

# FERRAGAMO

## PRESS RELEASE

The Board of Directors of **Salvatore Ferragamo S.p.A.** approves the Consolidated Interim Report as of 30 September 2022

**Group Revenues for the first nine months increase by 17.2% vs. 2021**

**EBIT at 114 million Euros, increasing by 34.8%, and Net Profit at 67 million Euros, increasing by 69.2% vs. 9M 2021**

- **Revenues: 921 million Euros (+17.2% vs. 785 million Euros at 30 September 2021, +12.7% at constant exchange rates<sup>2</sup>)**
- **Gross Operating Profit (EBITDA<sup>1</sup>): 241 million Euros (+19.5% vs. 202 million Euros at 30 September 2021)**
- **Operating Profit (EBIT): 114 million Euros (+34.8% vs. 84 million Euros at 30 September 2021)**
- **Net Profit: 67 million Euros (+69.2% vs. 40 million Euros at 30 September 2021)**
- **Net Financial Position<sup>5</sup>: positive for 353 million Euros (vs. 265 million Euros positive at 30 September 2021)**

Marco Gobbetti, Chief Executive Officer and General Manager of Salvatore Ferragamo S.p.A commented:  
*"We continued to grow revenues in the third quarter, ensuring especially, the quality of sales throughout all our distribution channels.*

*I am particularly pleased with the impact of our Spring-Summer'23 collections and Fashion Show, their success adds further confidence in the acceleration of investment in the second half of the year as we build strength in our capabilities to support our growth agenda.*

*We delivered progress in our operating profit and cash flow for the first nine months, while implementing the planned increase of marketing and communication expenses".*

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*Florence, 8 November 2022* – The Board of Directors of Salvatore Ferragamo S.p.A. (EXM: SFER), parent company of the Salvatore Ferragamo Group, in a meeting chaired by Leonardo Ferragamo, examined and approved the Consolidated Interim Report as of 30 September 2022, drafted according to IAS/IFRS international accounting principles (Non-Audited).

## **Notes to the Income Statement for the first nine months 2022**

### **Consolidated Revenue figures**

As of 30 September 2022, the Salvatore Ferragamo Group reported Total Revenues of 921 million Euros up 17.2% at current exchange rates (+12.7% at constant exchange rates<sup>2</sup>) vs. the 785 million Euros recorded in 9M 2021.

### **Net Sales by distribution channel**<sup>3</sup>

As of 30 September 2022, the Retail distribution channel posted consolidated Net Sales up 17.5% (+9.7% at constant exchange rates<sup>2</sup>) vs. 9M 2021.

The Wholesale channel registered an increase in Net Sales of 26.0% (+18.7% at constant exchange rates<sup>2</sup>) vs. 9M 2021.

### **Net Sales by geographical area**<sup>3</sup>

The Asia Pacific registered a 2.1% increase in Net Sales (-5.4% at constant exchange rates<sup>2</sup>) vs. 9M 2021. The performance was impacted by the persistence of the restrictions related to the pandemic Covid-19, in particular in China.

The Japanese market in 9M 2022 registered a 19.9% increase in Net Sales (+25.5% at constant exchange rates<sup>2</sup>) vs. 9M 2021.

EMEA posted an increase in Net Sales of 37.3% (+37.9% at constant exchange rates<sup>2</sup>) vs. 9M 2021.

North America in 9M 2022 recorded a Net Sales increase of 29.6% (+15.6% at constant exchange rates<sup>2</sup>) vs. 9M 2021.

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Net Sales in the Central and South America in 9M 2022 were up 37.0%, (+22.4% at constant exchange rates<sup>2</sup>) vs. 9M 2021.

## **Net Sales by product category**<sup>3</sup>

All main product categories reported a significant increase in 9M 2022 vs. the same period of last year, with shoes and leather categories representing 87% of Net sales in the first nine months.

