



## EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY SHAREHOLDERS' MEETING OF 12 APRIL 2022

4. **Authorization for the purchase and disposal of treasury shares pursuant to and in accordance with Articles 2357 and following of the Italian Civil Code, as well as Article 132 of Legislative Decree No. 58 of 24 February 1998 and Article 144-*bis* of the CONSOB Regulation adopted by Resolution No. 11971/1999. Resolutions related thereto and resulting therefrom.**

*Report prepared pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (the “**Italian Consolidated Law on Finance**”) and Article 73 of the Regulation adopted by CONSOB by Resolution No. 11971 of 14 May 1999 (the “**Issuers’ Regulation**”), in compliance with Annex 3A, Template 4, of the Issuers’ Regulation.*

Shareholders,

the authorization for the purchase of treasury shares granted to the Board of Directors by the Shareholders’ Meeting of 22 April 2022 was fully executed.

In order to allow the Company to maintain the right to purchase and dispose of treasury shares, the Board of Directors deems it appropriate to submit to approval of the Shareholders’ Meeting the release of a new authorization in the terms illustrated herein.

### **1. Reasons for which the authorization to purchase and dispose of treasury shares has been requested**

The request for authorization to carry out purchase and disposal transactions of treasury shares is aimed at allowing the Company to purchase and dispose of Salvatore Ferragamo ordinary shares for the following purposes:

- acquire treasury shares to be used, where appropriate, to service share incentive plans, including long-term plans, to be reserved for directors and/or executives of the Company or of Salvatore Ferragamo subsidiaries approved by the Company’s Shareholders’ Meeting;
- acquire treasury shares to be allocated, where appropriate, to service any extraordinary capital transactions or any other transactions that involve the assignment or disposal of treasury shares;
- take action, in compliance with applicable provisions through intermediaries, to stabilize the stock and regularize trading and price trends due to distorting trends linked to excess volatility or poor trading liquidity;

- carry out transactions on treasury shares to seize market opportunities, including through the purchase and resale of shares, operating both on the market and (with regard to sale, disposal or use) in the so-called over-the-counter markets, including outside the market or through accelerated book-building procedures or by block orders,

it being understood that, should the reasons leading to purchase cease to exist, the treasury shares purchased in execution of this authorization may be used for one of the other purposes specified above or may be sold.

**2. Maximum number, class and nominal value of shares to which the authorization refers.**

This authorization is being requested for the purchase, including in several tranches, of Salvatore Ferragamo ordinary shares with a par value of €0.10 each, up to a maximum number that, taking into account the Salvatore Ferragamo ordinary shares held by the Company and its subsidiaries from time to time, will not be greater than 2% in total of the Company's share capital at that time, pursuant to Article 2357, paragraph 3, of the Italian Civil Code.

**3. Useful information for the purpose of a thorough assessment of compliance with the provision set forth in Article 2357, paragraph 3, of the Italian Civil Code.**

Pursuant to Article 2357, paragraph 3, of the Italian Civil Code, the nominal value of treasury shares that the Company may purchase will not exceed one-fifth of its share capital, also taking into account the shares held by subsidiaries.

At the date of this Report: (i) the Company's subscribed and paid-up share capital amounted to €16,879,000.00 and consisted of 168,790,000 ordinary shares with a par value of €0.10 each; and (ii) the Company held 1,687,900 treasury shares, representing 1% of the share capital.

In compliance with Article 2357, paragraph 1, of the Italian Civil Code, such treasury shares should in any case be purchased within the limits of distributable profits and available reserves shown in the latest approved financial statements at the time of carrying out each transaction.

Only fully paid-up shares may be purchased.

It should be noted that the draft financial statements at 31 December 2021 submitted to the approval of the Shareholders' Meeting convened on single call on 12 April 2022 (assuming approval by the Shareholders' Meeting in the terms proposed by the Board), reported available and freely distributable reserves for an amount equal to €594,520,681. It is understood that the size of available reserves and distributable profits, as well as verification of the information for the purpose of assessing compliance with the maximum purchase limit to which the authorization refers, will be examined by the Board of Directors at the time each transaction is carried out.

At the time of any purchase or disposal of treasury shares, the Company will record the necessary or appropriate accounting entries, in compliance with Article 2357-ter, last paragraph, of the Italian Civil Code and applicable accounting principles.

To ensure audits of the subsidiaries, the same will be imparted specific guidelines for the prompt notification to the Company of any purchases of the parent company's ordinary shares pursuant

to Article 2359-*bis* of the Italian Civil Code.

#### **4. Period for which the authorization is requested**

The authorization to purchase treasury shares is being requested for the maximum period set forth in applicable legislation, currently established by Article 2357, paragraph 2, of the Italian Civil Code, as 18 months from the date of the shareholders' resolution approving the proposal.

