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Testo del comunicato

Vedi allegato.

PRESS RELEASE

Salvatore Ferragamo S.p.A.

The Board of Directors approves the Consolidated Interim Report as of 30 September 2020

Salvatore Ferragamo Group Nine Months Revenue -38.5%, Operating Profit (EBIT) -70 million Euros, Net Profit -96 million Euros and Positive Net Financial Position adjusted[5] of 75 million Euros

Third quarter 2020 recovering: Revenues -18.9% Operating Profit (EBIT) positive for 4 million Euros and Net cash generation for 17 million Euros

Retail Revenues performance in Greater China, in particular China and Taiwan, in the month of October further accelerating vs. 3Q 2020, and solid growth continuing in the Digital channel

- **Revenues: 611 million Euros (-38.5% vs. 994 million Euros at 30 September 2019, -38.6% at constant exchange rates[2])**
- **Gross Operating Profit (EBITDA[1]): 78 million Euros (-67.9% vs. 243 million Euros at 30 September 2019)**
- **Operating Profit (EBIT): -70 million Euros (vs. +105 million Euros at 30 September 2019)**
- **Net Profit: -96 million Euros (vs. +61 million Euros at 30 September 2019)**
- **Net Financial Position adjusted[5] (net of IFRS16 effect): positive for 75 million Euros (vs. 150 million Euros positive at 30 September 2019)**

E-MARKET SDIR CERTIFIED

During the same meeting the Board of Directors resolved:

- **to approve the merger by incorporation in Salvatore Ferragamo S.p.A. of the 100% owned Ferragamo Parfums S.p.A**

- **to terminate, with effect starting from December 15, 2020, the Executive Committee established on April 6, 2020 to temporarily deal with the emergency caused by the Covid-19 pandemic**

Florence, 10 November 2020 – The Board of Directors of Salvatore Ferragamo S.p.A. (MTA: SFER), parent company of the Salvatore Ferragamo Group, one of the global leaders in the luxury sector, in a meeting chaired by Ferruccio Ferragamo, examined and approved the Consolidated Interim Report as of 30 September 2020, prepared according to IAS/IFRS international accounting principles (”non-audited”).
To note the introduction of the IFRS 16 accounting principle as of January 1, 2019, relating to the accounting treatment of leasing contracts, according to which all performance indicators have been computed.

<u>Notes to the Income Statement for the first nine months 2020</u>

<u>Consolidated Revenue figures</u>

As of 30 September 2020 the Salvatore Ferragamo Group reported Total Revenues of 611 million Euros down 38.5% at current exchange rates (-38.6% at constant exchange rates[2]) vs. the 994 million Euros recorded in 9M 2019. Revenues in 3Q 2020 registered a 18.9% decrease at current exchange rates (-18.1% at constant exchange rates[2]).
The decrease in Revenues has been determined by the rapid diffusion of the pandemic caused by a novel coronavirus, known as Covid-19 and the consequent decisions taken by the National governments regarding prohibitions and lock-downs of the commercial activities and of the international traffic. The consequent closure of the majority of the Group's store network in those countries and the significant reduction in traffic in the remaining stores, negatively impacted the results of the first six months of the year, that registered a progressive improvement in the last three months.

Revenues by distribution channel[3]

As of 30 September 2020, the Group's Retail network counted on a total of 646 points of sales, including 393 Directly Operated Stores (DOS) and 253 Third Party Operated Stores (TPOS) in the Wholesale and Travel Retail channel, as well as the presence in Department Stores and high-level multi-brand Specialty Stores.

In 9M 2020 the Retail distribution channel posted consolidated Revenues down 35.3% (-34.8% at constant exchange rates[2]), with a decrease of 35.2% at constant exchange rates[2] and perimeter (like-for-like) vs. 9M 2019, with the primary and secondary channel posting a similar performance.
In 3Q 2020 Retail Revenues decreased 23.0% (-20.8% at constant exchange rates[2]), with a -22.8% like-for-like performance and with the e-commerce channel registering a strong acceleration.

The Wholesale channel registered a decrease in Revenues of 44.5% (-45.6% at constant exchange rates[2]) vs. 9M 2019 mainly penalized by the performance of the Travel Retail channel and of Fragrances.
In 3Q 2020 Wholesale Revenues were down 8.7% (-11.5% at constant exchange rates[2]).

Revenues by geographical area[3]

The Asia Pacific area is confirmed as the Group's top market, reaching over 42% of total Revenues, decreasing by 30.6% (-30.3% at constant exchange rates[2]) vs. 9M 2019.
The 3Q 2020 performance in the area (-4.8% at constant exchange rates[2]), solidly recovering vs. the previous quarter, benefitted from the positive performance of the retail channel in China, which recorded a Revenue growth of 38.3% at constant exchange rates[2], and that furtherly accelerated in October. A solid growth trend has been reported, in 3Q 2020, also in the retail channel in South Korea and in Taiwan, that continue to register a robust revenue increase also in October.
The Japanese market registered a 30.9% decrease in Revenues (-31.2% at constant exchange rates[2]) in 9M 2020, with a performance in 3Q 2020 down 17.3% (-13.6% at constant exchange rates[2]) also due to a hard comparison base in the month of September vs. 2019. The month of October registered an increase in retail sales vs. the same period of last year.

