959                                   | 472,813                 | 100,899  |
| Intangible assets with a finite useful life | 30,195                  |  | 33,423                 |  | 33,220                  |  |
| Other non current assets                    | 4,959                   |  | 5,732                  |  | 1,819                   |  |
| Other non current financial assets          | 16,517                  | 3,212                                    | 15,659                 | 2,987                                    | 15,161                  | 2,907  |
| Deferred tax assets                         | 117,109                 |  | 105,468                |  | 111,781                 |  |
| <b>TOTAL NON CURRENT ASSETS</b>             | <b>891,645</b>          | <b>101,485</b>                           | <b>884,085</b>         | <b>100,946</b>                           | <b>849,343</b>          | <b>103,806</b>                                   |
| <b>CURRENT ASSETS</b>                       |                         |  |                        |  |                         |  |
| Inventories                                 | 288,705                 |  | 274,566                |  | 280,404                 |  |
| Right of return assets                      | 5,810                   |  | 5,224                  |  | 3,788                   |  |
| Trade receivables                           | 81,707                  | 56                                       | 112,670                | 44                                       | 92,863                  | 98   |
| Tax receivables                             | 18,481                  |  | 27,512                 |  | 16,946                  |  |
| Other current assets                        | 36,182                  | 15                                       | 32,606                 | 2,569                                    | 34,688                  | 2,690  |
| Other current financial assets              | 683                     |  | 596                    |  | 371                     |  |
| Cash and cash equivalents                   | 433,090                 |  | 511,796                |  | 432,088                 |  |
| <b>TOTAL CURRENT ASSETS</b>                 | <b>864,658</b>          | <b>71</b>                                | <b>964,970</b>         | <b>2,613</b>                             | <b>861,148</b>          | <b>2,788</b>                                     |
| Assets held for sale                        | -                       |  | -                      |  | 17,968                  |  |
| <b>TOTAL ASSETS HELD FOR SALE</b>           | <b>-</b>                |  | <b>-</b>               |  | <b>17,968</b>           |  |
| <b>TOTAL ASSETS</b>                         | <b>1,756,303</b>        | <b>101,556</b>                           | <b>1,849,055</b>       | <b>103,559</b>                           | <b>1,728,459</b>        | <b>106,594</b>                                   |



## Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

| (In thousands of Euro)                            | 30<br>September<br>2022 | <i>of which with<br/>related parties</i> | 31<br>December<br>2021 | <i>of which with<br/>related parties</i> | 30<br>September<br>2021 | <i>of which<br/>with related<br/>parties</i> |
|---|-------------------------|--|------------------------|--|-------------------------|--|
| <b>SHAREHOLDERS' EQUITY</b>                       |                         |  |                        |  |                         |  |
| <b>GROUP SHAREHOLDERS' EQUITY</b>                 |                         |  |                        |  |                         |  |
| Share capital                                     | 16,879                  |  | 16,879                 |  | 16,879                  |  |
| Reserves  | 636,179                 |  | 668,787                |  | 682,920                 |  |
| Net profit/(loss) – Group                         | 68,973                  |  | 78,647                 |  | 37,537                  |  |
| <b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>           | <b>722,031</b>          |  | <b>764,313</b>         |  | <b>737,336</b>          |  |
| <b>MINORITY INTERESTS</b>                         |                         |  |                        |  |                         |  |
| Share capital and reserves – minority interests   | 29,137                  |  | 19,076                 |  | 17,958                  |  |
| Net profit/(loss) – minority interests            | (1,525)                 |  | 2,490                  |  | 2,317                   |  |
| <b>TOTAL MINORITY INTERESTS</b>                   | <b>27,612</b>           |  | <b>21,566</b>          |  | <b>20,275</b>           |  |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>749,643</b>          |  | <b>785,879</b>         |  | <b>757,611</b>          |  |
| <b>NON CURRENT LIABILITIES</b>                    |                         |  |                        |  |                         |  |
| Non current interest-bearing loans & borrowings   | 30,207                  |  | 63,516                 |  | 63,552                  |  |
| Provisions for risks and charges                  | 19,643                  |  | 20,732                 |  | 13,999                  |  |
| Employee benefit liabilities                      | 8,664                   |  | 8,970                  |  | 9,872                   |  |
| Other non current liabilities                     | 17,878                  | -  | 15,456                 | -  | 15,015                  | -  |
| Non current lease liabilities                     | 488,123                 | 89,707                                   | 487,230                | 88,034                                   | 460,393                 | 90,285                                       |
| Deferred tax liabilities                          | 3,520                   |  | 3,380                  |  | 3,355                   |  |
| <b>TOTAL NON CURRENT LIABILITIES</b>              | <b>568,035</b>          | <b>89,707</b>                            | <b>599,284</b>         | <b>88,034</b>                            | <b>566,186</b>          | <b>90,285</b>                                |
| <b>CURRENT LIABILITIES</b>                        |                         |  |                        |  |                         |  |
| Trade payables                                    | 142,582                 | 697                                      | 183,792                | 260                                      | 120,583                 | 316  |
| Refund liabilities                                | 9,502                   |  | 9,310                  |  | 6,560                   |  |
| Interest-bearing loans & borrowings               | 50,605                  |  | 75,604                 |  | 102,909                 |  |
| Tax payables                                      | 18,842                  |  | 25,732                 |  | 18,319                  |  |
| Other current liabilities                         | 103,759                 | 25,165                                   | 58,929                 | 1,869                                    | 47,398                  | 1,408  |
| Current lease liabilities                         | 113,136                 | 15,893                                   | 110,012                | 15,956                                   | 107,285                 | 16,612                                       |
| Other current financial liabilities               | 199                     |  | 513                    |  | 778                     |  |
| <b>TOTAL CURRENT LIABILITIES</b>                  | <b>438,625</b>          | <b>41,755</b>                            | <b>463,892</b>         | <b>18,085</b>                            | <b>403,832</b>          | <b>18,336</b>                                |
| Liabilities held for sale                         | -                       |  | -                      |  | 830                     |  |
| <b>TOTAL LIABILITIES HELD FOR SALE</b>            | <b>-</b>                |  | <b>-</b>               |  | <b>830</b>              |  |
| <b>TOTAL LIABILITIES</b>                          | <b>1,006,660</b>        | <b>131,462</b>                           | <b>1,063,176</b>       | <b>106,119</b>                           | <b>970,848</b>          | <b>108,621</b>                               |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>1,756,303</b>        | <b>131,462</b>                           | <b>1,849,055</b>       | <b>106,119</b>                           | <b>1,728,459</b>        | <b>108,621</b>                               |

## Consolidated Income Statement

| (In thousands of Euro)                                   | Period ended 30 September |                                  |                |                                  |
|--|---------------------------|----------------------------------|----------------|----------------------------------|
|  | 2022                      | of which with<br>related parties | 2021           | of which with related<br>parties |
| Revenues from contracts with customers                   | 918,610                   | 127                              | 783,596        | 129                              |
| Rental income investment properties                      | 2,115                     |                                  | 1,745          |                                  |
| <b>Revenues</b>  | <b>920,725</b>            |                                  | <b>785,341</b> |                                  |
| Cost of goods sold                                       | (259,036)                 | -                                | (253,628)      | (49)                             |
| <b>Gross profit</b>                                      | <b>661,689</b>            |                                  | <b>531,713</b> |                                  |
| Style, product development and logistics costs           | (36,641)                  | (622)                            | (28,879)       | (655)                            |
| Sales & distribution costs                               | (331,162)                 | (12,488)                         | (290,042)      | (13,155)                         |
| Marketing & communication costs                          | (54,200)                  | (145)                            | (42,559)       | (70)                             |
| General and administrative costs                         | (121,733)                 | (21,441)                         | (90,009)       | (7,407)                          |
| Other operating costs                                    | (17,622)                  | (74)                             | (15,734)       | (75)                             |
| Other income   | 13,532                    | 5                                | 19,986         | 12                               |
| <b>Operating profit/(loss)</b>                           | <b>113,863</b>            |                                  | <b>84,476</b>  |                                  |
| Financial charges  | (58,198)                  | (2,147)                          | (37,208)       | (2,310)                          |
| Financial income   | 43,934                    | -                                | 21,670         | -                                |
| <b>Profit/(loss) before taxes</b>                        | <b>99,599</b>             |                                  | <b>68,938</b>  |                                  |
| Income taxes   | (32,151)                  |                                  | (23,775)       |                                  |
| <b>Profit/(loss) from continuing operations</b>          | <b>67,448</b>             |                                  | <b>45,163</b>  |                                  |
| Profit/(loss)<br>from discontinued operation, net of tax | -                         |                                  | (5,309)        |                                  |
| <b>Net profit/(loss) for the period</b>                  | <b>67,448</b>             |                                  | <b>39,854</b>  |                                  |
| Net profit/(loss) – Group                                | 68,973                    |                                  | 37,537         |                                  |
| Net profit/(loss) – minority interests                   | (1,525)                   |                                  | 2,317          |                                  |

