Salvatore Ferragamo Group
Half-year Report as at 30 June 2022

Salvatore Ferragamo S.p.A.

Florence

Contents

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/it/

Salvatore Ferragamo Group

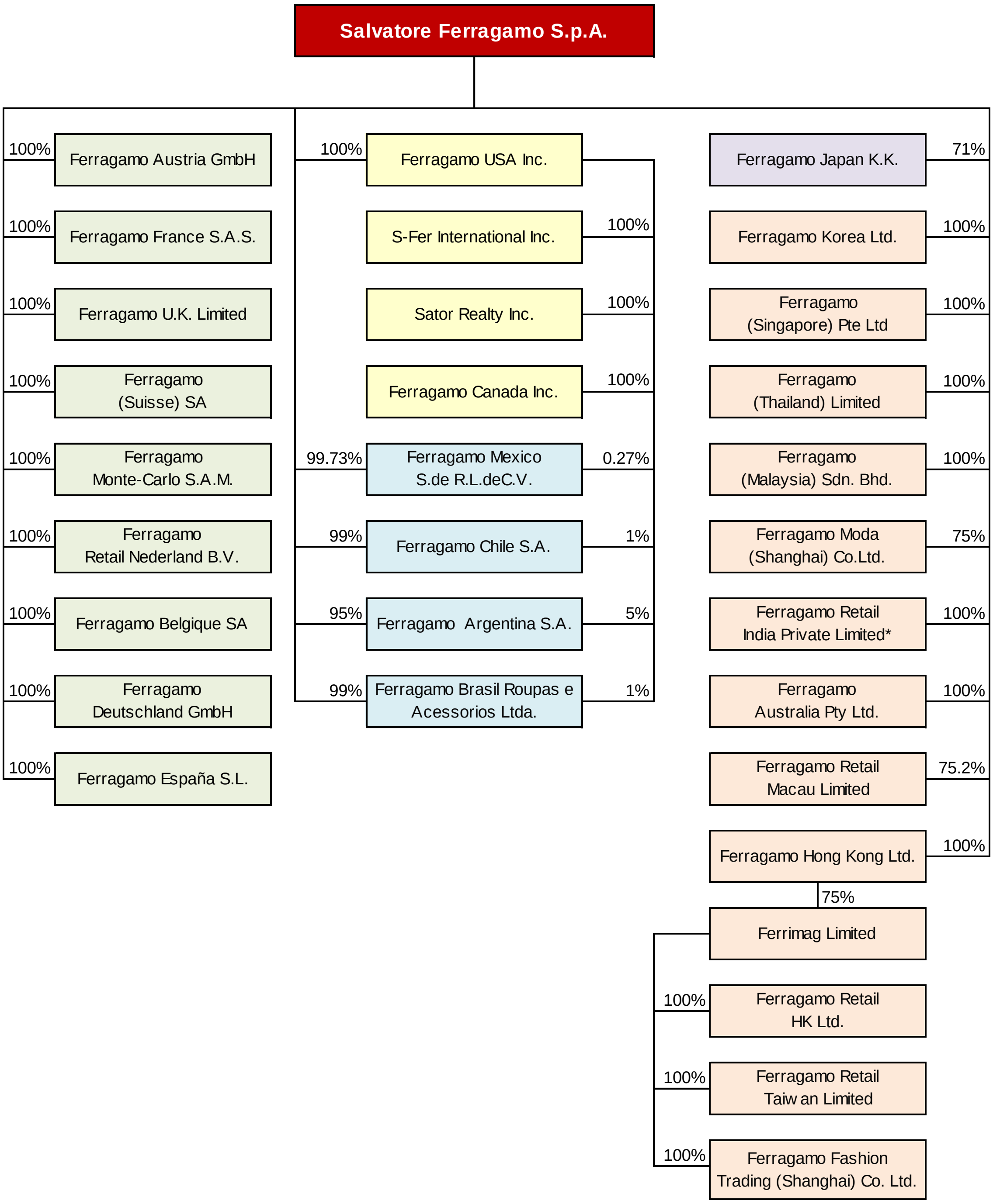
Interim Directors' report on operations

Corporate boards

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

Salvatore Ferragamo S.p.A.	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.
Europe	
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
North America	
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
Central and South America	
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
Asia Pacific	
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, PRC)
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
Japan	
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 June 2022 in Euro	14.7
Stock Market capitalization as at 30 June 2022 in Euro	2,481,213,000
Number of shares making up the share capital as at 30 June 2022	168,790,000
Number of outstanding shares (free float) as at 30 June 2022*	46,032,657

* 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.

Here below is the trend in Salvatore Ferragamo's share price during the first half 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 Half-year 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 the Half-year 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).

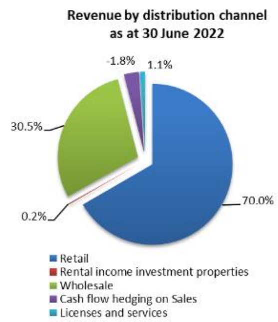
Adjusted net financial debt/(surplus): it is *Net financial debt/(surplus)* excluding *Current and non current lease liabilities.*

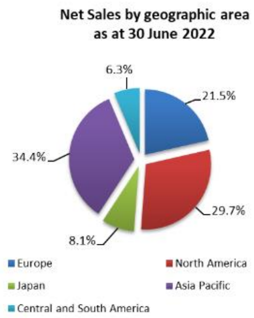
Adjusted cash flow from (used in) operating activities: it is *Net cash from (used in) operating activities* net of *Repayment of lease liabilities* (classified as *Cash flow from financing activities*).

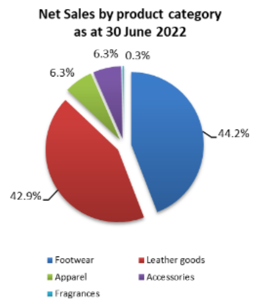
Investments in tangible and intangible assets: include i) increases in the historical cost of *Property, plant and equipment*, *Investment property* (excluding those relating to *Right-of-use assets*) and *Intangible assets with a finite useful life*, net of decreases in tangible assets and intangible 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 half of 2022

(In millions of Euro)	Half-year period ended 30 June 2022	2021	% change 2022 vs 2021
Revenues	630.3	523.8	20.3%
Gross profit	452.8	361.0	25.4%
Gross profit %	71.8%	68.9%	
EBITDA	179.5	144.3	24.4%
EBITDA %	28.5%	27.5%	
Operating profit/(loss)	95.4	65.9	44.7%
Operating profit/(loss) %	15.1%	12.6%	
Net profit/(loss) for the period	61.9	33.4	85.2%
Net profit/(loss) – Group	*61.6*	*30.7*	*100.5%*
Net profit/(loss) – minority interests	*0.3*	*2.7*	







(In millions of Euro)	30 June 2022	31 December 2021	30 June 2021
Investments in tangible/intangible assets	17.5	44.2	12.9
Net working capital	249.7	199.4	298.5
Shareholders' equity	754.9	785.9	754.8
Adjusted net financial debt/(surplus)	(309.4)	(372.8)	(204.8)
Adjusted cash flow from (used in) operating activities	50.6	275.5	79.8

	30 June 2022	31 December 2021	30 June 2021
Staff as at the reporting date	3,777	3,887	3,782
Number of DOS	400	409	398

Geographical distribution of DOS (30 June 2022)

400 *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 June 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

The half-year report as at 30 June 2022 has been prepared in accordance with the international accounting standard regarding interim reporting (IAS 34 – Interim Financial Reporting) and consists of:

- Consolidated statement of financial position;
- Consolidated income statement;
- Consolidated statement of comprehensive income;
- Consolidated statement of cash flows;
- Statement of changes in consolidated shareholders' equity;
- Explanatory notes to the condensed consolidated half-year financial statements as at 30 June 2022

The Interim Directors' report on operations, 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.

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.

The distribution system

The organization of distribution and sales is one of the Group's strengths, thanks to its extensive and consolidated presence both in so-called traditional markets (Europe, United States and Japan) and in emerging markets (such as Asia Pacific and Latin America), as well as thanks to its store locations.

The Group attributes great importance to monitoring distribution, which is done through: a network of directly operated Ferragamo single brand stores (DOS), which as at 30 June 2022 numbered 400 (the so-called retail channel), and a network of tailored single brand stores and/or stores-in-stores operated by third parties (TPOS), as well as through a multibrand channel (taken as a whole, the so-called wholesale channel).

Through the retail channel, the Group directly markets all product lines to end customers. Directly operated stores (DOS) are spread across all the main markets served by the Group in exclusive and strategic locations, both from a reputational and commercial point of view.

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

- department stores and luxury specialist retailers, in order to strengthen the presence in countries where the Group has its own network of directly operated stores. The business in the United States is of particular importance;
- 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.

Stores are selected on the basis of their coherence with the positioning of the "Salvatore Ferragamo" brand, their location, and the visibility which they can guarantee the brand.

Changes to the Group structure

During the first half of 2022, the Salvatore Ferragamo Group's structure underwent no changes.

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.

The first six months of 2022 have been dominated by the outbreak of the Russia-Ukraine conflict, which plunged markets into considerable uncertainty, and soaring prices of commodities, chief among them energy commodities, which has caused inflation to surge.

As a result of the concerns over a slowdown in economic growth, with mounting risk aversion and the prospect of a more restrictive monetary policy, the US dollar strongly appreciated due to its safe-haven status. The EUR/USD exchange rate declined from 1.13 in January to 1.04 at the end of June, hitting a low of 1.0385 on 13 May.

As a result of the strengthening of the Dollar, the USD/CNY exchange rate weakened from 6.36 to 6.70. Against the Euro – which is strongly penalized by the Russia-Ukraine conflict – the Yuan has instead strengthened, going from 7.22 to 6.96.

Similarly, the South Korean Won – linked to the economic cycle and to the trade balance – weakened against the Dollar, starting from 1,193 in January and reaching 1,301 in June. Against the Euro, on the other hand, it went from 1,354 in January to 1,352 at the end of June, fluctuating between a maximum value of 1,374 and a minimum value of 1,327.

Conversely, despite its status as a safe haven, the Japanese yen has not benefited from the increased risk aversion and was more affected by the negative impact of rising inflation. The EUR/JPY exchange rate was up from 130.6 in January to 141.5 at the end of June, with peaks at around 143.

Finally, the Mexican Peso - as a commodity currency - steadily gained strength: EUR/MXN shifted from 23.2 in January to 20.9 in June.