Overall the Asian continent represents currently over 52% of total Group's revenues.

EMEA posted, in 9M 2020, a decrease in Revenues of 45.0% (-44.6% at constant exchange rates[2]), with 3Q 2020 (-30.1% at constant exchange rates[2]) still strongly penalized by the limited tourists' flows in the period.

North America recorded a Revenue decrease of 45.1% (-47.5% at constant exchange rates[2]) in 9M 2020, with 3Q 2020 down 24.0% (-23.1% at constant exchange rates[2]) solidly recovering vs. the previous quarter.

Revenues in the Central and South America in 9M 2020 were down 47.5%, (-42.0% at constant exchange rates[2]), with 3Q 2020 down 31.9% (-24.2% at constant exchange rates[2]).

Revenues by product category[3]

All product categories, at constant exchange rates[2], reported a decrease in 9M 2020 vs. the same period of last year. The Fragrances division registered a decrease in Revenues of 56.7% at constant exchange rates[2] vs. 9M 2019, also due to the postponement of the launch of new products as a consequence of the lock-down measures in the global markets.

Gross Profit

In 9M 2020 the Gross Profit decreased by 42.9% to 368 million Euros. Its incidence on Revenues was down 470 basis points, moving to 60.1%, from 64.8% of 9M 2019, mainly penalized in 3Q 2020 by the channel mix and by the increase in provisions for obsolescence.

Operating Costs

In 9M 2020 Operating Costs decreased by 18.8% at current exchange rates (-18.1% at constant exchange rates[2]), to 438 million Euros, from 539 million Euros in 9M 2019.The decrease is due to the effects of the containment measures on all lines of operating expenses and mainly regards the renegotiation of rents and the reduction of personnel costs also as a consequence of the initial streamlining of the organization.
The Operating Costs also include ca. 9 million Euros as a result of the impairment tests. Excluding this negative component, the Operating Costs decreased by 20.5% at current exchange rates.

Gross Operating Profit (EBITDA[1])

The Gross Operating Profit (EBITDA[1]) decreased by 67.9% over the period, to 78 million Euros, from 243 million Euros of 9M 2019, with an incidence on Revenues of 12.7% from 24.4%.

Operating Profit (EBIT)

The Operating Profit (EBIT) was negative for 70 million Euros vs. 105 million Euros positive in 9M 2019. Net of the negative cost component of the impairment test, the Operating Profit (EBIT) was negative for 61 million Euros in 9M 2020.
In 3Q 2020 the Operating Profit (EBIT) was positive for 4 million Euros vs. 11 million Euros positive in 3Q 2019.

Profit before taxes

The Profit before taxes in 9M 2020 was negative for 96 million Euros vs. 83 million Euros positive in 9M 2019.

Net Profit for the Period

The Net Profit for the period, including the Minority Interest, was negative for 96 million Euros vs. 61 million Euros positive in 9M 2019.
The 9M 2020 Group Net Profit was negative for 96 million Euros vs. 60 million Euros positive in 9M 2019.

Notes to the Balance Sheet for the first nine months 2020

Net Working Capital[4]

The Net Working Capital as of 30 September 2020 increased by 2.0% to 342 million Euros, from 335 million Euros as of 30 September 2019. In particular the Inventories were down 8.7% (-2.8% at constant exchange rates).

Investments (CAPEX)

As of 30 September 2020, Investments (CAPEX) was 15 million Euros, down by 62.5% vs. 9M 2019, due to the revision of the investment plan to maintain only the projects considered essential and priority.

Net Financial Position

The Net Financial Position adjusted[5] at 30 September 2020 was positive for 75 million Euros, net of IFRS16 effect, vs. to 150 million Euros positive as of 30 September 2019. In 3Q 2020 the Net Cash generation was 17 million Euros.
Including IFRS16 effect, the Net Financial Position at 30 September 2020 is negative for 515 million Euros.

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Covid-19 Update

The Covid-19 pandemic and the ensuing containment and social distancing measures that several Governments around the world have gradually put in place to contain the outbreak and reduce the spread of the virus continued having a negative impact also in the third quarter of 2020, albeit this was less severe compared to the first half of the year. As we enter the fourth quarter of 2020, we are once again seeing most countries around the world gradually ramp up these measures to deal with a second wave of the virus.

These events have significantly impacted the various business areas of the Salvatore Ferragamo Group and continue to do so, causing both revenues and margins to decline.