## **Gross Profit**

In 9M 2022 the Gross Profit increased by 24.4% vs. 9M 2021, to 662 million Euros. Its incidence on Revenues was up 420 basis points, moving to 71.9%, from 67.7% of 9M 2021, driven by the improvement of the full/off price ratio and the positive impact of currencies.

## **Operating Costs**

In 9M 2022 Operating Costs amounted to 548 million Euros, +22.5% at current exchange rate vs. 9M 2021 (+16.5% at constant exchange rates<sup>2</sup>).

## **Gross Operating Profit (EBITDA<sup>1</sup>)**

The Gross Operating Profit (EBITDA<sup>1</sup>) amounted to 241 million Euros, from 202 million Euros of 9M 2021, with an incidence on Revenues of 26.2% from 25.7% in 9M 2021.

## **Operating Profit (EBIT)**

The Operating Profit (EBIT) was positive for 114 million Euros, marking an increase of 34.8% vs. 84 million Euros positive in 9M 2021.

## **Profit before taxes**

The Profit before taxes in 9M 2022 was positive for 100 million Euros, significantly increasing vs. 69 million Euros positive in 9M 2021.

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## **Net Profit for the Period**

The Net Profit for the period, including the Minority Interest, was positive for 67 million Euros, marking an increase of 69.2% vs. 40 million Euros in 9M 2021. The 9M 2022 Group Net Profit was positive for 69 million Euros vs. 38 million Euros in 9M 2021.

## **Notes to the Consolidated Balance Sheet for the first nine months 2022**

### **Net Working Capital<sup>4</sup>**

The Net Working Capital as of 30 September 2022 decreased by 10.3% to 224 million Euros, from 250 million Euros as of 30 September 2021.

### **Investments (CAPEX)**

As of 30 September 2022, Investments (CAPEX) were 30 million Euros vs. 26 million Euros in 9M 2021, mainly due to renovations of the retail network and investments in the digital channel.

### **Net Financial Position**

The Net Financial Position adjusted<sup>5</sup> at 30 September 2022 was positive for 353 million Euros (vs. 265 million Euros positive as of 30 September 2021). Including IFRS16 effect, the Net Financial Position at 30 September 2022 is negative for 248 million Euros.

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## Notes to the press release

<sup>1</sup> We define EBITDA as operating profit before amortization and depreciation and write-downs of tangible/intangible assets and Right of use assets. EBITDA is an important managerial indicator for measuring the Group's performance. As EBITDA is not an indicator defined by the accounting principles used by our Group, our method of calculating EBITDA may not be strictly comparable to that used by other companies.

<sup>2</sup> Revenues/Operating Costs at "constant exchange rates" are calculated by applying to the Revenue/Operating Costs of the period 2021, not including the "hedging effect", the average exchange rates of the same period 2022.

<sup>3</sup> The variations in Net Sales are calculated at current exchange rates excluding the hedging effect, unless differently indicated.

For a better performance analysis, 9M 2022 Net Sales have been presented excluding the Cash flow hedging effect on revenues and 9M 2021 data have been restated for comparative purposes.

<sup>4</sup> Net working capital is calculated (in accordance with CESR Recommendation 05-054/b of February 10, 2005) as inventories, right of return assets and trade receivables net of trade payables and refund liabilities, excluding other current assets and liabilities and other financial assets and liabilities. As net working capital is not an indicator defined by the accounting principles used by our Group, our method of calculating net working capital may not be strictly comparable to that used by other companies.

<sup>5</sup> Net Financial Position is referring to Adjusted Net Financial Position: not including the IFRS16 effect. The net Financial Position calculated as the sum of Cash and cash equivalents and Other current financial assets, including the positive fair value of derivatives (non-hedge component) net of Current and non-current interest-bearing loans and borrowings plus Current and non-current Lease Liabilities and Other current and non-current financial liabilities including the negative fair value of derivatives (non-hedge component). Net Financial Position Adjusted is the Net Financial Position excluding Current and non-current Lease Liabilities.