| (In Euro)  | Period ended 30 September |       |
|--|---------------------------|-------|
|  | 2022                      | 2021  |
| Basic earnings/(loss) per share – ordinary shares                              | 0.414                     | 0.223 |
| Diluted earnings/(loss) per share – ordinary shares                            | 0.414                     | 0.223 |
| Basic earnings/(loss) per share from continuing operations – ordinary shares   | 0.414                     | 0.254 |
| Diluted earnings/(loss) per share from continuing operations – ordinary shares | 0.414                     | 0.254 |

## Consolidated Statement of Comprehensive Income

| (In thousands of Euro)  | Period ended 30 September |               |
|---|---------------------------|---------------|
|   | 2022                      | 2021          |
| <b>Net profit/(loss) for the period (A)</b>   | <b>67,448</b>             | <b>39,854</b> |
| <i>- Other gains / (losses) that will be subsequently reclassified to net profit/(loss) for the period</i>                            |                           |               |
| - Currency translation differences of foreign operations  | (456)                     | 16,466        |
| - Net gain/(loss) from cash flow hedge  | (11,463)                  | (11,767)      |
| - Tax consequences on components that will be subsequently reclassified to net profit/(loss) for the period                           | 2,751                     | 2,824         |
| <b>Total other gains / (losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes (B1)</b>     | <b>(9,168)</b>            | <b>7,523</b>  |
| <i>- Other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period</i>                        |                           |               |
| - Net gain/(loss) from recognition of defined-benefit plans for employees   | 544                       | 669           |
| - Tax consequences on components that will not be subsequently reclassified to net profit/(loss) for the period                       | (215)                     | (131)         |
| <b>Total other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes (B2)</b> | <b>329</b>                | <b>538</b>    |
| <b>Total other gains / (losses) net of taxes (B1+B2 = B) from continuing operations</b>   | <b>(8,839)</b>            | <b>8,061</b>  |
| <b>Total other gains / (losses) net of taxes (C) from discontinued operation</b>  | <b>-</b>                  | <b>-</b>      |
| <b>Total comprehensive income for the period, net of taxes (A+ B+ C)</b>  | <b>58,609</b>             | <b>47,915</b> |
| Group   | 59,601                    | 43,754        |
| Minority interests  | (992)                     | 4,161         |