In the first nine months of 2020, the Group saw a 38.5% drop in revenues at current exchange rates and, therefore, a deterioration in its margins and financial performance, as detailed in the Operating performance section. The Group incurred direct costs to address this emergency, and specifically the expenses associated with the measures taken to protect the health of employees at both offices and directly operated stores: it also received, where possible, government grants and subsidies, such as the different kinds of aid aimed at supporting employment. Personnel costs were down 20.8% in the first nine months of 2020 compared to the prior-year period, in part thanks to government benefits and subsidies, such as employment support measures, and in part due to the effects of a newly launched plan to streamline the organization.

In addition, the Group started, successfully concluded, and continues important negotiations to reduce operating costs, especially with lessors, in order to revise the terms and conditions of the leases of its distribution network, resulting in an 14,802 thousand Euro positive variable lease payment in the first nine months of 2020 that was directly recognized through profit or loss (largely within the line item “Sales & distribution costs”) in accordance with the amendment to IFRS 16 endorsed by the European Union in October 2020.

In addition, the Group wrote down inventories, net of uses, by 31,742 thousand Euro, mainly to account for the potential risk of obsolescence related to a future reduction in the sales of certain products—due to the current situation. The provision for bad debt, to which the Group allocated 1,749 thousand Euro in the first nine months of 2020, was adjusted according to the risk assessments associated with the specific situation during the period. In order to bolster its financial structure and soundness, the Group has seen it fit to increase the amount of committed lines outstanding with diversified banking counterparties, promptly opening additional short- and medium/long-term lines of credit.

Considering the severity of the current situation associated with the impact of the Covid-19 pandemic and the uncertainty about how long this will last, recently strengthened by limitation in movements and distancing measures, adopted again by West Countries of the world, it is hard to forecast future impacts and the recoverable amounts of the Group's assets, except for the information reported in the following paragraph.

Impairment test

The Covid-19 emergency qualifies as an impairment indicator, therefore the Group took it into consideration when making estimates and assumptions. For more details, see note 4 Impacts of the Covid-19 emergency in the Half-year report as at 30 June 2020.

The impairment test, conducted on the Group's data for the second quarter of 2020, resulted in a 9,268 thousand Euro impairment loss, including 7,998 thousand Euro relating to Property, plant and equipment and 1,270 thousand Euro to Intangible assets with a finite useful life.

Costs and investments

The Group has continued investing in the E-commerce channel: in the first nine months of 2020, it launched the new e-commerce website in Canada, the United States, Mexico, South Korea, Australia, the People's Republic of China, Japan, and several European countries (Eurozone and United Kingdom). The Group, in the month of October, has further consolidated its e-commerce business in China through the leaders platforms on the market, adding to the existing digital store on JD.com, a new digital store on T-Mall Luxury Pavillion, reinforcing its presence in the Chinese digital market. Some projects and investments considered low-priority or deferrable have been postponed.

Personnel

In the first nine months of 2020, in response to the Covid-19 pandemic, human resource management heavily focused on measures to protect the health of employees at both offices and directly operated stores. In this regard, it has defined specific safety protocols that include stringent safety measures and, finally, put in place a supplemental health insurance policy for Italian employees covering symptoms associated with Covid-19. Where allowed by law, the company offered free, voluntary antibody testing.

During this period, the Group began the process to apply for state aid in the various countries in which it operates, where available, and these applications were successful. In addition, management has voluntarily decided to forgo part of their remuneration for the current year.

Starting from February, in order to protect the health of employees, Salvatore Ferragamo has extended the use of smart-working, introduced as an experiment during 2019, to the Italian and international offices of the Group, allowing operations to continue where possible and in line with regulatory requirements. It has provided training to optimize the use of remote work tools and bolstered internal communication, creating accounts dedicated to answering all health- and business-related questions of the Group's employees.

Directors' Fees

Considering the Covid-19 pandemic and its impact on the business, the Managing Director and some Directors notified Salvatore Ferragamo S.p.A. that they would forgo all or part of their remuneration for the current year.

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The Management of the Company confirms the medium-long term goals, continuing to pursue the reinforcement of the competitive positioning of the Salvatore Ferragamo Group among the leaders in the luxury market. The market scenario, underpins the uncertainty, following the new recent restrictions introduced by the Western Governments, and also in predicting the resolution times of the negative effects triggered by the Covid-19 pandemic and therefore the Management of the Company does not deem to provide detailed forecasts regarding the performance in the various markets and distribution channels for the current year, thus confirming its commitment to reduce costs in order to limit the impact of the unfavorable dynamics of the current period.

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Notes to the press release

[1] 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.

[2] Revenues/Operating Costs at "constant exchange rates" are calculated by applying to the Revenue/Operating Costs of the period 2019, not including the "hedging effect", the average exchange rates of the same period 2020.

[3] The variations in Revenues are calculated at current exchange rates including the hedging effect, unless differently indicated.

[4] 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.