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 half of 2022, the Salvatore Ferragamo Group's results show a decidedly positive trend, both in revenues (+ 20.3% at current exchange rates and +17.0% at constant exchange rates compared to the first half year 2021), as well as in margins, 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 half 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 gross profit for the first half of 2022 stood at 71.8% of revenues, compared to 68.9% in the first half of 2021, mainly thanks to the higher margin across all sales channels. The operating profit therefore increased from 65.9 million Euro in the first half of 2021 to 95.4 million Euro in the first half of 2022, despite an increase of operating costs. The Group posted a 61.9 million Euro net profit for the period, compared to a 33.4 million Euro net profit for the prior-year period.

The Group's adjusted net financial position (surplus), amounting to 309.4 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 38.6 million Euro in the first half of 2022. Moreover, it shows a marked improvement compared to 30 June 2021 (204.8 million Euro).

The following table shows the main income statement data.

(In thousands of Euro)	**Half-year period ended 30 June**				
	2022	**% of Revenues**	**2021**	**% of Revenues**	**% change**
Revenues	**630,279**	100.0%	**523,817**	100.0%	**20.3%**
Gross profit	**452,805**	71.8%	**360,960**	68.9%	**25.4%**
Style, product development and logistics costs	(25,679)	(4.1%)	(19,845)	(3.8%)	29.4%
Sales & distribution costs	(215,485)	(34.2%)	(192,206)	(36.7%)	12.1%
Marketing & communication costs	(31,069)	(4.9%)	(27,380)	(5.2%)	13.5%
General and administrative costs	(83,835)	(13.3%)	(59,687)	(11.4%)	40.5%
Other operating costs	(11,448)	(1.8%)	(10,521)	(2.0%)	8.8%
Other income	10,100	1.6%	14,604	2.8%	(30.8%)
Total operating costs (net of other income)	**(357,416)**	(56.7%)	**(295,035)**	(56.3%)	**21.1%**
Operating profit/(loss)	**95,389**	15.1%	**65,925**	12.6%	**44.7%**
Net financial income and charges	(7,183)	(1.1%)	(9,906)	(1.9%)	(27.5%)
Profit/(loss) before taxes	**88,206**	14.0%	**56,019**	10.7%	**57.5%**
Income taxes	(26,272)	(4.2%)	(18,729)	(3.6%)	40.3%
Profit/(loss) from continuing operations	**61,934**	9.8%	**37,290**	7.1%	**66.1%**
Profit/(loss) from discontinued operation, net of tax	-	-	(3,851)	(0.7%)	-
Net profit/(loss) for the period	**61,934**	9.8%	**33,439**	6.4%	**85.2%**
Net profit/(loss) – Group	61,590	9.8%	30,714	5.9%	100.5%
Net profit/(loss) – minority interests	344	0.1%	2,725	0.5%	(87.4%)
Amortization, depreciation and write-downs	84,116	13.3%	78,377	15.0%	7.3%
EBITDA	**179,505**	28.5%	**144,302**	27.5%	**24.4%**

In the first half of 2022, **Revenues** reached 630,279 thousand Euro, compared to 523,817 thousand Euro in the first half of 2021, up 20.3%. 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 half of 2022 compared to the prior-year period: the US dollar strongly appreciated by 9.3% (1), the Chinese Renminbi appreciated by 9.2% (2), the Japanese Yen depreciated by 3.4% (3), and the South-Korean Won was largely stable (4) against the Euro, the currency in which the amounts in the consolidated financial statements are expressed. Revenues were up 17.0% at constant exchange rates (applying the average exchange rate for the first half of 2022 to the revenues for the first half of 2021 – net of the hedging impact). With reference to the second quarter of 2022 only, revenues amounted to 340,838 thousand Euro, up 18.0% compared to the prior-year period (+14.0% at constant exchange rates).

1 Referring to the average Euro/USD exchange rate for the first half of 2022 1.0934; 2021 1.2053
2 Referring to the average Euro/CNY exchange rate for the first half of 2022 7.0823; 2021 7.7960
3 Referring to the average Euro/Yen exchange rate for the first half of 2022 134.307; 2021 129.868
4 Referring to the average Euro/KRW exchange rate for the first half of 2022 1,347.84; 2021 1,347.55

In the first half of 2022, **gross profit** totaled 452,805 thousand Euro, up 25.4% from 360,960 thousand Euro in the prior-year period. Gross profit amounted to 71.8% of revenues compared to 68.9% for the first half of 2021, positively influenced by the exchange rate trend and by the more than proportional improvement in sales at full price. In the second quarter of 2022 alone, the Group generated 249,817 thousand Euro in gross profit, up 20.6% from 207,182 thousand Euro in the prior-year period. Gross profit rose as a percentage of revenues to 73.3%, compared to 71.7% in the second quarter of 2021.

Total **operating costs** (net of other income) amounted to 357,416 thousand Euro in the first half of 2022, up 21.1% from the first half of 2021 (295,035 thousand Euro), and totaled 56.7% 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, which has not yet returned to pre-pandemic levels. In this regard, the higher costs for strengthening the organizational structure and for the entry of some figures into the Group's top management, together with the lower contributions received during the first half of 2022 compared to the same period of the previous year, both in support of employment and for the renegotiation of rent payments, should be noted. Certain types of costs already show an increase linked to inflationary pressure. In the second quarter of 2022, total net operating costs increased from 147,964 thousand Euro to 178,053 thousand Euro, up 20.3% compared to the prior-year period; as a percentage of revenues, they rose from 51.2% in the second quarter of 2021 to 52.2% in the second quarter of 2022.

Thanks to the growth in gross profit, **EBITDA** rose from 144,302 thousand Euro in the first half of 2021 to 179,505 thousand Euro (+24.4%), amounting to 28.5% as a percentage of revenues compared to 27.5% in the first half of 2021. In the second quarter of 2022, EBITDA totaled 113,821 thousand Euro, compared to 97,517 thousand Euro in the prior-year period, and accounted for 33.4% of revenues, compared to 33.8% in the second quarter of 2021.

The Group reported an **operating profit** of 95,389 thousand Euro, compared to an operating profit of 65,925 thousand Euro in the first half of 2021. In the second quarter of 2022, the Group reported an operating profit of 71,764 thousand Euro, compared to 59,218 thousand Euro in the second quarter of 2021 (up 21.2%), totaling 21.1% as a percentage of revenues, compared to 20.5% in the same period last year.

Net financial income and charges shifted from 9,906 thousand Euro in charges in the first half of 2021 to 7,183 thousand Euro in charges in the first half of 2022, improving by 2,723 thousand Euro.

(In thousands of Euro)	**Half-year period ended 30 June**		**Change 2022 vs 2021**
	2022	**2021**	
Net interest	316	(503)	819
Other net income/(charges)	(500)	(476)	(24)
Net interest and expenses on lease liabilities	(6,479)	(6,466)	(13)
Net gains/(losses) on exchange rate differences	7,811	4,325	3,486
Net financial income/(charges) for fair value adjustment of derivatives	(8,331)	(6,786)	(1,545)
Total	**(7,183)**	**(9,906)**	**2,723**

Net interest and expenses on lease liabilities were down from 6,466 thousand Euro in the first half of 2021 to 6,479 thousand Euro in the first half 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 2,461 thousand Euro in the first half of 2021 to a negative 520 thousand Euro in the first half of 2022.

In the second quarter of 2022, net financial income and charges totaled 3,755 thousand Euro in charges compared to charges of 5,563 thousand Euro in the prior-year period.

Income taxes

The change in income taxes was as follows:

(In thousands of Euro)	Half-year period ended 30 June 2022	2021	Change 2022 vs 2021
Profit/(loss) before taxes	**88,206**	**56,019**	**32,187**
Current taxes	(26,681)	(11,715)	(14,966)
Deferred taxes	409	(7,014)	7,423
Tax rate	**29.8%**	**33.4%**	

Taxes were calculated using the best estimate of the expected annual tax rate on the closing date of the period, resulting in a tax rate of 29.8% , in line with the effective tax rate for the year ended 31 December 2021, equal to 29.6%.

In the first half of 2021, the Group posted a **loss from discontinued operation**, net of taxes, of 3,851 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 61,934 thousand Euro consolidated **net profit** for the first half of 2022, compared to a 33,439 thousand Euro net profit for the first half of 2021. The Group share amounted to a consolidated profit of 61,590 thousand Euro, compared to a 30,714 thousand Euro profit in the prior-year period. With reference to the second quarter of 2022 only, a net profit was achieved equal to 47,839 thousand Euro compared to a net profit of 34,024 thousand Euro in the second 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 half of 2021 is shown again for comparison purposes.

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

(In thousands of Euro)	Half-year period ended 30 June 2022	% of Revenues	2021*	% of Revenues	% change	at constant exchange rates % change
Retail	441,080	70.0%	378,623	72.3%	16.5%	9.4%
Wholesale	192,303	30.5%	136,521	26.1%	40.9%	36.2%
Net sales	*633,383*	*100.5%*	*515,144*	*98.4%*	*23.0%*	*16.4%*
Cash flow hedging effect on Revenues	(11,304)	(1.8%)	4,307	0.8%	na	-
Licenses and services	6,884	1.1%	3,223	0.6%	113.6%	113.6%
Rental income investment properties	1,316	0.2%	1,143	0.2%	15.1%	4.5%
Revenues	**630,279**	**100.0%**	**523,817**	**100.0%**	**20.3%**	**17.0%**

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

In the first half of 2022, net retail sales were up 16.5% at current exchange rates and 9.4% at constant exchange rates. The retail channel accounted for 72.3% of total revenues in the first half of 2021 and 70.0% in the first half of 2022.

During the first half of 2022, the number of DOS (directly operated stores) shows a net decrease of 9 stores compared to 31 December 2021 from 409 to 400, while compared to 30 June 2021 (398 stores) a net increase of 2 stores is recorded.

The wholesale channel saw net sales rise by 40.9% at current exchange rates and 36.2% 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 half of 2022 amounting to 11,304 thousand Euro, compared to a positive adjustment of 4,307 thousand Euro registered on 30 June 2021.

In the first half of 2022, revenues from licenses and services increased by 113.6% 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 15.1% at current exchange rates and 4.5% at constant exchange rates compared to the first half of 2021.