## Consolidated Statement of Cash Flows

| (In thousands of Euro)  | Period ended 30 September |                                     |                 |  |
|---|---------------------------|-------------------------------------|-----------------|--|
|   | 2022                      | of which with<br>related<br>parties | 2021            | of which<br>with<br>related<br>parties |
| <b>NET PROFIT/(LOSS) FOR THE PERIOD</b>   | <b>67,448</b>             |                                     | <b>39,854</b>   |  |
| <b>Adjustments to reconcile net profit (loss) to net cash from (used in) operating activities:</b>                        |                           |                                     |                 |  |
| Amortization, depreciation and write-downs of tangible and intangible assets, investment property and right-of-use assets | 127,452                   | 13,183                              | 119,343         | 12,833                                 |
| Income taxes  | 32,151                    |                                     | 23,775          |  |
| Provision for employee benefit plans  | 365                       |                                     | 311             |  |
| Allocation to/(use of) the provision for obsolete inventory   | (6,224)                   |                                     | 11,477          |  |
| Losses and provision for bad debt   | 1,386                     |                                     | 546             |  |
| Losses/(gains) on disposal of tangible/intangible assets  | 777                       | (5)                                 | 547             |  |
| Interest expense and interest expense on lease liabilities  | 11,585                    | 2,146                               | 11,505          | 2,309                                  |
| Interest income   | (1,290)                   | -                                   | (528)           | -                                      |
| Other non-monetary items  | (174)                     | (215)                               | (7,235)         | (527)                                  |
| <b>Changes in operating assets and liabilities:</b>   |                           |                                     |                 |  |
| Trade receivables   | 40,073                    | (12)                                | 25,650          | 238                                    |
| Inventories   | (7,875)                   |                                     | 49,189          |  |
| Trade payables  | (43,785)                  | 437                                 | (16,603)        | (308)                                  |
| Other receivables and tax payables  | 2,759                     |                                     | (2,241)         |  |
| Employee benefits payments  | (531)                     |                                     | (1,252)         |  |
| Other assets and liabilities  | 5,017                     | 6,225                               | 8,273           | 1,748                                  |
| Other – net   | (2,231)                   |                                     | (1,365)         |  |
| Income taxes paid   | (15,690)                  | 19,400                              | (21,191)        | -                                      |
| Interest expense and interest expense on lease liabilities paid   | (11,841)                  | (2,165)                             | (11,837)        | (2,510)                                |
| Interest income received  | 1,290                     | -                                   | 528             | -                                      |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>   | <b>200,662</b>            | <b>38,994</b>                       | <b>228,746</b>  | <b>13,783</b>                          |
| <b>Cash flow from investing activities:</b>   |                           |                                     |                 |  |
| Purchase of tangible assets   | (24,050)                  | -                                   | (22,056)        | (65)                                   |
| Purchase of intangible assets   | (6,430)                   |                                     | (4,453)         |  |
| Proceeds from the sale of tangible and intangible assets  | -                         |                                     | 91              |  |
| Acquisition of Arts S.r.l. and Aura 1 S.r.l. - deferred consideration   | -                         |                                     | (3,629)         |  |
| <b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>   | <b>(30,480)</b>           | <b>-</b>                            | <b>(30,047)</b> | <b>(65)</b>                            |
| <b>Cash flow from financing activities:</b>   |                           |                                     |                 |  |
| Net change in financial receivables   | -                         |                                     | 287             |  |
| Net change in financial payables  | (60,318)                  |                                     | (20,162)        |  |
| Repayment of lease liabilities  | (86,206)                  | (12,121)                            | (74,308)        | (11,268)                               |
| Dividends paid to shareholders of the Parent company  | (56,397)                  | (40,688)                            | -               |  |
| Treasury share repurchase   | (42,670)                  |                                     | -               |  |
| <b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>   | <b>(245,591)</b>          | <b>(52,809)</b>                     | <b>(94,183)</b> | <b>(11,268)</b>                        |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>(75,409)</b>           |                                     | <b>104,516</b>  |  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>   | <b>511,796</b>            |                                     | <b>327,880</b>  |  |
| Increase/(decrease) in cash and cash equivalents  | (75,409)                  |                                     | 104,516         |  |
| Effect of exchange rate translation differences   | (3,297)                   |                                     | (294)           |  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>   | <b>433,090</b>            |                                     | <b>432,102</b>  |  |