[5] Adjusted: not including the IFRS16 effect.

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The Board of Directors, in the same meeting, approved the merger by incorporation in Salvatore Ferragamo S.p.A. of the wholly owned subsidiary Ferragamo Parfums S.p.A. ("**Merger Project**"). On the same date the Board of Directors of Ferragamo Parfums S.p.A. approved the Merger Project.

Since Ferragamo Parfums S.p.A. is 100% owned by Salvatore Ferragamo S.p.A., the Merger is carried out according to the simplified regime provided for by article 2505 of the Italian Civil Code. Therefore, the Merger Project does not contain the information specified in Article 2501-ter of the Italian Civil Code, paragraph 1, no. 3) (exchange ratio), no. 4) (allocation of the shares of the merging company) and no. 5) (the date of participation in the profits of the shares). Moreover, due to the application of Article 2505 of the Italian Civil Code, the directors' report illustrating the Merger Project and the exchange ratio pursuant to Article 2501-quinquies of the Italian Civil Code and the experts' report pursuant to Article 2501-sexies of the Italian Civil Code have not been prepared.

Salvatore Ferragamo S.p.A. will not proceed with any increase in its share capital. The no. 10,000,000 ordinary shares with a nominal value of Euro 1 each, representing the share capital of

Ferragamo Parfums S.p.A. wholly owned by Salvatore Ferragamo S.p.A., shall be cancelled without allocation of shares or share swap.

Pursuant to article 2505 of the Italian Civil Code, the decision concerning the approval of the Merger will be taken as follows:

a) for Salvatore Ferragamo S.p.A., by the Board of Directors of the Company, by virtue of the powers granted thereto in accordance with article 25 of the Articles of Association, without prejudice to the following;
b) for Ferragamo Parfums S.p.A. by the Shareholders' Meeting in an extraordinary session.

Pursuant to article 2505, paragraph 3, of the Italian Civil Code, a number of shareholders of Salvatore Ferragamo S.p.A. representing at least 5% of its share capital may request that the decision concerning the Merger approval be taken by the Shareholders' Meeting in an extraordinary session according to article 2502, paragraph 1, of the Italian Civil Code. The shareholders who are interested in exercising said power shall send, within eight days from the date on which the Merger Project is filed before the Register of Companies, a communication to the certified e-mail address salvatore.ferragamo@legalmail.it or, by registered letter with advice of receipt, to Salvatore Ferragamo S.p.A., Ufficio Affari Societari - Via Mercalli 205 - 207, 50019 Sesto Fiorentino (FI), together with a certification proving the ownership of the Company's shares.

The Merger Project will be filed before the Register of Companies of Florence and starting from today the following documents will be available to the public at the registered office of each of the companies taking part in the Merger, on Salvatore Ferragamo S.p.A.'s website at the address http://group.ferragamo.com, in the Governance/Extraordinary Operations/2020 section, as well as on the authorized storage system eMarket STORAGE at the address www.emarketstorage.com:

i) the Merger Project jointly drafted by the two companies taking part into the Merger, together with the following attachments:
   a) the Half Year Financial Statements as of June 30 2020 of Salvatore Ferragamo S.p.A., (which replaces the balance sheet envisaged by Article 2501-quarter, paragraph 2, of the Italian Civil Code since this report refers to a date earlier than six months with respect to the day of filing or publication of the Merger Project);
   b) the balance sheet as at 30 September 2020 of Ferragamo Parfums S.p.A., as well as
   c) the by-laws in force of the merging company Salvatore Ferragamo S.p.A., which will not be modified as a consequence of the Merger;
ii) the Financial Statements of the last three financial years of Salvatore Ferragamo S.p.A. and Ferragamo Parfums S.p.A..

All the documents will be available to anyone who requests them.

It should be noted that in 2012 the Board of Directors resolved to avail itself, inter alia, of the exemption provided for in Article 70, paragraph 8, of Consob Regulation no. 11971/99 (so-called opt-out regime) and therefore no information document relating to the Merger will be prepared or made available to the public.

The main characteristics of the operation are indicated here-below. For further information, please make reference to the Merger Project made available as per the above.

Companies taking part in the Merger

Acquiring Company

Salvatore Ferragamo S.p.A., with registered office in Florence, via Tornabuoni n. 2, with share capital of Euro 16,879,000.00 fully paid up, divided into no. 168,790,000 ordinary shares, with a nominal value of Euro 0.10 each, listed on the Mercato Telematico Azionario (MTA) organized and managed by Borsa Italiana S.p.A., tax code and registration number with the Companies' Register of Florence 02175200480, and registered with the R.E.A. of the Companies' Register of Florence under no. FI - 464724.