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

(In thousands of Euro)	Half-year period ended 30 June					at constant exchange rates
	2022	% of Net sales	2021*	% of Net sales	% change	% change
Europe	135,934	21.5%	93,243	18.1%	45.8%	45.7%
North America	188,124	29.7%	132,875	25.8%	41.6%	29.7%
Japan	51,271	8.1%	40,040	7.8%	28.0%	32.4%
Asia Pacific	217,867	34.4%	221,110	42.9%	(1.5%)	(7.8%)
Central and South America	40,187	6.3%	27,876	5.4%	44.2%	31.2%
Net sales	**633,383**	**100.0%**	**515,144**	**100.0%**	**23.0%**	**16.4%**

* 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 half of 2021 is shown again for comparison purposes.

The Europe region recorded an increase in net sales of 45.8% at current exchange rates and 45.7% at constant exchange rates compared to the prior-year period (+47.8% at constant exchange rates in the second quarter), with growth in both the wholesale and retail channels.

The North American market continues to record a strong growth trend, already recorded during the 2021 financial year, with an increase in net sales of 41.6% at current exchange rates (29.7% at constant exchange rates), with a trend in the second quarter of 2022 of +33.2% (+22.4% at constant exchange rates), an improvement in both the wholesale and retail channels.

In Japan, net sales grew by 28.0% at current exchange rates and 32.4% at constant exchange rates.

The Asia-Pacific region made once again the largest contribution to the Group's net sales, accounting for 34.4% 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, down 1.5% at current exchange rates (-7.8% at constant exchange rates) compared to the prior-year period.

The Central and South American market was up 44.2% at current exchange rates and 31.2% at constant exchange rates in the first half of 2022 (+23.2% at constant exchange rates in the second quarter alone), thanks to growth in both sales channels. The revenues generated in the first half 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), resulting in a positive impact of 90 thousand Euro in the first half of 2022 and 64 thousand Euro in the first half of 2021.

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

(In thousands of Euro)	Half-year period ended 30 June					at constant exchange rates
	2022	% of Net sales	2021*	% of Net sales	% change	% change
Footwear	279,691	44.2%	221,591	43.0%	26.2%	18.5%
Leather goods	271,851	42.9%	233,344	45.3%	16.5%	11.0%
Apparel	40,084	6.3%	28,860	5.6%	38.9%	32.8%
Accessories	39,854	6.3%	29,454	5.7%	35.3%	29.1%
Fragrances	1,903	0.3%	1,895	0.4%	0.4%	(6.7%)
Net sales	**633,383**	**100.0%**	**515,144**	**100.0%**	**23.0%**	**16.4%**

* 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 half of 2021 is shown again for comparison purposes.

All main product categories saw a significant increase in turnover compared to the first half of 2021, with footwear and leather goods accounting for 44.2% and 42.9% of net sales in the first half of 2022, respectively (up 26.2% and 16.5%, respectively, at current exchange rates).

Cost of goods sold and gross profit

(In thousands of Euro)	Half-year period ended 30 June				
	2022	% of Revenues	2021	% of Revenues	% change
Consumables	(86,239)	(13.7%)	(100,272)	(19.1%)	(14.0%)
Services	(87,914)	(13.9%)	(59,057)	(11.3%)	48.9%
Personnel	(3,314)	(0.5%)	(3,520)	(0.7%)	(5.9%)
Depreciation	(7)	(0.0%)	(8)	(0.0%)	(12.5%)
Cost of goods sold	**(177,474)**	**(28.2%)**	**(162,857)**	**(31.1%)**	**9.0%**
Gross profit	**452,805**	**71.8%**	**360,960**	**68.9%**	**25.4%**

In the first half of 2022, the **cost of goods sold** amounted to 177,474 thousand Euro, up 9.0% compared to the first half of 2021. **Gross profit** amounted to 71.8% of revenues in the first half of 2022 compared to 68.9% recorded in the first half of 2021, thanks to the good growth in revenues, and positively influenced by the more than proportional improvement in sales at full price and exchange rate trends.

Statement of financial position and Investments

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

(In thousands of Euro)	30 June 2022	31 December 2021	30 June 2021	% change 06.22 vs 12.21	% change 06.22 vs 06.21
Property, plant and equipment, investment property, intangible assets with a finite useful life and goodwill	253,102	257,179	245,624	(1.6%)	3.0%
Right-of-use assets	497,219	500,047	469,553	(0.6%)	5.9%
Net working capital	249,684	199,358	298,455	25.2%	(16.3%)
Other non current assets/(liabilities), net	81,746	78,321	91,822	4.4%	(11.0%)
Other current assets/(liabilities), net	(37,283)	(24,543)	(11,504)	51.9%	224.1%
Assets/(liabilities) held for sale, net	-	-	18,305	-	-
Net invested capital	**1,044,468**	**1,010,362**	**1,112,255**	**3.4%**	**(6.1%)**
Group shareholders' equity	731,809	764,313	734,684	(4.3%)	(0.4%)
Minority interests	23,088	21,566	20,101	7.1%	14.9%
Shareholders' equity (A)	**754,897**	**785,879**	**754,785**	**(3.9%)**	**0.0%**
Net financial debt/(surplus) (B)	**289,571**	**224,483**	**357,470**	**29.0%**	**(19.0%)**
Total sources of financing (A+B)	**1,044,468**	**1,010,362**	**1,112,255**	**3.4%**	**(6.1%)**
Net financial debt/(surplus) (B)	**289,571**	**224,483**	**357,470**	**29.0%**	**(19.0%)**
Lease liabilities (C)	598,992	597,242	562,244	0.3%	6.5%
Adjusted net financial debt/(surplus) (B-C)	**(309,421)**	**(372,759)**	**(204,774)**	**(17.0%)**	**51.1%**
Adjusted net financial debt/(surplus)/ Shareholders' equity	(41.0%)	(47.4%)	(27.1%)		

Investments in fixed assets

During the first half of 2022, the Group made investments in tangible and intangible assets for a total amount of 17,547 thousand Euro, of which 13,938 thousand Euro in tangible assets and 3,609 thousand Euro in intangible assets, compared to a total of 12,863 thousand Euro in the first half of 2021.

The most important investments in tangible assets were made in the opening and refurbishment of stores (12.2 million Euro, approximately 88% of total investments in tangible assets). The main investments in intangible assets refer to the development of software to support business processes, including investments in the e-commerce platform and the successive releases of the RIO "Regional Inventory Optimization" project (the first was finalized in 2021) to optimize regional retail stock management (totaling 1.1 million Euro, approximately 31% of total investments in intangible assets).

Investments in tangible assets under construction, amounting to 7.0 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 3.3 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 half of 2022, the Group did not make any investments in financial assets.

Amortization and depreciation (excluding depreciation of the Right-of-use assets) totaled 25,182 thousand Euro as at 30 June 2022, up from 24,867 thousand Euro in the first half of 2021 (+1.3%).

Right-of-use assets

The item, totaling 497,219 thousand Euro as at 30 June 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 June 2022 compared with 31 December 2021 and 30 June 2021.

(In thousands of Euro)	30 June 2022	31 December 2021	30 June 2021	% change 06.22 vs 12.21	% change 06.22 vs 06.21
Inventories and Right of return assets	302,713	279,790	316,570	8.2%	(4.4%)
Trade receivables	120,066	112,670	109,884	6.6%	9.3%
Trade payables and Refund liabilities	(173,095)	(193,102)	(127,999)	(10.4%)	35.2%
Total	**249,684**	**199,358**	**298,455**	**25.2%**	**(16.3%)**

Net working capital is up 25.2% compared to 31 December 2021, due both to the increase in Inventories and Right of return assets (+8.2%), functional to sales and production volumes, and to Trade receivables (+6.6%), mainly due to the growth of revenues, and the decrease in Trade payables and Refund liabilities (-10.4%); compared to 30 June 2021, the net working capital is down 16.3%, mainly attributable to the increase in Trade payables and Refund liabilities (+35.2%) and the decrease in Inventories and Right of return assets (-4.4%), partly attributable to greater operational efficiency.

Specifically, inventories of finished products were up 23,538 thousand Euro compared to 31 December 2021 (+9.9%) and down 30,103 thousand Euro (-10.3%) compared to 30 June 2021. Raw materials for production were down 6.6% or 2,437 thousand Euro compared to 31 December 2021 and up 62.0% compared to 30 June 2021, and depend on production volumes for the period.
Trade receivables recorded an increase of 7,396 thousand Euro compared to 31 December 2021 (+6.6%) and an increase of 10,182 thousand Euro (+9.3%) compared to 30 June 2021 and largely refer to wholesale channel sales.
Trade payables mainly refer to purchases of production materials (raw materials and accessories), finished products, and costs relating to outsourced manufacturing.

Other current and non current assets/(liabilities), net

Other non current assets/(liabilities), equal to net assets in the amount of 81,746 thousand Euro, are substantially in line with respect to 31 December 2021, with an increase of 3,425 thousand Euro, mainly attributable to the increase in deferred tax assets, calculated primarily based on the elimination of unrealized profits deriving from transactions between Group companies, relating to inventories, mainly offset by the decrease in other non current liabilities.
Other current assets/(liabilities) increased from a net liability of 24,543 thousand Euro as of 31 December 2021, to a net liability equal to 37,283 thousand Euro as of 30 June 2022, mainly attributable to the increase in Other current liabilities in the amount of 21,789 thousand Euro (as a result of the increase in the Short-term hedging derivatives and the corporate income tax (IRES) payables to the Ferragamo Finanziaria S.p.A. parent company, in the context of the national tax consolidation), offset by the increase in Other current assets in the amount of 7,262 thousand Euro.

Shareholders' equity

The changes in the Group's share of shareholders' equity are due to the combined effect of the following:

- increase of 61,590 thousand Euro due to the positive result for the period;

- decrease of 56,735 thousand Euro as a result of the dividends paid by the Parent company Salvatore Ferragamo S.p.A.;
- increase of 2,674 thousand Euro due to the effect of the conversion into Euro with respect to the currencies in which the financial statements of the subsidiaries are expressed;
- decrease of 38,574 thousand Euro resulting from the purchases of Salvatore Ferragamo S.p.A. shares made by the Parent during the first half of 2022;
- increase of 2,540 thousand Euro due to the increase in the Stock Grant reserve, relating to the two plans with payment in outstanding shares;
- decrease of 4,332 thousand Euro due to the valuation of hedging derivatives net of the related tax effect;
- minor positive effects totaling 333 thousand Euro.