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*The manager charged to prepare the corporate accounting documents, Alessandro Corsi, pursuant to article 154-bis, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Financial Law), hereby declares that the information contained in this Press Release faithfully represents the content of documents, financial books and accounting records.*

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*Furthermore, in addition to the conventional financial indicators required by IFRS, this Press Release includes some alternative performance indicators (such as EBITDA, for example) in order to allow for a better assessment of the performance of the economic and financial management. These indicators have been calculated according to the usual market practices.*

*This document may contain forecasts, relating to future events and operating results, which by their very nature are uncertain, in that they depend on future events and developments that cannot be predicted with certainty. Actual results may therefore differ with those forecasted, due to a variety of factors.*

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*The Interim Report as of 30 September 2022, approved by the Board of Directors on November 8, 2022, will be available to anyone requesting it at the headquarters of the Company in Florence, Via Tornabuoni n. 2, on the authorized web-storage system eMarket STORAGE [www.emarketstorage.com](http://www.emarketstorage.com), and will also be accessible on the Salvatore Ferragamo Group's website <http://group.ferragamo.com> in the section "Investor Relations/Financial Documents", in compliance with the law.*

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The Results of 9M 2022 will be illustrated today, 8 November 2022, at 6:00 PM (CET) in a conference call with the financial community. The presentation will be available on the Company's website <http://group.ferragamo.com> in the "Investor Relations/Presentations" section.

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

Salvatore Ferragamo S.p.A. is the parent Company of the Salvatore Ferragamo Group, one of the leaders in the luxury industry, and whose origins date back to 1927.

Salvatore Ferragamo is renowned for the creation, production and worldwide distribution of luxury collections of shoes, leather goods, apparel, silk products and other accessories for men and women, including also eyewear, watches and fragrances under license.

Embedding the spirit of its Founder, Ferragamo reinterprets its heritage with creativity, innovation and sustainable thinking. Uniqueness and exclusivity, along with the blend of style and exquisite 'Made in Italy' savoir-faire, are the hallmarks of all Ferragamo's products.

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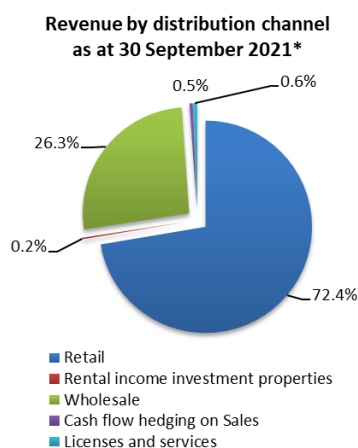
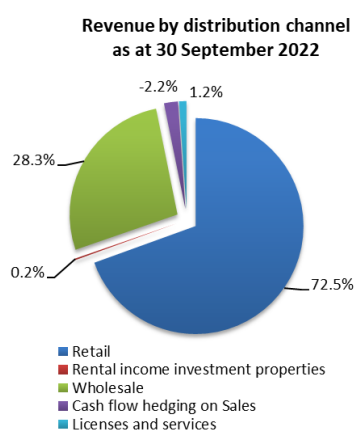
On the following pages, a more detailed analysis of Revenues, the consolidated income statement, the summary of statement of consolidated financial position, the net consolidated financial position, and the consolidated cash flow statement of the Salvatore Ferragamo Group as of 30 September 2022.

For a better performance analysis, 9M 2022 Net Sales by distribution channel, geographical area and product category have been presented excluding the Cash flow hedging effect on revenues and 9M 2021 data have been restated for comparative purposes.

## Revenue by distribution channel as of 30 September 2022

(In thousands of Euro)	Period ended at 30 September				% Change	at constant exchange rate % Change
	2022	% on Revenue	2021*	% on Revenue		
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	(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>

\* For the period ended at 30 September 2021 data were restated for comparative purpose following a different presentation of revenues by channel.