Within the validity period of any authorization granted, the Board may carry out share purchases in one or more instalments and at any time, for any amount and according to a freely determined timing, in compliance with rules applicable from time to time, including on a revolving basis and according to a gradual process as may be deemed appropriate to the Company's interest.

Authorization to dispose of any treasury shares that may have been purchased will, on the other hand, be requested without time limits, due to the absence of any time limits under applicable provisions of law and the need to allow the Board of Directors to make use of maximum flexibility, including in terms of time limits, for carrying out such share disposal transactions.

#### **5. Minimum and maximum price for purchased treasury shares**

It being understood that - if the relevant conditions have been met and a decision is made to make use of them - purchases of treasury shares will be carried out in compliance with the terms, conditions and requirements established by legislation, including Community legislation in force at the time, and by accepted market practices, the Board of Directors hereby proposes that the unit price for the purchase of shares should be established for each individual transaction from time to time and:

- with reference to the procedures referred to in Article 144-*bis*, sub-pars. a) and d), of the Issuers' Regulation (see Paragraph 6 below), shares should be purchased for a price not lower than a minimum amount representing 20% and not greater than a maximum amount representing 20% of the average market price that the security has recorded in the month prior to each transaction;
- with reference to the procedures referred to in Article 144-*bis*, sub-pars. b) and c), of the Issuers' Regulation (see Paragraph 6 below), shares should be purchased at a price not lower than a minimum amount representing 20% and not greater than a maximum amount representing 20% of the reference price that the security has recorded in the trading session of the day prior to each transaction.

If the relevant conditions have been met, share purchase transactions may be carried out in compliance with the conditions set out in Article 3 of the Delegated Regulation (EU) 2016/1052 of the Commission, in order to benefit from the exemption pursuant to Article 5, paragraph 1, of Regulation (EU) 596/2014 relating to market abuse, with reference to the abuse of inside information and market manipulation.

The Board of Directors proposes to be authorized, pursuant to Article 2357-*ter* of the Italian Civil Code, to dispose of treasury shares at the price or, in any case, according to criteria and conditions determined by the Board of Directors, having regard to the implementation methods to be used in practice, as well as the trend in share prices in the period prior to the transaction in

the Company's best interest, in compliance with the terms, conditions and requirements established by applicable legislation, including Community legislation, and/or by accepted market practices in force at the time (where applicable).

## **6. Procedure to make purchases and disposals**

In consideration of the various purposes that can be pursued through treasury share transactions, the Board of Directors proposes to be authorized to carry out the purchases, in compliance with the principle of equal treatment of shareholders provided for by Article 132 of the Italian Consolidated Law on Finance, according to any of the applicable procedures pursuant to Article 144-*bis* of the Issuers' Regulation (including through subsidiaries), to be chosen, from time to time, at the discretion of the Board itself, and therefore, at present:

- (a) by means of a public purchase offer or swap;
- (b) with purchases made on regulated markets, or on multilateral trading systems, according to the procedures established by Borsa Italiana S.p.A., which do not permit the direct combination of purchase orders with predetermined sale orders;
- (c) through the purchase and sale of derivative instruments traded on regulated markets or multilateral trading systems, which provide for the physical delivery of the underlying shares under the conditions established by Borsa Italiana S.p.A.;
- (d) through the proportional assignment of a put option to shareholders to be exercised within the term of the authorization;
- (d-ter) according to the procedures established by market practices accepted by CONSOB pursuant to Article 13 of Regulation (EU) 596/2014.

Furthermore, if the relevant conditions have been met, shares may also be purchased in the manner provided for by Article 3 of Delegated Regulation (EU) 2016/1052 of the Commission, in order to benefit from the exemption pursuant to Article 5, paragraph 1, of Regulation (EU) 596/2014 relating to market abuse, with reference to the abuse of inside information and market manipulation.

With regard to disposal transactions, the Board of Directors proposes that the authorization should allow the adoption of any method that is appropriate to reach the objectives pursued - including the use of treasury shares to service share incentive plans and/or the transfer of real and/or personal rights and/or lending of securities - to be carried out either directly or through intermediaries, in compliance with applicable laws and regulations.

Shares serving the stock incentive plans will be assigned in the manner and within the terms specified in the regulations of the same plans in force from time to time.

It should be noted that, pursuant to the exemption under Article 132, paragraph 3, of the Italian Consolidated Law on Finance, the above operating procedures do not apply in the event of the purchase of treasury shares from employees of the Company, of subsidiaries and of the parent company, which have been assigned to them as part of a share incentive plan pursuant to Articles 2349 and 2441, paragraph 8, of the Italian Civil Code, or deriving from compensation plans approved pursuant to Article 114-*bis* of the Italian Consolidated Law on Finance.