The reconciliation statement between the Parent company's net profit/(loss) for the period and shareholders' equity, and the corresponding consolidated amounts, is provided below:

(In thousands of Euro)	**30 June 2022**	
	Shareholders' equity	**Net profit/(loss) for the period**
Parent company Salvatore Ferragamo S.p.A. data	**655,988**	**86,821**
Elimination of investments and subsidiaries' contribution to Consolidated shareholder's equity	256,857	(2,603)
Elimination of unrealized profits, deriving from transactions between Group companies, relating to inventories, net of the deferred tax effect	(176,899)	(28,914)
Other consolidation adjustments	18,951	6,630
Total shareholders' equity and net profit/(loss)	**754,897**	**61,934**
Minority interests – shareholders' equity and net profit/(loss)	23,088	344
Group – shareholders' equity and net profit/(loss)	**731,809**	**61,590**

Net financial debt

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

(In thousands of Euro)	**30 June 2022**	**31 December 2021**	**30 June 2021**	**% change 06.22 vs 12.21**	**% change 06.22 vs 06.21**
Cash and cash equivalents (A)	409,707	511,796	370,273	(19.9%)	10.6%
Other current financial assets (B)	-	596	160	(100.0%)	(100.0%)
Interest-bearing loans & borrowings (C)	99,374	139,120	164,813	(28.6%)	(39.7%)
Other financial liabilities (D)	912	513	846	77.8%	7.8%
Lease liabilities (E)	598,992	597,242	562,244	0.3%	6.5%
Net financial debt/(surplus) (C + D +E – A – B)	**289,571**	**224,483**	**357,470**	**29.0%**	**(19.0%)**

Net financial debt, including lease liabilities, was up from 224,483 thousand Euro as at 31 December 2021 to 289,571 thousand Euro as at 30 June 2022, including 598,992 thousand Euro related to current and non current lease liabilities. In the first part of 2022, the trend already started in 2021 continued, when, in light of the improved general conditions of the credit market compared to the previous year, the planned repayments of part of the outstanding non-current term loans were carried out.

Net financial debt, excluding lease liabilities, as at 30 June 2022 and 2021, and as at 31 December 2021 was restated as follows:

(In thousands of Euro)	30 June 2022	31 December 2021	30 June 2021	% change 06.22 vs 12.21	% change 06.22 vs 06.21
Net financial debt/(surplus) (a)	**289,571**	**224,483**	**357,470**	**29.0%**	**(19.0%)**
Non current lease liabilities	486,691	487,230	459,885	(0.1%)	5.8%
Current lease liabilities	112,301	110,012	102,359	2.1%	9.7%
Lease liabilities (b)	**598,992**	**597,242**	**562,244**	**0.3%**	**6.5%**
Adjusted net financial debt/(surplus) (a-b)	**(309,421)**	**(372,759)**	**(204,774)**	**(17.0%)**	**51.1%**

The Group ended the first half of 2022 with a positive adjusted net financial position (surplus) of 309,421 thousand Euro, down 63,338 thousand Euro from 31 December 2021. The change was mainly due to the positive adjusted cash flow from operating activities, in the amount of 50,555 thousand Euro (in the first half of 2021 a positive value of 79,789 thousand Euro was recorded), net of cash absorption for investments in tangible and intangible assets that took place in the first half of 2022 (17,547 thousand Euro), for the purchase of treasury shares (38,574 thousand Euro) and for the payment of dividends (56,391 thousand Euro) approved by the Parent company during the first half of 2022. Compared to 30 June 2021, the adjusted net financial position (surplus) improved by 104,647 thousand Euro, from an adjusted net financial surplus of 204,774 thousand Euro to an adjusted net financial surplus of 309,421 thousand Euro.

Income and financial indicators

The tables below set out the trend in the main income and financial indicators for the half-year periods ended 30 June 2022 and 30 June 2021.

These indicators are based on the data from the consolidated financial statements. To better understand them, they should be read in conjunction with the alternative performance measures and financial statements prepared in accordance with the relevant accounting standards (IFRS) described in this document.

Profitability ratios	**Half-year period ended 30 June**	
	2022	**2021**
ROE (Group net profit/(loss) for the period / Average Group shareholders' equity)	8.2%	4.3%
ROI (Operating profit/(loss) / Net average invested capital)	9.3%	5.9%
ROS (Operating profit/(loss) / Revenues)	15.1%	12.6%

Financial ratios	**Half-year period ended 30 June**	
	2022	**2021**
Coverage of shareholders' equity ratio (Shareholders' equity / Non current assets)	85.5%	89.3%
Liquidity ratio (Current assets excluding Inventories/Current liabilities)	138.0%	153.5%

Turnover ratios expressed in days	**Half-year period ended 30 June**	
	2022	**2021**
Turnover of Trade receivables (Average value of Trade receivables in the period / Revenues x days)	33	38
Turnover of Trade payables (Average value of Trade payables in the period / Purchases of goods and services x days)	97	82
Inventory turnover (Average value of Inventories in the period / Cost of goods sold x days)	289	362
Turnover of Average invested capital (Average value of Net invested capital / Revenues x days)	293	387

The above ratios are calculated on a half-yearly basis. Average value means the simple arithmetic average of the closing balances of the period and those as at 31 December of the prior year.

5. Significant events occurred during the first half of 2022

Ordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A. was held on 12 April 2022 and:

- approved the Separate Financial Statements as at 31 December 2021 and the distribution of a dividend of 0.34 Euro per outstanding ordinary share on the ex-dividend date (net of treasury shares);
- appointed Marco Gobbetti, already co-opted by the Board of Directors on 14 December 2021, as director of the Company effective 1 January 2022. The Director shall remain in office until the approval of the separate financial statements as at 31 December 2023 along with the rest of the current Board;
- approved the policy concerning the remuneration of the members of the governing body, managers with strategic responsibilities, and the members of the control body for the year 2022, and also voted in favor of Section II of the report on remuneration policy and fees paid, which includes, among other things, a list of the fees paid to said individuals in any capacity and in any form for the year ended 31 December 2021;
- authorized the Board of Directors (i), pursuant to article 2357 of the Italian Civil Code, to buy, 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, pursuant to article 2357, paragraph 3, of the Italian Civil Code, in accordance with specific terms and conditions; (ii) 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.

Board of Directors

At the meeting held on 8 March 2022, the Board of Directors approved, (i) the draft Separate Financial Statements as at 31 December 2021, the Consolidated Financial Statements as at 31 December 2021, and the Directors' report on operations for 2021, containing the consolidated Non-Financial Statement for 2021 that includes non-financial information pursuant to Legislative Decree no. 254 of 30 December 2016; (ii) the Report on Corporate Governance and Ownership Structure, referring to the year 2021 and prepared by the Company pursuant to art. 123-bis of the Consolidated Law on Finance; (iii) the Report on the remuneration policy for the year 2022 and the fees paid in 2021, prepared pursuant to art. 123-ter of the Consolidated Law on Finance, art. 84-quater and Annex 3A, Scheme 7-bis of CONSOB Regulation no. 11971/1999 as amended, and art. 5 of the Corporate Governance Code for listed companies; and resolved (iv) to convene the Ordinary Shareholders' Meeting for 12 April 2022.
At the same meeting, the Board of Directors also resolved to propose that the Shareholders' Meeting allocate the profit for the year 2021, totaling 32,799,914 Euro, to the Extraordinary Reserve and approve the distribution of part of the profits set aside in the Extraordinary Reserve to shareholders, with a gross dividend of 0.34 Euro per share to each of the ordinary shares outstanding.
On 12 April 2022, the Board of Directors of Salvatore Ferragamo S.p.A., after the Shareholders' Meeting, confirmed the appointment of the Director Marco Gobbetti as Managing Director and General Manager. At this meeting, the Director Marco Gobbetti was confirmed to have all the powers of ordinary administration, except for those expressly reserved to the exclusive competence of the Board of Directors.
At the same meeting, the Board of Directors also approved the launch of the program for the purchase of treasury ordinary shares, in implementation of the authorization to purchase and dispose of own shares, approved by the Ordinary Shareholders' Meeting held on the same date. As of the date of approval of this document, the program has already been concluded.
On 10 May 2022 the highlights of the Salvatore Ferragamo Group's new strategy, approved by the Board of Directors, were presented to the market. The strategy 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. For more details, please refer to the Macroeconomic situation and outlook section of this document.

Incentive plans for the Managing Director and General Manager

The Ordinary Shareholders' Meeting of 14 December 2021 approved two incentive plans for the Managing Director and General Manager, Marco Gobbetti, as well as any additional recipients of the Ferragamo Group as the Board of Directors may identify in the future: the "Special Award 2022-2026" plan and the "Restricted Shares Plan". These plans became effective on 1 January 2022 for the Managing Director and General Manager. For more information on the above incentive plans, see note 40 in the Explanatory Notes to this document, the "Significant events occurred during the year" section in the Annual Report as at 31 December 2021 and the relevant documentation about the Meeting, which is available on the Company's website http://group.ferragamo.com, in the Governance/Shareholders' Meeting 2021/14 December section.