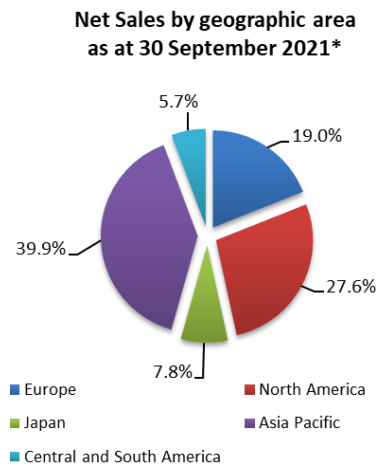
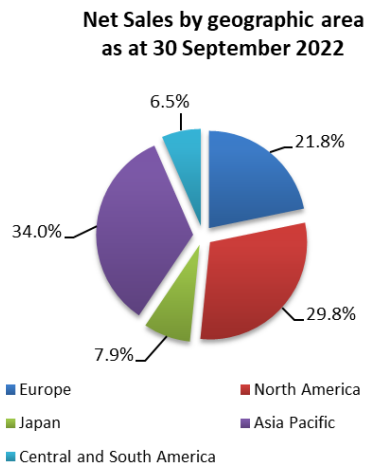


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## Net Sales by geographic area as of 30 September 2022

(In thousands of Euro)	Period ended at 30 September				at constant exchange rate %	
	2022	% on Net Sales	2021*	% on 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 better performance analysis, Net Sales by geographical area have been presented excluding Cash flow hedge effect on revenues; for the period ended at 30 September 2021 data were restated only for comparative purpose

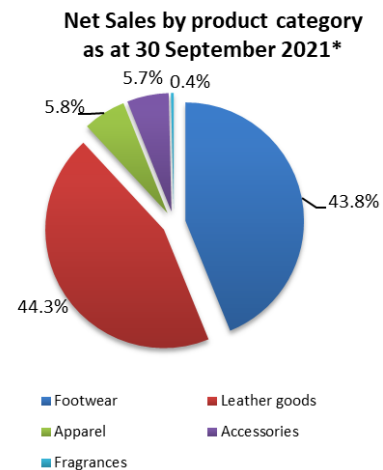
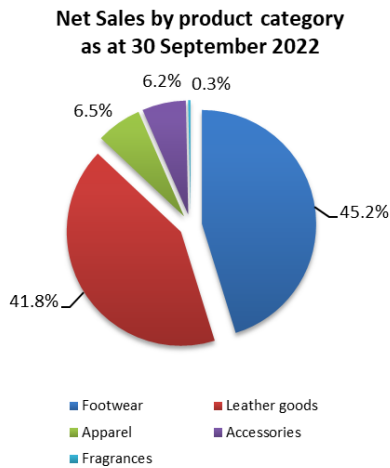


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## Net Sales by product category as of 30 September 2022

(In thousands of Euro)	Period ended at 30 September				at constant exchange rate	
	2022	% on Net Sales	2021*	% on Net Sales	% Change	rate % 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 better performance analysis, Net Sales by product category have been presented excluding Cash flow hedge effect on revenues; for the period ended at 30 September 2021 data were restated only for comparative purpose.



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## Consolidated results for Salvatore Ferragamo Group