Transactions for the purchase and sale of treasury shares will be disclosed to the market within the terms and in the manner set out in applicable regulatory legislation.

## **7. Additional information, where the purchase transaction is instrumental to the reduction of the share capital by cancelling the treasury shares purchased**

Purchases of treasury shares will not be instrumental to the reduction of the Company's share capital, without prejudice to the Company's right to execute such reduction, including by cancelling treasury shares, should the Shareholders' Meeting approve a share capital reduction in the future.

\* \* \*

Shareholders,

in light of the foregoing, we therefore submit the following proposed resolution for your approval:

*“The ordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A., having examined the Report of the Board of Directors prepared pursuant to Article 125-ter of the Italian Consolidated Law on Finance, as well as Article 73 of the Issuers' Regulation and in compliance with Annex 3A - Template 4, of the same Issuers' Regulation;*

- having acknowledged the financial statements ended at 31 December 2021 approved by the Shareholders' Meeting today;*
- having acknowledged the proposed resolutions being submitted,*

*resolved to*

*1) authorize the Board of Directors, pursuant to and in accordance with Article 2357 of the Italian Civil Code, to purchase Salvatore Ferragamo ordinary shares, including in several tranches, with a par value of €0.10 each, up to a maximum number that, taking into account the Salvatore Ferragamo ordinary shares held by the Company and by its subsidiaries from time to time, will not be greater in total than 2% of the Company's share capital at the time, pursuant to Article 2357, paragraph 3, of the Italian Civil Code;*

- for the pursuit of the following purposes:*
  - acquire treasury shares to be used, where appropriate, to service share incentive plans, including long-term plans, to be reserved for directors and/or executives of the Company or of Salvatore Ferragamo subsidiaries approved by the Company's Shareholders' Meeting;*
  - acquire treasury shares to be allocated, where appropriate, to service any extraordinary capital transactions or any other transactions that involve the assignment or disposal of treasury shares;*
  - take action, in compliance with applicable provisions through intermediaries, to stabilize the stock and regularize trading and price trends due to distorting trends linked to excess volatility or poor trading liquidity;*
  - carry out treasury share transactions to seize market opportunities, including through the purchase and resale of shares, operating on the market and (with regard to sale, disposal or use) in the so-called over-the-counter markets, including outside the market or through accelerated book-building procedures or by block orders,*

*it being understood that, should the reasons leading to the purchase cease to exist, the treasury shares purchased in execution of this authorization may be used for one of the other purposes specified above or may be sold;*

- *under the following terms and conditions:*
    - a. *purchases may be made in one or more tranches, including on a revolving basis, within 18 months from the date of this resolution;*
    - b. *purchases may be made in accordance with the provisions of Article 132 of the Italian Consolidated Law on Finance and Article 144-bis of the Issuers' Regulation, in compliance with the equal treatment of shareholders, as well as in compliance with accepted market practices (where applicable);*
    - c. *the unit price for the purchase of shares will be established for each individual transaction from time to time, without prejudice to compliance - where applicable - with the terms, conditions and requirements established by applicable EU legislation and/or accepted market practices in force at the time:*
      - *with reference to the procedures referred to in Article 144-bis, sub-pars. a) and d), of the Issuers' Regulation, shares will be purchased for a price not lower than a minimum amount representing 20% and not greater than a maximum amount representing 20% of the average market price that the security will have recorded in the month prior to each transaction;*
      - *with reference to the procedures referred to in Article 144-bis, sub-pars. b) and c), of the Issuers' Regulation, shares will be purchased at a price not lower than a minimum amount representing 20% and not greater than a maximum amount representing 20% of the reference price that the security will have recorded in the trading session of the day prior to each transaction.*
- 2) *authorize the Board of Directors, pursuant to and in accordance with Article 2357-ter of the Italian Civil Code, to dispose of, in whole or in part, in one or more instalment, the treasury shares purchased, for the pursuit of the purposes referred to in point 2) above and under the following terms and conditions:*
- *shares may be disposed of or otherwise sold at any time and without any time limits;*
  - *the unit price for the sale of shares and/or the criteria, methods, terms and conditions for the use of all treasury shares as appropriate to pursue the related objectives may be established by the Board of Directors;*
- 3) *grant the Chairman and the Chief Executive Officer, including separately, with the right to sub-delegate powers for individual acts or categories of acts, any and all powers needed to make purchases and disposals / transfers of all or part of the treasury shares purchased and in any case to implement the aforementioned resolutions, in compliance with applicable legislation from time to time and as may be requested by the competent authorities?'*

Florence, 8 March 2022

**Leonardo Ferragamo**  
**Chairman of the Board of Directors**