## Statement of Changes in Consolidated Shareholders' Equity

| (In thousands of Euro)   | Share capital | Treasury share reserve | Share capital contributions | Legal reserve | Extraordinary reserve | Cash flow hedge reserve | Translation reserve | Retained earnings | Other reserves | Effect IAS 19 Equity | Net profit/(loss) for the period | Group shareholders' equity | Minority interests | Total shareholders' equity |
|--|---------------|------------------------|-----------------------------|---------------|-----------------------|-------------------------|---------------------|-------------------|----------------|----------------------|----------------------------------|----------------------------|--------------------|----------------------------|
| <b>As at 01.01.2022</b>  | <b>16,879</b> | <b>(15,532)</b>        | <b>2,995</b>                | <b>4,188</b>  | <b>594,520</b>        | <b>(6,404)</b>          | <b>(10,418)</b>     | <b>98,676</b>     | <b>3,375</b>   | <b>(2,613)</b>       | <b>78,647</b>                    | <b>764,313</b>             | <b>21,566</b>      | <b>785,879</b>             |
| Allocation of results  | -             | -                      | -                           | -             | 32,800                | -                       | -                   | 45,847            | -              | -                    | (78,647)                         | -                          | -                  | -                          |
| Net profit/(loss) for the period   | -             | -                      | -                           | -             | -                     | -                       | -                   | -                 | -              | -                    | 68,973                           | 68,973                     | (1,525)            | 67,448                     |
| Other comprehensive income/(loss)  | -             | -                      | -                           | -             | -                     | (8,712)                 | (1,227)             | 251               | -              | 316                  | -                                | (9,372)                    | 533                | (8,839)                    |
| <b>Total comprehensive income (loss)</b>   | <b>-</b>      | <b>-</b>               | <b>-</b>                    | <b>-</b>      | <b>-</b>              | <b>(8,712)</b>          | <b>(1,227)</b>      | <b>251</b>        | <b>-</b>       | <b>316</b>           | <b>68,973</b>                    | <b>59,601</b>              | <b>(992)</b>       | <b>58,609</b>              |
| Distribution of dividends  | -             | -                      | -                           | -             | (56,735)              | -                       | -                   | -                 | -              | -                    | -                                | (56,735)                   | -                  | (56,735)                   |
| Purchase of min. interests in companies consolidated on a line-by-line basis and accounting of options on min. interests | -             | -                      | -                           | -             | -                     | -                       | (102)               | (6,258)           | (56)           | 106                  | -                                | (6,310)                    | 7,038              | 728                        |
| Treasury share repurchase  | -             | (42,670)               | -                           | -             | -                     | -                       | -                   | -                 | -              | -                    | -                                | (42,670)                   | -                  | (42,670)                   |
| Stock Grant Reserve  | -             | -                      | -                           | -             | -                     | -                       | -                   | -                 | 3,832          | -                    | -                                | 3,832                      | -                  | 3,832                      |
| <b>As at 30.09.2022</b>  | <b>16,879</b> | <b>(58,202)</b>        | <b>2,995</b>                | <b>4,188</b>  | <b>570,585</b>        | <b>(15,116)</b>         | <b>(11,747)</b>     | <b>138,516</b>    | <b>7,151</b>   | <b>(2,191)</b>       | <b>68,973</b>                    | <b>722,031</b>             | <b>27,612</b>      | <b>749,643</b>             |
| (In thousands of Euro)   | Share capital | Treasury share reserve | Share capital contributions | Legal reserve | Extraordinary reserve | Cash flow hedge reserve | Translation reserve | Retained earnings | Other reserves | Effect IAS 19 Equity | Net profit/(loss) for the period | Group shareholders' equity | Minority interests | Total shareholders' equity |
| <b>As at 01.01.2021</b>  | <b>16,879</b> | <b>(2,776)</b>         | <b>2,995</b>                | <b>4,188</b>  | <b>628,530</b>        | <b>5,123</b>            | <b>(25,368)</b>     | <b>129,770</b>    | <b>4,322</b>   | <b>(3,684)</b>       | <b>(66,397)</b>                  | <b>693,582</b>             | <b>16,114</b>      | <b>709,696</b>             |
| Allocation of results  | -             | -                      | -                           | -             | (34,070)              | -                       | -                   | (32,327)          | -              | -                    | 66,397                           | -                          | -                  | -                          |
| Net profit/(loss) for the period   | -             | -                      | -                           | -             | -                     | -                       | -                   | -                 | -              | -                    | 37,537                           | 37,537                     | 2,317              | 39,854                     |
| Other comprehensive income/(loss)  | -             | -                      | -                           | -             | -                     | (8,943)                 | 15,035              | (388)             | -              | 513                  | -                                | 6,217                      | 1,844              | 8,061                      |
| <b>Total comprehensive income (loss)</b>   | <b>-</b>      | <b>-</b>               | <b>-</b>                    | <b>-</b>      | <b>-</b>              | <b>(8,943)</b>          | <b>15,035</b>       | <b>(388)</b>      | <b>-</b>       | <b>513</b>           | <b>37,537</b>                    | <b>43,754</b>              | <b>4,161</b>       | <b>47,915</b>              |
| Reclassifications  | -             | -                      | -                           | -             | 60                    | -                       | -                   | 887               | (947)          | -                    | -                                | -                          | -                  | -                          |
| <b>As at 30.09.2021</b>  | <b>16,879</b> | <b>(2,776)</b>         | <b>2,995</b>                | <b>4,188</b>  | <b>594,520</b>        | <b>(3,820)</b>          | <b>(10,333)</b>     | <b>97,942</b>     | <b>3,375</b>   | <b>(3,171)</b>       | <b>37,537</b>                    | <b>737,336</b>             | <b>20,275</b>      | <b>757,611</b>             |

**Statement pursuant to paragraph 2, article 154 bis of Leg. Decree no. 58/98  
(Consolidated Law on Finance)**

The Manager charged with preparing Company's Financial Reports states, pursuant to paragraph 2, article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this document is in line with accounting books and records.

Florence, 8 November 2022

Manager charged with preparing Company's Financial Reports  
Alessandro Corsi