Merged Company

Ferragamo Parfums S.p.A. with a sole shareholder and its registered office in Florence, Via Tornabuoni 2, share capital of Euro 10,000,000.00 fully paid up, divided into 10,000,000 ordinary shares with a par value of Euro 1 each; tax code and registration number with the Companies' Register of Florence 05362551003, and registered with the R.E.A. of the Companies' Register of Florence under no. FI-523383, wholly owned by Salvatore Ferragamo S.p.A., which exercises management and coordination activities pursuant to Articles 2497 et seq. of the Italian Civil Code.

Purpose and structure of the Merger

The Merger operation derives from the need to simplify the Italian structure of the Salvatore Ferragamo Group, with an optimization of the resources management and an efficiency of the organization. As a result of the Merger, the activities carried out by the Merged Company will be concentrated in the Merging Company, with the creation of greater synergies and support for business development.

Salvatore Ferragamo S.p.A. will not proceed with any increase in its share capital. The no. 10,000,000 ordinary shares with a nominal value of Euro 1 each, representing the share capital of Ferragamo Parfums S.p.A. wholly owned by Salvatore Ferragamo S.p.A., shall be cancelled without allocation of shares or share swap.

The Merger does not entail any modification of the corporate purpose of the Merging Company, nor the assignment of unlisted shareholdings, and therefore the conditions for exercising the right of withdrawal pursuant to Article 2437 of the Italian Civil Code are not fulfilled.

No changes to the Article of Association of SF will be made.

The Merger will take place, with reference to the merging company Salvatore Ferragamo S.p.A., on the basis of the Half Year Financial Statements as of June 30, 2020 prepared pursuant to Article 154-ter, paragraphs 2 and 3, of the Legislative Decree No. 58/98 (which may be used for this purpose pursuant to Article 2501-quater, paragraph 2, of the Italian Civil Code, since this report refers to a date earlier than six months with respect to the day of filing or publication of the Merger Project on the Company's website) approved by the Board of Directors of the Company on September 15, 2020 and, with reference to the Merged Company, on the basis of the balance sheet as at September 30, 2020 approved by the Board of Directors of Ferragamo Parfums S.p.A. on November 10, 2020.

Effective date of the Merger

The Merger will be valid and effective starting from the date on which the last of the registrations envisaged by Article 2504-bis, paragraph 2, of the Italian Civil Code is completed. Pursuant to Article 2501-ter of the Italian Civil Code, the accounting and tax effects of the Merger, pursuant to Article 172, paragraph 9 of Presidential Decree 917/1986, will have retroactive effect from January 1, 2021 provided that the last of the registrations envisaged by Article 2504-bis of the Italian Civil Code is made no later than December 31, 2021. As a consequence of this, the transactions carried out by the Merged Company from January 1, 2021 until the date of registration of the Merger deed in the Register of Companies will be allocated in the Salvatore Ferragamo S.p.A.'s Financial Statements relating to the financial year ending on December 31, 2021.

Other information

There are no special treatments for particular categories of shareholders.

There are no special advantages in favour of the directors of the companies taking part in the Merger.

Information notice for transactions with related parties

Pursuant to Consob Regulation for transactions with related parties approved by Resolution no. 17221 of March 12, 2010, as subsequently amended, and in accordance with the Procedure for the regulation of transactions with related parties approved by the Company, it is not necessary**,** with reference to the Merger, to apply the controls provided for therein, since the transaction is carried out between subsidiaries and there are no interests, classified as significant based on criteria defined by the Procedure, of other related parties of the Company.

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The Board of Directors of Salvatore Ferragamo S.p.A. also resolved to terminate, with effect starting from December 15, 2020, the Executive Committee established on April 6, 2020, to monitor, supervise and support, on a temporary basis, the initiatives undertaken by the Company to deal with the emergency caused by the Covid-19 pandemic. For the new financial year, these activities will be incorporated into the ordinary management of the Company.

During the meeting, the Board of Directors has also confirmed the permanence of independence requirements of the Director Marzio Saà pursuant to the applicable provisions of Legislative Decree No. 58/98 and of the Corporate Governance Code.

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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.

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 2020, approved by the Board of Directors on November 10 2020, 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, 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 2020 will be illustrated today, 10 November 2020, 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 world's leaders in the luxury industry and whose origins date back to 1927.
The Group is active in the creation, production and sale of shoes, leather goods, apparel, silk products and other accessories, along with women's and men's fragrances. The Group's product offer also includes eyewear and watches, manufactured by licensees.
The uniqueness and exclusivity of our creations, along with the perfect blend of style, creativity and innovation enriched by the quality and superior craftsmanship of the 'Made in Italy' tradition, have always been the hallmarks of the Group's products.
With approximately 4,000 employees and a network of 656 mono-brand stores as of 30 September 2020, the Ferragamo Group operates in Italy and worldwide through companies that allow it to be a leader in the European, American and Asian markets.

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For further information:

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This Press Release is also available on the website http://group.ferragamo.com, in the section "Investor Relations/Financial Press Releases".