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 to the company a proposal for a settlement, on which the company will make its own considerations within the agreed deadline of mid-October.
- With reference to the tax audit carried out on Salvatore Ferragamo S.p.A. relating to the pass-through mechanism for CFCs for the years 2012, 2013, and 2014, we report the following. As for the year 2012, Florence's Provincial Tax Commission had upheld in full the Company's appeal in a ruling filed on 24 January 2019. The Office filed an appeal against this ruling, which the Company has challenged under the terms of the law. The hearing, initially scheduled for 19 November 2020, will be held on 26 October 2022. The dispute over the years 2013 and 2014 has been settled, as disclosed in the 2021 Annual Report.
- With reference to the tax audit carried out on Ferragamo France S.A.S., relating to the tax years 2008-2010 and that was started in 2011, as already disclosed in previous years, the audit ended with an objection to the transfer pricing policy applied by the Parent company Salvatore Ferragamo S.p.A.. On 12 December 2012, after declining to change their position in order to reach a settlement, French tax authorities served the company with two assessment notices, confirming their claims as redetermined during the proceeding. For Ferragamo France S.A.S. these claims would entail the payment of around 900 thousand Euro in additional corporate income tax, penalties and interest for 2009 and 2010, as well as the redetermination of the taxable income for the years from 2011 to 2014 as a consequence of the cancellation of previous tax losses (amounting to around 8,925 thousand Euro), with a higher tax of 2,135 thousand Euro. After the administrative appeal was rejected, Ferragamo France S.A.S. filed an appeal with the administrative tax court. The ruling issued on 28 March 2017 dismissed all claims by French tax authorities, canceling the assessment notices for the years 2009 and 2010 and ordering them to pay legal costs. On 26 July 2017, French tax authorities appealed against the ruling to the Paris Administrative Court of Appeal, which on 27 September 2018 upheld the first-instance ruling, again ordering the Authorities to pay the legal fees. French tax authorities filed a final appeal against the ruling with the Council of State. At a public hearing in May 2020, the judge-rapporteur found in favor of the company and asked the Council of State to reject the appeal and order French Tax Authorities to pay the legal fees. Given the legally complex matter, the panel of judges postponed the decision to the joint sections, which with the sentence of 23 November 2020 annulled the judgment of the Court of Appeal in favor of the Company and referred the case back to the Court of Appeal for a new sentence: applying a principle of law contrary to the case law adopted up to then (and contrary to the interpretation of the judges at both levels of jurisdiction), the Council of State called for a *"revirement"*, postponing the case to a new trial. Following this ruling, the Company set aside 3,120 thousand Euro (during the 2020 and 2021 financial years) in the tax provision item. On 30 June 2022, the Court of Appeal issued a ruling in favor of the French tax authorities, recognizing the contested assessment as legitimate. As the sentence presents profiles of illegitimacy (starting from an insufficient motivation), on 31 August 2022 Ferragamo France S.A.S. promptly filed a new appeal to the Council of State; the company will prepare an additional brief within the end of the year.
- As already communicated in the 2021 Annual Report, on 27 September 2018, the French tax authorities opened a new audit against Ferragamo France S.A.S., concerning tax on income and VAT for the 2015 to 2017 tax years. The audit ended in November 2019 with the issuance of a final report in which, for 2016, the transaction concerning the sale of assets from the Parent company Salvatore Ferragamo S.p.A. to the company, sees the application of the economic method provided for in the International Standard Ruling in relation to the transfer pricing concluded by the Parent company with the Italian tax authorities in 2017, with the consequent assessment of a higher taxable amount of 688 thousand Euro. Ferragamo France S.A.S. paid the taxes due and, consequently, the Parent company submitted an application to the Italian tax authorities on 18 December 2020 for the elimination of double taxation, through recognition

of the unilateral adjustment of a lower Italian taxable income pursuant to Article 31-quater, paragraph 1, letter c) of Presidential Decree no. 600 of 29 September 1973, as well as to the Provision of 30 May 2018, paragraph 2.3. If the request is granted, the Parent company will be entitled to recovering the taxes paid in Italy on the income corresponding to the amount adjusted to Ferragamo France S.A.S.. The Company is awaiting a response from the Revenue Agency.

Please refer to the Annual Report as at 31 December 2021, paragraph "Significant events occurred during the year", for more details on ongoing tax and customs disputes and audits.

Patent Box and Research and Development, Design, and Innovation Credits (update)

As for the tax benefits Patent Box and research and development, design and aesthetic conception, and technological innovation tax credit, for more details reference should be made to the Annual Report as at 31 December 2021, paragraph Significant events occurred during the year, as there were no new developments during the first half of 2022.

International standard ruling on transfer pricing (update)

As for the international standard ruling between Salvatore Ferragamo S.p.A. and the Inland Revenue Office – Central Assessment Department – International Ruling Office, concerning the determination of the transfer pricing policy Salvatore Ferragamo S.p.A. applies to its foreign subsidiaries that perform distribution operations, for more details reference should be made to the Annual Report as at 31 December 2021, paragraph Significant events occurred during the year, as there were no new developments during the first half of 2022.
In the wake of the Covid-19 pandemic's impact on the world economy, the Company notified the competent Office of these exceptional circumstances on 2 October 2020 and announced it was ready to file a dispute with the Inland Revenue Office concerning a potential amendment to the terms of the Advance Pricing Agreement ("APA") for 2020 and 2021. The Company has been acting in line with the guidance issued by the OECD on 18 December 2020 on the transfer pricing implications of the Covid-19 health emergency: these require, on the one hand, to notify taxation authorities as soon as possible of changes in economic conditions, and, on the other hand, to refrain from taking any discretionary steps on existing APAs, calling instead for dialogue with taxation authorities.
Please also note that on 30 September 2021, the Company submitted an application for the renewal of the preventive agreement on transfer prices (so-called "Advance Pricing Agreement" or, in short, "APA") signed on 28 July 2017 and effective for the 2017 to 2021 tax year. On 13 October 2021, the Revenue Agency accepted the request for renewal, made by the Company, for the additional 2022 to 2026 five-year period, for which the proceedings will begin during the second half of 2022, as per informal conversations with the competent Office.

Sustainable Growth Fund Incentives – Innovation Agreement

On 13 December 2019, Salvatore Ferragamo S.p.A. presented a proposal for an Innovation Agreement pursuant to the Ministerial Decree of the Ministry of Economic Development of 24 May 2017. The Agreement represents a public funding instrument to promote research and development projects of strategic importance for the competitiveness of the production system, for investments exceeding 5 million Euro. The Ministry of Economic Development and the Region(s) in which the investment is made participate in the Agreement.
The Company thus intended to partially finance the so-called Intelligent SUpply Chain and Customer Experience from Extended Data ("I-SUCCEED") project, which consists of investments in innovation and development activities to be carried out at the Sesto Fiorentino site (Florence) in the 2019-2022 three-year period. The objective of I-SUCCEED is the implementation of the technical infrastructure of an integrated and evolved supply chain model that makes it possible to react, promptly and efficiently, to the changes and expectations of the market and of the reference context, through the adoption of a new distribution model.
On 12 January 2021, the Company, the Ministry of Economic Development and the Tuscany Region signed the Innovation Agreement, with effect until 31 December 2022, or until the completion of project, with the option of requesting an extension for a further 12-24 months.
On 1 June 2022, the relative Concession Decree was issued, which assigns Salvatore Ferragamo S.p.A. a non-repayable grant. The concessions will be provided by the Ministry of Economic Development and the Tuscany Region in the form of a direct contribution to the expenditure for approximately 30% of the expenses actually incurred and reported. In view of the costs already incurred, in the first half of 2022 Salvatore Ferragamo S.p.A. recorded a contribution of 1.8 million Euro in the Other income item.

6. Information on corporate governance and ownership structure

Disclosure pursuant to art. 123-bis of Italian Legislative Decree no. 58/1998 (TUF)

On 8 March 2022, the Company's Board of Directors approved the Report on Corporate Governance and Ownership Structure for the year ended 31 December 2021, prepared also pursuant to art. 123-Bis of the Consolidated Law on Finance ("Corporate Governance Report").
The Corporate Governance Report includes a description of the corporate governance system adopted by the Company in 2021, information on the ownership structure and the adoption of the Corporate Governance Code as at the date of the Corporate Governance Report, the Company's main governance practices, and the characteristics of the risk management and internal control system with respect to the financial reporting process.

Corporate Governance

For more information on the Company's corporate governance structure, adopted also in accordance with the principles in the Corporate Governance Code, see the document "Report on Corporate Governance and Ownership Structure", published on the Company's website, section Corporate Governance/Corporate Governance Report. Below is a summary of key information on the Company's corporate governance.

Issuer profile

The Company is structured according to the traditional management and control model, with the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors.

The Company's Bylaws in force were approved by the Extraordinary Shareholders' Meeting on 22 April 2021. The Bylaws establish the essential features of the Company and set the main rules for its management and operation, as well as provide a description of the membership of corporate bodies, their powers, and their relationships. The Bylaws also include the description of shareholders' rights and how to exercise them.

The Company adheres to the Corporate Governance Code, in force as of 1 January 2021. Previously, the Company adopted the Corporate Governance Code adopted by the Italian Committee for the Corporate Governance of listed companies.

Board of Directors

The main corporate governance body is the Board of Directors, which has the power and the duty to direct the Company's operations, pursuing the goal of creating value for shareholders. Pursuant to the Bylaws, the Board runs business operations and is vested with all the powers of ordinary and extraordinary administration, except for those reserved to the Shareholders' Meeting under the law and the Bylaws.

The Board of Directors leads the Company by pursuing its sustainable success, defines the strategies of the Company and the Group in accordance with said goal, monitors their implementation, defines the corporate governance system considered to be most appropriate to the Company's operations and the pursuit of its strategies, and promotes the engagement with shareholders and the Company's other significant stakeholders.

The Shareholders' Meeting of 22 April 2021 elected the Board as at the date of this Half-year Report, setting the number of its members at 10 and fixing their term of office at three years, until the Shareholders' Meeting convened to approve the financial statements as at 31 December 2023, except for the information reported below:

(i) Frédéric Biousse and Annalisa Loustau Elia who, already co-opted pursuant to Article 2386 of the Italian Civil Code by the Board of Directors held on 29 September 2021, were appointed as non-executive members of the Company's Board of Directors by the resolution of the Shareholders' Meeting of 14 December 2021; and

(ii) Marco Gobbetti who, already co-opted pursuant to Article 2386 of the Italian Civil Code by the Board of Directors held on 14 December 2021, with effect from 1 January 2022, was appointed a member of the Company's Board of Directors by the resolution of the Shareholders' Meeting of 12 April 2022; on the same date, the Board of Directors also confirmed Mr Gobbetti's role as Managing Director and General Manager, granting him all the powers of ordinary administration, except those expressly reserved for the exclusive competence of the Board of Directors.

As at the date of this Half-year Report, the Board of Directors was therefore comprised of Leonardo Ferragamo (Chair), Angelica Visconti (Deputy Chair), Marco Gobbetti (Managing Director), Giacomo Ferragamo, Peter K. C. Woo, Anna Zanardi Cappon (Independent), Patrizia Michela Giangualano (Independent), Annalisa Loustau Elia (Independent), Umberto Tombari (Independent), and Frédéric Biousse (Independent).

In addition, the Company's Board of Directors also appointed the following Board Committees:

- the Nomination and Remuneration Committee, comprised of the Independent Directors Anna Zanardi Cappon (Chair), Annalisa Loustau Elia, and Umberto Tombari;
- the Control and Risks Committee, responsible also for transactions with related parties and corporate sustainability, comprised of the Independent Directors Patrizia Michela Giangualano (Chair), Umberto Tombari, and Anna Zanardi Cappon.

After the Shareholders' Meeting of 22 April 2021 appointed the new Board of Directors, the Company did not appoint a Lead Independent Director, as the conditions referred to in the Corporate Governance Code's recommendations were not met.