### Consolidated income statement as of 30 September 2022

(In thousands of Euro)	Period ended at 30 September				
	2022	% on Revenue	2021	% on Revenue	% Change
Revenue from contracts with customers	918,610	99.8%	783,596	99.8%	17.2%
Rental income investment properties	2,115	0.2%	1,745	0.2%	21.2%
<b>Revenues</b>	<b>920,725</b>	<b>100.0%</b>	<b>785,341</b>	<b>100.0%</b>	<b>17.2%</b>
Cost of goods sold	(259,036)	(28.1%)	(253,628)	(32.3%)	2.1%
<b>Gross profit</b>	<b>661,689</b>	<b>71.9%</b>	<b>531,713</b>	<b>67.7%</b>	<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>	<b>(59.5%)</b>	<b>(447,237)</b>	<b>(56.9%)</b>	<b>22.5%</b>
<b>Operating profit</b>	<b>113,863</b>	<b>12.4%</b>	<b>84,476</b>	<b>10.8%</b>	<b>34.8%</b>
Net financial charges	(14,264)	(1.5%)	(15,538)	(2.0%)	(8.2%)
<b>Profit before taxes</b>	<b>99,599</b>	<b>10.8%</b>	<b>68,938</b>	<b>8.8%</b>	<b>44.5%</b>
Income taxes	(32,151)	(3.5%)	(23,775)	(3.0%)	35.2%
<b>Profit from continuing operations</b>	<b>67,448</b>	<b>7.3%</b>	<b>45,163</b>	<b>5.8%</b>	<b>49.3%</b>
Net profit/(loss) from discontinued operation, net of tax	-	-	(5,309)	(0.7%)	-
<b>Net profit/(loss) for the Period</b>	<b>67,448</b>	<b>7.3%</b>	<b>39,854</b>	<b>5.1%</b>	<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
<b>EBITDA (*)</b>	<b>241,315</b>	<b>26.2%</b>	<b>201,913</b>	<b>25.7%</b>	<b>19.5%</b>

(\*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets and Right of use assets. EBITDA so defined is a parameter used by the management to monitor and assess the operating performance and is not identified as an accounting measurement under IFRS and, therefore, must not be considered as an alternative measurement to assess Group performance. Since the composition of EBITDA is not regulated by reference accounting standards, the determination criterion applied by the Group may differ from that adopted by others and therefore may not be comparable.

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## Summary of consolidated statement of financial position as of 30 September 2022

(In thousands of Euro)	30 September 2022	31 December 2021	% Change
Property, plant and equipment	188,337	186,854	0.8%
Investment property	31,530	30,223	4.3%
Right of use assets	496,319	500,047	(0.7%)
Goodwill	6,679	6,679	-
Intangible assets with definite useful life	30,195	33,423	(9.7%)
Inventories and Right of return assets	294,515	279,790	5.3%
Trade receivables	81,707	112,670	(27.5%)
Trade payables and Refund liabilities	(152,084)	(193,102)	(21.2%)
Other non current assets/(liabilities), net	88,880	78,321	13.5%
Other current assets/(liabilities), net	(67,938)	(24,543)	176.8%
<b>Net invested capital</b>	<b>998,140</b>	<b>1,010,362</b>	<b>(1.2%)</b>
Group shareholders' equity	722,031	764,313	(5.5%)
Minority interests	27,612	21,566	28.0%
<b>Shareholders' equity (A)</b>	<b>749,643</b>	<b>785,879</b>	<b>(4.6%)</b>
<b>Net financial debt/(surplus) (B) (1)</b>	<b>248,497</b>	<b>224,483</b>	<b>10.7%</b>
<b>Total sources of financing (A+B)</b>	<b>998,140</b>	<b>1,010,362</b>	<b>(1.2%)</b>
<b>Net financial debt/(surplus) (B)</b>	<b>248,497</b>	<b>224,483</b>	<b>10.7%</b>
<i>Lease Liabilities (C)</i>	<i>601,259</i>	<i>597,242</i>	<i>0.7%</i>
<b>Net financial debt/(surplus) adjusted (B-C) (2)</b>	<b>(352,762)</b>	<b>(372,759)</b>	<b>(5.4%)</b>
<b>Net financial debt/(surplus) adjusted/ Shareholders' equity</b>	<b>(47.1%)</b>	<b>(47.4%)</b>	

(1) The Net financial debt/(surplus) is calculated as the sum of Current and non current interest-bearing loans and borrowings plus Current and non current Lease Liabilities and Other current and non current financial liabilities including the negative fair value of derivatives (non-hedge component), net of Cash and cash equivalents and Other current financial assets, including the positive fair value of derivatives (non-hedge component).

(2) The Net financial debt/(surplus) adjusted is calculated as the Net financial debt/(surplus) excluding Current and non current Lease Liabilities.