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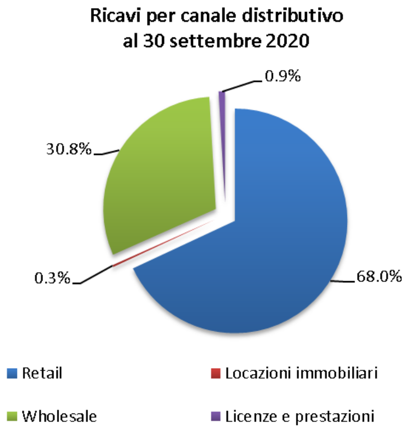
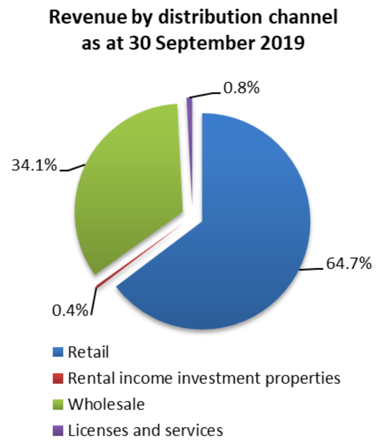
On the following pages, a more detailed analysis of Revenues, the consolidated income statement, the summary of statement of financial position, the net financial position, and the consolidated cash flow statement of the Salvatore Ferragamo Group as of 30 September 2020.

Revenue by distribution channel as of 30 September 2020

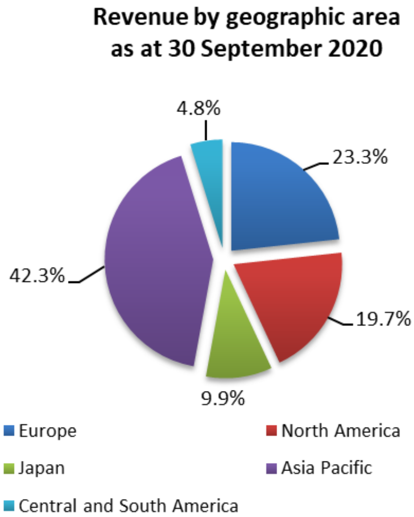
(In thousands of Euro)	Period ended 30 September					at constant exchange rate % Change
	2020	% on Revenue	2019	% on Revenue	% Change	
Retail	415,928	68.0%	643,336	64.7%	(35.3%)	(34.8%)
Wholesale	187,947	30.8%	338,748	34.1%	(44.5%)	(45.6%)
Licenses and services	5,656	0.9%	8,310	0.8%	(31.9%)	(31.9%)
Rental income investment properties	1,695	0.3%	3,970	0.4%	(57.3%)	(57.2%)
Total	**611,226**	**100.0%**	**994,364**	**100.0%**	**(38.5%)**	**(38.6%)**

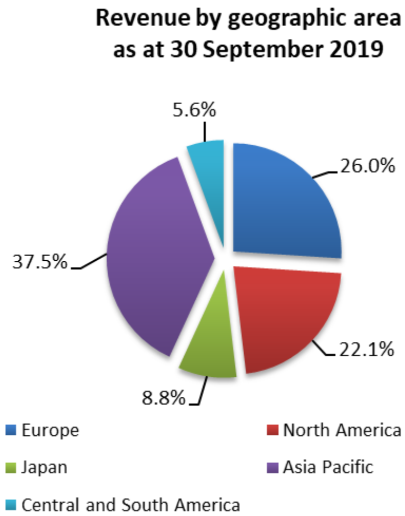




Revenue by geographic area as of 30 September 2020

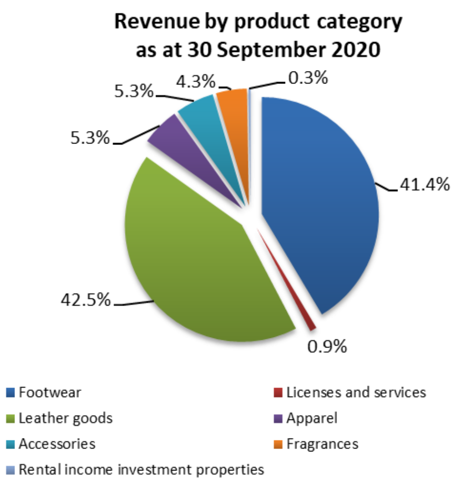
(In thousands of Euro)	Period ended 30 September					at constant exchange rate % Change
	2020	% on Revenue	2019	% on Revenue	% Change	
Europe	142,425	23.3%	258,720	26.0%	(45.0%)	(44.6%)
North America	120,594	19.7%	219,718	22.1%	(45.1%)	(47.5%)
Japan	60,219	9.9%	87,118	8.8%	(30.9%)	(31.2%)
Asia Pacific	258,733	42.3%	373,072	37.5%	(30.6%)	(30.3%)
Central and South America	29,255	4.8%	55,736	5.6%	(47.5%)	(42.0%)
Total	**611,226**	**100.0%**	**994,364**	**100.0%**	**(38.5%)**	**(38.6%)**