As of 1 January 2022, the role of director responsible for the internal control and risk management system, with the tasks and responsibilities provided for by the Corporate Governance Code, is held by Managing Director Marco Gobbetti.

With respect to the Company's governance, the Board of Directors also confirmed the responsibilities and tasks of the various entities involved in the internal control and risk management system, as defined under Article 6 of the Corporate Governance Code, including with specific reference to the role of the governing body, to the Chief Executive Officer (in the sense given in the Corporate Governance Code, as the person mainly responsible for managing the company) in charge from time to time, as primarily responsible for setting up and maintaining the internal control and risk management system, to the Control and Risks Committee, as well as to the heads of internal audit and the other functions involved in the control system.

Control body and managers with strategic responsibilities

With respect to the control body and managers with strategic responsibilities, please note that:

- the current Board of Statutory Auditors was elected by the Shareholders' Meeting on 8 May 2020 based on a slate-voting system for the 2020-2022 period, and shall remain in office until the Meeting convened to approve the financial statements as at 31 December 2022. Currently, the members of the Board of Statutory Auditors are: Andrea Balelli, elected from the slate submitted by a group of minority shareholders in the Company and subsequently appointed as Chair of the Board; Paola Caramella and Giovanni Crostarosa Guicciardi, Acting Statutory Auditors elected from the majority slate submitted by Ferragamo Finanziaria S.p.A.; Antonella Andrei and Roberto Coccia, Substitute Statutory Auditors elected from the majority and minority slates, respectively;
- on 10 March 2020, the Board of Directors also appointed the CFO and manager with strategic responsibilities Alessandro Corsi as Manager charged with preparing Company's Financial Reports (Manager in Charge) pursuant to art. 154 bis of the Consolidated Law on Finance effective 1 April 2020.

To date, the Board of Directors has identified the following as managers with strategic responsibilities: the Chief Product & Transformation Officer Giacomo (James) Ferragamo, and the CFO and Manager in Charge Alessandro Corsi.

Change of Control Clauses

The medium/long-term incentive plan known as "Special Award 2022-2026" approved by the Shareholders' Meeting on 14 December 2021 under article 114-bis of the Consolidated Law on Finance, under which, upon satisfying specific conditions, ordinary shares in the Company are to be awarded to the Managing Director and General Manager, includes a change of control clause (defined as "the exercise of control, pursuant to art. 2359 of the Italian Civil Code, over the Company by an entity other than Ferragamo Finanziaria S.p.A."). Under said clause, should such circumstance occur during the "Vesting Period", as defined in said plan, the Managing Director and General Manager shall be entitled to receive a "Special Award Bonus", as defined in said plan, in a lump sum and for an amount calculated by reference to 0.50% of the Company's equity value based on the valuation of the Company as part of the transaction that caused the "Change of Control". For more information, see the Report to the Shareholders' Meeting of 14 December 2021 on the second item on the agenda and the information document "Special Award 2022-2026 Plan" available on the Company's website http://group.ferragamo.com, section Governance/Shareholders' Meeting/2021/14-December.

Main features of the systems of risk management and internal control

The Board, which is responsible for the internal control and risk management system as a whole – which is understood as the set of rules, organizational procedures and structures, and processes intended to monitor the efficiency of business operations, the reliability of the information provided to the corporate bodies and the market, compliance with laws and regulations, and the safeguarding of the Company's assets – defines, including through the support of the Control and Risks Committee, the guidelines for the internal control and risk management system, so that the main risks facing the Company and the Group – including risks that could become material in terms of the sustainability of the Company's operations over the medium/long term – are identified, measured, managed, and monitored in line with Italian and international reference models.

When defining the guidelines of the internal control and risk management system, the Board shared the organizational structure of Salvatore Ferragamo S.p.A. in order to support the Company's strategies currently in development and contribute to the sustainable success of Salvatore Ferragamo S.p.A..

The Company adopts an integrated risk management model, in line with Enterprise Risk Management ("ERM") standards and best practices, inspired by the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (known as CoSO ERM).

Said ERM model is intended to help top management identify the main business risks and how they can be managed, as well as define how to organize the system of measures protecting against such risks.

During the 2021 financial year, activities were launched to enhance the Company's risk management model, starting from a process of integrating the ESG factors into the risk mapping, for the purpose of updating the risk assessment, activity that is continuing in 2022 in line with the corporate strategies.

In addition, as of June 2022, in continuity with the process of strengthening the Company's ERM model undertaken in 2021, the Group launched a project with the dual objective of quantifying the potential impacts of the risks to the achievement of the targets identified and communicated in the context of the latest Strategic Plan and introducing, for the risks considered a priority in terms of potential impacts, a monitoring and management model integrated with the managerial decisions adopted by the competent business functions.

The activities focused on identifying the top risks have been initiated and these will be extended to the remaining risks, with a similar methodology based on forward-looking scenarios[5].

As for the internal control system, it is structured so as to guarantee, through a process aimed at identifying and managing the main risks, the achievement of corporate objectives, thus helping to ensure the efficiency and effectiveness of business operations, the reliability of the financial information provided to corporate bodies and the market, and compliance with the laws and regulations in force.

The Company establishes the general principles governing the Group's internal control system, implementing operational and organizational procedures that are suitable for the specific context.

The following must be considered as integral parts of the overall internal control system:

- the Code of Ethics, intended to promote and maintain an appropriate level of fairness, transparency, and ethical conduct in the performance of the Group's operations;
- the risk management system in relation to the financial disclosure process adopted in compliance with the provisions of art. 154-bis of the Consolidated Law on Finance;
- the organization, management and control model adopted for the purposes of preventing the crimes as set out in Leg. Decree 231/2001;
- the Anticorruption Policy;
- the so-called whistleblowing system, allowing the employees of the entire Group to report any misconduct or potential violations of the Code of Ethics, internal procedures, as well as applicable laws and regulations. This system was introduced and is managed according to Italian and international best practices to provide a specific and confidential communication channel as well as ensure the anonymity of the whistleblower.

The Company's internal control and risk management system identifies the following specific positions, which are assigned the specific duties summarized below.

Director responsible for the internal control and risk management system (the "Responsible Director")

They have the duty of supervising the system, i.e., identifying the main business risks – presenting them to the Board for consideration on a regular basis – as well as designing, implementing, and managing the internal control system, in compliance with the Board of Directors' guidelines, continuously verifying its adequacy and effectiveness and adjusting it to changes in operating conditions and the legal and regulatory landscape. Please note that, in accordance with the Corporate Governance Code, the Board assigned the duties related to the internal control and risk management system, which the previous version of the Code assigned to the Responsible Director, to the Chief Executive Officer.

Control and Risks Committee

It supports the assessments and decisions of the Board of Directors – in an advisory and consultative role – concerning the internal control and risk management system as well as the approval of periodic financial and non-financial reports, and, among other duties, expresses its views on its design, implementation, and management, as well as the adequacy of the internal control system, reporting on the work carried out to the Board of Directors every six months.

Specifically, the Control and Risks Committee performs the following duties:

(i) supports the Board in performing the duties associated with the internal control and risk management system, and specifically:

a) in defining the guidelines of the internal control and risk management system, so that the main risks facing the Company and its subsidiaries are properly identified as well as adequately measured, managed, and monitored, assessing also the level of compatibility of such risks with business operations that are consistent with the identified strategic objectives;
b) in assessing, at least annually, the adequacy and effectiveness of the internal control and risk management system relative to the characteristics of the business and the risk profile assumed;
c) in describing the key characteristics of the risk management and internal control system and the coordination between the parties involved in it as part of the corporate governance report, giving its opinion on the system's overall adequacy;
d) in assessing, at least annually, the work plan prepared by the head of the internal audit function, after consulting with the control body and the Chief Executive Officer;

[5] Prospective scenarios, linked to certain adverse events that could have financial and/or reputational impacts on the Group

e) in assessing the findings of the auditor in the letter of recommendations, if any, and the additional report for the control body, after consulting with the latter;
f) in assessing the measures intended to ensure the corporate functions involved in controls use effective and impartial judgment, ensuring they have the required professional skills and resources, and
g) in assigning the supervisory functions as per art. 6, paragraph 1, lett. b) of Italian Leg. Decree no. 231/2001 to the Supervisory Body created specifically for this purpose;

(ii) after consulting with the Manager in Charge, the independent auditors, and the Board of Statutory Auditors, assesses whether accounting standards are used properly and consistently for the purposes of preparing the consolidated financial statements;
(iii) assesses whether periodic financial and non-financial reporting is suited to presenting fairly the business model, the Company's strategies, the impact of its operations, and performance;
(iv) examines the content of periodic non-financial reporting relevant to the internal control and risk management system;
(v) gives opinions on specific aspects concerning the identification of the main business risks and supports the assessments and decisions of the governing body related to the management of risks arising from adverse events the latter has become aware of, including risks that may be relevant to the medium/long-term sustainability of the Company's operations, by conducting appropriate investigations;
(vi) examines the periodic reports on the assessment of the internal control and risk management system and the particularly relevant reports prepared by the internal audit function;
(vii) monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
(viii) may task the internal audit function with auditing specific operational areas, notifying the Chair of the Board of Statutory Auditors;
(ix) reports to the Board of Directors on the activities undertaken as well as the adequacy of the internal control and risk management system at least at the time of the approval of the annual and half-year financial report; and
(x) gives the Board of Directors its opinion on the appointment and remuneration of the internal audit manager, as well as the resources made available to the latter to perform their duties.

Internal Audit Manager

Reporting to the Board of Directors, the manager is responsible – through the relevant department – for ensuring the internal control and risk management system is operational, adequate, and consistent with the guidelines defined by the Board, liaising with the Control and Risks Committee and the Board of Statutory Auditors regarding the management of the system and its suitability in order to achieve an acceptable overall risk profile.

Risk Management Manager

They coordinate the risk management process and systematically support the ERM Guidance Committee and, generally, all the management staff involved. The Risk Management Manager reports to the Chief Financial Officer, interacts with the Control and Risks Committee and works in coordination with the other system actors, such as Internal Audit, the management in charge of regulatory compliance activities and the Manager charged with preparing Company's Financial Reports and all the other subjects who, for different reasons, contribute to the identification, evaluation, management and monitoring of business risks.

Manager charged with preparing Company's Financial Reports (in accordance with art. 154-bis of the Consolidated Law on Finance) ("Manager in Charge")

They are responsible for defining, implementing and maintaining suitable and effective control procedures to manage risks entailed in financial reporting, i.e. the activities undertaken to identify and assess the actions or events whose occurrence or absence may hinder, in part or in whole, the achievement of the goals of trustworthiness, accuracy, reliability, and timeliness of financial reporting.