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## Consolidated Net financial position as of 30 September 2022

(In thousands of Euro)	30 September 2022	31 December 2021	Change 2022 vs 2021
A. Cash	359,044	471,808	(112,764)
B. Cash equivalents	74,046	39,988	34,058
C. Other current financial assets	683	596	87
<b>D. Current financial assets (A+B+C)</b>	<b>433,773</b>	<b>512,392</b>	<b>(78,619)</b>
E. Current financial debt (including debt instruments)	28,787	53,955	(25,168)
F. Current portion of non current financial debt	135,153	132,174	2,979
<b>G. Current financial debt (E+F)</b>	<b>163,940</b>	<b>186,129</b>	<b>(22,189)</b>
<b>H. Current financial debt, net (G-D)</b>	<b>(269,833)</b>	<b>(326,263)</b>	<b>56,430</b>
I. Non current financial debt (excluding debt instruments)	518,330	550,746	(32,416)
J. Debt instruments	-	-	-
K. Trade payables and other current debts	-	-	-
<b>L. Non-current financial debt (I+J+K)</b>	<b>518,330</b>	<b>550,746</b>	<b>(32,416)</b>
<b>M. Net financial debt (H+L)</b>	<b>248,497</b>	<b>224,483</b>	<b>24,014</b>

(In thousands of Euro)	30 September 2022	31 December 2021	Change 2022 vs 2021
<b>Net financial debt/(surplus) (a)</b>	<b>248,497</b>	<b>224,483</b>	<b>24,014</b>
Non current lease liabilities	488,123	487,230	893
Current lease liabilities	113,136	110,012	3,124
<b>Lease liabilities (b)</b>	<b>601,259</b>	<b>597,242</b>	<b>4,017</b>
<b>Net financial debt/(surplus) adjusted (a-b)</b>	<b>(352,762)</b>	<b>(372,759)</b>	<b>19,997</b>

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## Consolidated statement of cash flows as of 30 September 2022

(In thousands of Euro)	Period ended at 30 September	
	2022	2021
<b>Net profit / (loss) for the period</b>	<b>67,448</b>	<b>39,854</b>
Depreciation, amortization and write down of property, plant and equipment, intangible assets, investment properties	37,878	38,204
Depreciation of Right of use assets	89,574	81,139
Income Taxes	32,151	23,775
Net change in provision for employee benefit plans	(166)	(941)
Loss/(gain) on disposal of tangible and intangible assets	777	547
Net Interest expenses/income and Interest on lease liabilities	10,295	10,977
Other non cash items	(174)	(7,235)
Net change in net working capital	(16,425)	70,259
Net change in other assets and liabilities	5,545	4,667
Income Taxes paid	(15,690)	(21,191)
Net Interest expenses/income and Interest on lease liabilities paid	(10,551)	(11,309)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>200,662</b>	<b>228,746</b>
Purchase of tangible assets	(24,050)	(22,056)
Purchase of intangible assets	(6,430)	(4,453)
Proceeds from the sale of tangible and intangible assets	-	91
Purchase of Arts S.r.l. and Aura1 S.r.l. deferred consideration	-	(3,629)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(30,480)</b>	<b>(30,047)</b>
Net change in financial receivables	-	287
Net change in financial payables	(60,318)	(20,162)
Repayment of lease liabilities	(86,206)	(74,308)
Payment of dividends	(56,397)	-
Purchase of Treasury shares	(42,670)	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(245,591)</b>	<b>(94,183)</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>
Net increase / (decrease) in cash and cash equivalents	(75,409)	104,516
Net effect of translation of foreign currencies	(3,297)	(294)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>433,090</b>	<b>432,102</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>200,662</b>	<b>228,746</b>
Repayment of lease liabilities	(86,206)	(74,308)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES ADJUSTED (*)</b>	<b>114,456</b>	<b>154,438</b>

(\*) Net cash provided by (used in) operating activities adjusted is calculated as Net cash provided by (used in) operating activities net of the Repayment of lease liabilities (showed in the Net Cash provided by (used in) financing activities).