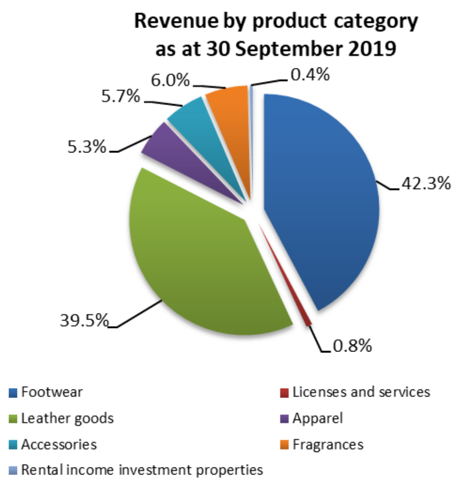




Revenue by product category as of 30 September 2020

(In thousands of Euro)	Period ended 30 September					at constant exchange rate % Change
	2020	% on Revenue	2019	% on Revenue	% Change	
Footwear	253,179	41.4%	419,974	42.3%	(39.7%)	(40.0%)
Leather goods	259,839	42.5%	392,314	39.5%	(33.8%)	(33.7%)
Apparel	32,240	5.3%	53,009	5.3%	(39.2%)	(39.1%)
Accessories	32,606	5.3%	56,821	5.7%	(42.6%)	(42.1%)
Fragrances	26,011	4.3%	59,966	6.0%	(56.6%)	(56.7%)
Licenses and services	5,656	0.9%	8,310	0.8%	(31.9%)	(31.9%)
Rental income investment properties	1,695	0.3%	3,970	0.4%	(57.3%)	(57.2%)
Total	**611,226**	**100.0%**	**994,364**	**100.0%**	**(38.5%)**	**(38.6%)**





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Consolidated results for Salvatore Ferragamo Group

Consolidated income statement as of 30 September 2020

	Period ended at 30 September				
(In thousands of Euro)	**2020**	**% on Revenue**	**2019**	**% on Revenue**	**Var %**
Revenue from contracts with customers	609,531	99.7%	990,394	99.6%	(38.5%)
Rental income investment properties	1,695	0.3%	3,970	0.4%	(57.3%)
Revenues	**611,226**	**100.0%**	**994,364**	**100.0%**	**(38.5%)**
Cost of goods sold	(243,600)	(39.9%)	(350,200)	(35.2%)	(30.4%)
Gross profit	**367,626**	**60.1%**	**644,164**	**64.8%**	**(42.9%)**
Style, product development and logistics costs	(26,419)	(4.3%)	(37,198)	(3.7%)	(29.0%)
Sales & distribution costs	(282,889)	(46.3%)	(349,304)	(35.1%)	(19.0%)
Marketing & communication costs	(38,815)	(6.4%)	(55,844)	(5.6%)	(30.5%)
General and administrative costs	(84,800)	(13.9%)	(93,295)	(9.4%)	(9.1%)
Other operating costs	(18,012)	(2.9%)	(16,998)	(1.7%)	6.0%
Other income	13,233	2.2%	13,708	1.4%	(3.5%)
Total operating costs (net of other income)	**(437,702)**	**(71.6%)**	**(538,931)**	**(54.2%)**	**(18.8%)**
Operating profit	**(70,076)**	**(11.5%)**	**105,233**	**10.6%**	**(166.6%)**
Net financial charges	(25,636)	(4.2%)	(22,259)	(2.2%)	15.2%
Profit before taxes	**(95,712)**	**(15.7%)**	**82,974**	**8.3%**	**(215.4%)**
Income taxes	(344)	(0.1%)	(21,548)	(2.2%)	(98.4%)
Net profit/(loss) for the Period	**(96,056)**	**(15.7%)**	**61,426**	**6.2%**	**(256.4%)**
Net profit/(loss) - Group	(96,463)	(15.8%)	59,966	6.0%	(260.9%)
Net profit/(loss) - minority interests	407	0.1%	1,460	0.1%	(72.1%)
EBITDA (*)	**77,793**	**12.7%**	**242,718**	**24.4%**	**(67.9%)**

(*) 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.