Supervisory Body pursuant to Leg. Decree no. 231/2001

It is responsible for checking the effectiveness, adequacy and compliance of the Organization, Management and Control Model pursuant to Leg. Decree no. 231/2001 and ensuring it is constantly updated.

Board of Statutory Auditors

It is responsible for (i) supervising the effectiveness of the internal control and risk management system; and (ii) supporting the Board in assessing the findings of the independent auditors in the additional report for the control body. To ensure a timely exchange of relevant information between the Board of Statutory Auditors and the Control and Risks Committee, so that they may perform their respective duties, all members of the control body regularly take part in the work of the Control and Risks Committee.

For further information on corporate governance and the main features of the risk management and internal control systems adopted, reference should be made to the Report on corporate governance and ownership structure published on the Company's website https://group.ferragamo.com, in the section Governance/Corporate Governance Report.

7. Other information

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 June 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 June 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 June 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 on the date of publication of this Half-year Report as at 30 June 2022, the aforementioned purchase program has been completed and the Salvatore Ferragamo S.p.A. Company holds 3,375,800 ordinary treasury shares, equal to 2.0% of the share capital, for a total outlay of around 58,202 thousand Euro, including banking fees and other tax charges.
As at 30 June 2022, Salvatore Ferragamo S.p.A. held 3,096,433 treasury shares, equal to 1.8% of the share capital, bought throughout 2018, 2019, 2021 and 2022 for a total outlay of around 54,106 thousand Euro, including banking fees and other tax charges, including 2,322,270 treasury shares purchased in the first half of 2022, amounting to 38,574 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.

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 financial statements, conflicts of interest, the safeguarding of the company's equity, and the protection of minority interests.

Staff

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

Staff	30 June 2022	31 December 2021	30 June 2021
Top managers, middle managers and store managers	717	774	780
White collars	2,772	2,848	2,731
Blue collars	288	265	271
Total	**3,777**	**3,887**	**3,782**

Research and development

As part of its creative and production studies, the Group incurred costs for research and development for the study of new products and the use of new materials, which were wholly charged to the income statement under costs of production.
In the first half of 2022, they amounted to 11,844 thousand Euro (incurred entirely by the Parent company) compared to 12,003 thousand Euro in the first half of 2021.

8. 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*.
Transactions with related parties – as listed in the financial statements and set out in detail in the specific note to the condensed consolidated half-year financial statements (to which reference should be made) – cannot be considered as atypical or unusual, since they form part of Group companies' regular business and are regulated at market conditions.

9. Main risks and uncertainties

For a description of the main risk factors to which the Parent company and the subsidiaries (the Group) are exposed, identified by type: strategic, operating, financial and compliance risks, as well as their main impacts in terms of sustainability, please refer to the Annual Report as at 31 December 2021. For a description of the overall Risk Management System through which they are managed and overseen, please refer to the "Main features of the systems of risk management and internal control" section of this Half-year Report as at 30 June 2022 and to the specific description provided in the Report on Corporate Governance and Ownership Structure.

10. Significant events occurred after 30 June 2022

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 (equal to approximately 25 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.
No additional significant events occurred after 30 June 2022.

11. 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 a phase of moderate recovery of economic activity was experienced at a global level and, in 2022, we are seeing a further reopening of the economy, with the exception of the Chinese area, where the resurgence of the pandemic and the zero-Covid policy have led to new closures and restrictions on people and commerce.
In its July 2022 forecasts, the International Monetary Fund still expects GDP to grow, but at a significantly lower rate than previously estimated. GDP is now expected to grow by 3.2% in 2022 at the global level and by 2.3% in the United States, 2.6% in the Euro Area, and 3.3% 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 EDF. This context leads to a reduction in consumers' propensity and spending 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 volatility and uncertainty of the geopolitical and macroeconomic context, the Company has processed to introduce the strategic levers needed to build growth in the medium - long term, realizing Ferragamo's full potential.

Florence, 6 September 2022

On behalf of the Board of Directors
The Chair
Leonardo Ferragamo

Salvatore Ferragamo Group

Condensed Consolidated Half-Year Financial Statements as at 30 June 2022

Financial Statements

Consolidated Statement of Financial Position – Assets

(In thousands of Euro)	**Notes**	**30 June 2022**	*of which with related parties*	**31 December 2021**	*of which with related parties*	**30 June 2021**	*of which with related parties*
NON CURRENT ASSETS							
Property, plant and equipment	4	185,467		186,854		173,398	
Investment property	5	30,699		30,223		30,814	
Goodwill	6	6,679		6,679		6,679	
Right-of-use assets	7	497,219	*92,177*	500,047	*97,959*	469,553	*103,863*
Intangible assets with a finite useful life	8	30,257		33,423		34,733	
Other non current assets	9	5,096		5,732		1,822	
Other non current financial assets	10	16,348	*3,166*	15,659	*2,987*	16,447	*4,870*
Deferred tax assets	37	110,693		105,468		112,156	
TOTAL NON CURRENT ASSETS		**882,458**	***95,343***	**884,085**	***100,946***	**845,602**	***108,733***
CURRENT ASSETS							
Inventories	11	295,667		274,566		312,525	
Right of return assets	12	7,046		5,224		4,045	
Trade receivables	13	120,066	*62*	112,670	*44*	109,884	*419*
Tax receivables	14	24,617		27,512		16,568	
Other current assets	15	39,868	-	32,606	*2,569*	31,888	*2,690*
Other current financial assets	16	-		596		160	
Cash and cash equivalents	17	409,707		511,796		370,273	
TOTAL CURRENT ASSETS		**896,971**	***62***	**964,970**	***2,613***	**845,343**	***3,109***
Assets held for sale		-		-		19,493	
TOTAL ASSETS HELD FOR SALE		**-**		**-**		**19,493**	
TOTAL ASSETS		**1,779,429**	***95,405***	**1,849,055**	***103,559***	**1,710,438**	***111,842***

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

(In thousands of Euro)	Notes	30 June 2022	*of which with related parties*	31 December 2021	*of which with related parties*	30 June 2021	*of which with related parties*
SHAREHOLDERS' EQUITY							
GROUP SHAREHOLDERS' EQUITY							
Share capital	18	16,879		16,879		16,879	
Reserves	18	653,340		668,787		687,091	
Net profit/(loss) – Group		61,590		78,647		30,714	
TOTAL GROUP SHAREHOLDERS' EQUITY		**731,809**		**764,313**		**734,684**	
MINORITY INTERESTS							
Share capital and reserves – minority interests		22,744		19,076		17,376	
Net profit/(loss) – minority interests		344		2,490		2,725	
TOTAL MINORITY INTERESTS		**23,088**		**21,566**		**20,101**	
TOTAL SHAREHOLDERS' EQUITY		**754,897**		**785,879**		**754,785**	
NON CURRENT LIABILITIES							
Non current interest-bearing loans & borrowings	19	51,724		63,516		108,923	
Provisions for risks and charges	20	20,514		20,732		13,143	
Employee benefit liabilities	21	8,611		8,970		10,026	
Other non current liabilities	22	17,740	-	15,456	-	11,923	-
Non current lease liabilities	23	486,691	*83,244*	487,230	*88,034*	459,885	*93,323*
Deferred tax liabilities	37	3,526		3,380		3,511	
TOTAL NON CURRENT LIABILITIES		**588,806**	**83,244**	**599,284**	**88,034**	**607,411**	**93,323**
CURRENT LIABILITIES							
Trade payables	24	161,766	*373*	183,792	*260*	120,516	*547*
Refund liabilities	25	11,329		9,310		7,483	
Interest-bearing loans & borrowings	19	47,650		75,604		55,890	
Tax payables	26	21,050		25,732		19,032	
Other current liabilities	27	80,718	*17,125*	58,929	*1,869*	40,928	*2,799*
Current lease liabilities	23	112,301	*15,797*	110,012	*15,956*	102,359	*15,256*
Other current financial liabilities	28	912		513		846	
TOTAL CURRENT LIABILITIES		**435,726**	***33,295***	**463,892**	***18,085***	**347,054**	***18,602***
Liabilities held for sale		-		-		1,188	
TOTAL LIABILITIES HELD FOR SALE		**-**		**-**		**1,188**	
TOTAL LIABILITIES		**1,024,532**	***116,539***	**1,063,176**	***106,119***	**955,653**	***111,925***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,779,429**	***116,539***	**1,849,055**	***106,119***	**1,710,438**	***111,925***

Consolidated Income Statement

(In thousands of Euro)		Half-year period ended 30 June			
	Notes	2022	*of which with related parties*	2021	*of which with related parties*
Revenues from contracts with customers	31	628,963	*79*	522,674	*68*
Rental income investment properties	32	1,316		1,143	
Revenues		**630,279**		**523,817**	
Cost of goods sold	33-34	(177,474)	-	(162,857)	*(49)*
Gross profit		**452,805**		**360,960**	
Style, product development and logistics costs	33-34	(25,679)	*(424)*	(19,845)	*(414)*
Sales & distribution costs	33-34	(215,485)	*(8,133)*	(192,206)	*(9,141)*
Marketing & communication costs	33-34	(31,069)	*(22)*	(27,380)	*(11)*
General and administrative costs	33-34	(83,835)	*(17,231)*	(59,687)	*(5,171)*
Other operating costs	33-34	(11,448)	*(40)*	(10,521)	*(21)*
Other income	35	10,100	*15*	14,604	-
Operating profit/(loss)		**95,389**		**65,925**	
Financial charges	36	(34,295)	*(1,464)*	(25,613)	*(1,546)*
Financial income	36	27,112	-	15,707	-
Profit/(loss) before taxes		**88,206**		**56,019**	
Income taxes	37	(26,272)		(18,729)	
Profit/(loss) from continuing operations		**61,934**		**37,290**	
Profit/(loss) from discontinued operation, net of tax		-		(3,851)	
Net profit/(loss) for the period		**61,934**		**33,439**	
Net profit/(loss) – Group		61,590		30,714	
Net profit/(loss) – minority interests		344		2,725	

		Half-year period ended 30 June	
(In Euro)	**Notes**	**2022**	**2021**
Basic earnings/(loss) per share – ordinary shares	38	0.369	0.182
Diluted earnings/(loss) per share – ordinary shares	38	0.369	0.182
Basic earnings/(loss) per share from continuing operations – ordinary shares	38	0.369	0.205
Diluted earnings/(loss) per share from continuing operations – ordinary shares	38	0.369	0.205