Salvatore Ferragamo

Summary of consolidated statement of financial position as of 30 September 2020

(In thousands of Euro)	30 September 2020	31 December 2019	% Change
Property, plant and equipment	211,376	251,805	(16.1%)
Investment property	34,393	39,091	(12.0%)
Right of use assets	497,045	576,455	(13.8%)
Goodwill and other intangible assets with indefinite useful life	6,679	-	na
Intangible assets with definite useful life	40,801	42,484	(4.0%)
Inventories and Right of return assets	372,126	395,004	(5.8%)
Trade receivables	100,075	147,202	(32.0%)
Trade payables and Refund liabilities	(130,103)	(207,654)	(37.3%)
Other non current assets/(liabilities), net	80,753	73,032	10.6%
Other current assets/(liabilities), net	(7,936)	(27,721)	(71.4%)
Net invested capital	**1,205,209**	**1,289,698**	**(6.6%)**
Group shareholders' equity	668,757	763,647	(12.4%)
Minority interests	21,620	21,618	-
Shareholders' equity (A)	**690,377**	**785,265**	**(12.1%)**
Net financial debt/(surplus) (B) (1)	**514,832**	**504,433**	**2.1%**
Total sources of financing (A+B)	**1,205,209**	**1,289,698**	**(6.6%)**

Net financial debt/(surplus) (B)	**514,832**	**504,433**	**2.1%**
Lease Liabilities (C)	589,972	676,329	(12.8%)
Net financial debt /(surplus) adjusted (B-C) (2)	**(75,140)**	**(171,896)**	**(56.3%)**
Net financial debt /(surplus) adjusted/ Shareholders' equity	**(10.9%)**	**(21.9%)**	

(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) net of Current and non current Lease Liabilities

Consolidated Net financial position as of 30 September 2020

(In thousands of Euro)	30 September 2020	31 December 2019	Change 2020 vs 2019
A. Cash	949	1,152	(203)
B. Other cash equivalents	368,408	221,180	147,228
C. Cash and cash equivalents (A)+(B)	**369,357**	**222,332**	**147,025**
Derivatives – non-hedge component	705	101	604
Other financial assets	425	-	425
D. Current financial receivables	**1,130**	**101**	**1,029**
E. Current bank payables	159,712	48,060	111,652
F. Derivatives – non-hedge component	187	238	(51)
G. Other current financial payables	112,541	119,301	(6,760)
H. Current financial debt (E)+(F)+(G)	**272,440**	**167,599**	**104,841**
I. Current financial debt, net (H)-(C)-(D)	**(98,047)**	**(54,834)**	**(43,213)**
J. Non current bank payables	129,614	-	129,614
K. Derivatives – non-hedge component	-	-	-
M. Other non current financial payables	483,265	559,267	(76,002)
N. Non-current financial debt (J)+(K)+(M)	**612,879**	**559,267**	**53,612**
O. Net financial debt (I)+(N)	**514,832**	**504,433**	**10,399**

(In thousands of Euro)	30 September 2020	31 December 2019	Change 2020 vs 2019
Net financial debt/(surplus) (a)	**514,832**	**504,433**	**10,399**
Non current lease liabilities	483,265	559,267	(76,002)
Current lease liabilities	106,707	117,062	(10,355)
Lease liabilities (b)	**589,972**	**676,329**	**(86,357)**
Net financial debt/(surplus) adjusted (a-b)	**(75,140)**	**(171,896)**	**96,756**

Consolidated statement of cash flows as of 30 September 2020

(In thousands of Euro)	Period ended 30 September	
	2020	2019
Net profit / (loss) for the period	**(96,056)**	**61,426**
Depreciation, amortization and write down of property, plant and equipment, intangible assets, investment properties	57,851	110,514
Depreciation of Right of use assets	90,018	26,971
Income Taxes	344	21,548
Net change in provision for employee benefit plans	(20)	(189)
Loss/(gain) on disposal of tangible and intangible assets	1,198	1,086
Net Interest expenses/income and Interest on lease liabilities	12,167	12,936
Other non cash items	(180)	979
Net change in net working capital	(19,986)	(25,587)
Net change in other assets and liabilities	(7,254)	(2,614)
Income Taxes paid	(18,147)	(12,861)
Net Interest expenses/income and Interest on lease liabilities paid	(13,535)	(11,297)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**6,400**	**182,912**
Purchase of tangible assets	(11,819)	(36,748)
Purchase of intangible assets	(3,725)	(7,364)
Proceeds from the sale of tangible and intangible assets	18	174
Purchase of Arts S.r.l. and Aura1 S.r.l. net of cash and cash equivalents purchased	(7,581)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(23,107)**	**(43,938)**
Net change in financial receivables	(430)	688
Net change in financial payables	242,740	5,672
Repayment of lease liabilities	(89,865)	(85,397)
Payment of dividends	-	(62,566)
Purchase of Treasury shares	-	(2,525)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**152,445**	**(144,128)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**135,738**	**(5,154)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**222,332**	**207,707**
Net increase / (decrease) in cash and cash equivalents	135,738	(5,154)
Net effect of translation of foreign currencies	11,287	(4,421)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**369,357**	**198,132**
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**6,400**	**182,912**
Repayment of lease liabilities	(89,865)	(85,397)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES ADJUSTED (*)	**(83,465)**	**97,515**

(*) 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).

Fine Comunicato n.1220-42	Numero di Pagine: 21