Consolidated Statement of Comprehensive Income

(In thousands of Euro)	Notes	Half-year period ended 30 June 2022	2021
Net profit/(loss) for the period (A)		**61,934**	**33,439**
- Other gains / (losses) that will be subsequently reclassified to net profit/(loss) for the period			
- Currency translation differences of foreign operations	18	3,995	16,824
- Net gain/(loss) from cash flow hedge	29	(5,700)	(7,309)
- Tax consequences on components that will be subsequently reclassified to net profit/(loss) for the period		1,368	1,754
Total other gains / (losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes (B1)		**(337)**	**11,269**
- Other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period			
- Net gain/(loss) from recognition of defined-benefit plans for employees	21	358	448
- Tax consequences on components that will not be subsequently reclassified to net profit/(loss) for the period		(168)	(67)
Total other gains / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes (B2)		**190**	**381**
Total other gains / (losses) net of taxes (B1+B2 = B) from continuing operations		**(147)**	**11,650**
Total other gains / (losses) net of taxes (C) from discontinued operation		**-**	**-**
Total comprehensive income for the period, net of taxes (A+ B+ C)		**61,787**	**45,089**
Group		60,265	41,102
Minority interests		1,522	3,987

Consolidated Statement of Cash Flows

(In thousands of Euro)	Notes	Half-year period ended 30 June 2022	of which with related parties	2021	of which with related parties
NET PROFIT/(LOSS) FOR THE PERIOD		**61,934**		**33,439**	
Adjustments to reconcile net profit (loss) to net cash from (used in) operating activities:					
Amortization, depreciation and write-downs of tangible and intangible assets, investment property and right-of-use assets	4-5-7-8	84,116	8,605	80,255	8,731
Income taxes	37	26,272		18,729	
Provision for employee benefit plans	21	195		269	
Allocation to/(use of) the provision for obsolete inventory	11	(13,008)		(6,130)	
Losses and provision for bad debt	13	547		383	
Losses/(gains) on disposal of tangible/intangible assets		442		483	
Interest expense and interest expense on lease liabilities	17	7,600	1,463	7,677	1,546
Interest income		(824)	-	(311)	-
Other non-monetary items		123	(210)	(5,889)	(525)
Changes in operating assets and liabilities:					
Trade receivables	13	(370)	(18)	7,875	(83)
Inventories	11	(8,276)		33,263	
Trade payables	24	(23,536)	113	(16,238)	(77)
Other receivables and tax payables	14-26	(3,767)		(3,493)	
Employee benefits payments	21	(413)		(1,145)	
Other assets and liabilities		(5,555)	4,916	4,715	1,176
Other – net		(1,180)		(1,006)	
Income taxes paid		(11,606)	12,730	(15,880)	-
Interest expense and interest expense on lease liabilities paid	17	(7,791)	(1,607)	(7,794)	(1,672)
Interest income received		824	-	311	-
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**105,727**	**25,992**	**129,513**	**9,096**
Cash flow from investing activities:					
Purchase of tangible assets	4-5	(13,938)		(10,500)	
Purchase of intangible assets	8	(3,609)		(2,695)	
Proceeds from the sale of tangible and intangible assets		-		57	
Acquisition of Arts S.r.l. and Aura 1 S.r.l. - deferred consideration		-		(3,629)	
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**(17,547)**	**-**	**(16,767)**	**-**
Cash flow from financing activities:					
Net change in financial receivables	17	-		284	
Net change in financial payables	17	(39,734)		(20,704)	
Repayment of lease liabilities	17-23	(55,172)	(7,956)	(49,724)	(7,343)
Dividends paid to shareholders of the Parent company	39	(56,391)	(40,688)	-	
Treasury share repurchase	18	(38,574)		-	
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**(189,871)**	**(48,644)**	**(70,144)**	**(7,343)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(101,691)**		**42,602**	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**511,796**		**327,880**	
Increase/(decrease) in cash and cash equivalents		(101,691)		42,602	
Effect of exchange rate translation differences		(398)		(209)	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17	**409,707**		**370,273**	

Statement of Changes in Consolidated Shareholders' Equity

(In thousands of Euro) Note 18	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
As at 01.01.2022	**16,879**	**(15,532)**	**2,995**	**4,188**	**594,520**	**(6,404)**	**(10,418)**	**98,676**	**3,375**	**(2,613)**	**78,647**	**764,313**	**21,566**	**785,879**
Allocation of results	-	-	-	-	32,800	-	-	45,847	-	-	(78,647)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	61,590	61,590	344	61,934
Other comprehensive income/(loss)	-	-	-	-	-	(4,332)	2,674	163	-	170	-	(1,325)	1,178	(147)
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**(4,332)**	**2,674**	**163**	**-**	**170**	**61,590**	**60,265**	**1,522**	**61,787**
Distribution of dividends	-	-	-	-	(56,735)	-	-	-	-	-	-	(56,735)	-	(56,735)
Treasury share repurchase	-	(38,574)	-	-	-	-	-	-	-	-	-	(38,574)	-	(38,574)
Stock Grant Reserve	-	-	-	-	-	-	-	-	2,540	-	-	2,540	-	2,540
As at 30.06.2022	**16,879**	**(54,106)**	**2,995**	**4,188**	**570,585**	**(10,736)**	**(7,744)**	**144,686**	**5,915**	**(2,443)**	**61,590**	**731,809**	**23,088**	**754,897**

(In thousands of Euro) Note 18	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
As at 01.01.2021	**16,879**	**(2,776)**	**2,995**	**4,188**	**628,530**	**5,123**	**(25,368)**	**129,770**	**4,322**	**(3,684)**	**(66,397)**	**693,582**	**16,114**	**709,696**
Allocation of results	-	-	-	-	(34,070)	-	-	(32,327)	-	-	66,397	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	30,714	30,714	2,725	33,439
Other comprehensive income/(loss)	-	-	-	-	-	(5,555)	15,924	(350)	-	369	-	10,388	1,262	11,650
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**(5,555)**	**15,924**	**(350)**	**-**	**369**	**30,714**	**41,102**	**3,987**	**45,089**
Reclassifications	-	-	-	-	60	-	-	887	(947)	-		-	-	-
As at 30.06.2021	**16,879**	**(2,776)**	**2,995**	**4,188**	**594,520**	**(432)**	**(9,444)**	**97,980**	**3,375**	**(3,315)**	**30,714**	**734,684**	**20,101**	**754,785**

Explanatory notes to the Condensed Consolidated Half-Year Financial Statements

1. Corporate information

Salvatore Ferragamo S.p.A. is incorporated in Italy, with registered office in via Tornabuoni 2 Florence, as a joint-stock company under Italian law and adopts a conventional administration and control model, with the Shareholders' Meeting, the Board of Directors, and the Board of Statutory Auditors. The Company's Shares are traded on Euronext Milan (formerly known as Mercato Telematico Azionario), organized and operated by Borsa Italiana S.p.A..

The condensed consolidated half-year financial statements for the period ended 30 June 2022 were approved by the Board of Directors of Salvatore Ferragamo S.p.A. on 6 September 2022.

The main Group activities are set out in the Interim Directors' report on operations.
Pursuant to art 2497 ff. of the Italian Civil Code, Salvatore Ferragamo S.p.A. is subject to management and coordination by Ferragamo Finanziaria S.p.A., whose consolidated financial statements are available at the registered office in Florence, Via Tornabuoni, 2.

2. Basis of presentation

Contents and structure of the condensed consolidated half-year financial statements

This condensed consolidated half-year report has been prepared pursuant to art. 154-ter of Leg. Decree no. 58 of 24 February 1998 (Consolidated Law on Finance) as amended and supplemented.
The condensed consolidated half-year report as at 30 June 2022 has been prepared in accordance with the international accounting standard regarding interim reporting (IAS 34 - Interim Financial Reporting) and does not include all the information required in the consolidated annual report; therefore, it must be read together with the Consolidated Annual Report of the Salvatore Ferragamo Group for the year ended 31 December 2021, which is available on the corporate website http://group.ferragamo.com in the section Investor Relations, Financial Documents.
The procedures used for making estimates and assumptions are the same as those used in preparing the annual report.
For comparative purposes, the consolidated financial statements show the comparison with the consolidated statement of financial position as at 31 December 2021 and 30 June 2021 and the consolidated income statement as at 30 June 2021.
All amounts are expressed in Euro and are rounded to the nearest thousand Euro, unless otherwise indicated.

Accounting standards

The Group's accounting standards adopted in the preparation of the condensed consolidated half-year report as at 30 June 2022 are the same as those used in preparing the consolidated financial statements as at 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 have been endorsed by the European Union and applied as from 1 January 2022, as described below. Their adoption had no significant impact on the Group's financial position or results.

Discretionary valuations and significant accounting estimates

The preparation of the condensed consolidated half-year report has entailed the use of estimates and assumptions, both in determining some assets and liabilities, and in assessing contingent assets and liabilities, by using the best available information. Actual results might not fully correspond to estimates.
For details on the main discretionary valuations and accounting estimates used in preparing the condensed consolidated half-year report as at 30 June 2022, reference should be made to the consolidated report as at 31 December 2021, as they are consistent.

Changes in international accounting standards

The Group has not adopted in advance any standard, interpretation or improvement that has been issued but which is not yet in force.

Amendment to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace the references to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with references to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing the requirements of the standard. The Board also added an exception to the recognition principles of IFRS 3 to avoid the risk of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets would not be affected by replacing the references to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual periods beginning on or after 1 January 2022 and apply prospectively.

Amendment to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. There were no material impacts for the Group with respect to these changes.

Amendment to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022. The Group applies these amendments to contracts for which it has not yet met all its obligations at the beginning of 2022.

IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities

As part of the 2018-2020 annual improvements to IFRS standards, the IASB issued an amendment to IFRS 9. This amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies this amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, and earlier application is permitted. There were no material impacts for the Group with respect to this change.

Consolidation area

The Consolidated Financial Statements as at 30 June 2022 contain the equity and financial position as well as the operating performance of the Parent company Salvatore Ferragamo S.p.A. and its Italian and foreign subsidiaries consolidated on a line-by-line basis. These are identified collectively as the Salvatore Ferragamo Group.

The following companies are included in consolidation as at 30 June 2022 and are consolidated on a line-by-line basis.

Company name	Location	Currency	Share capital	30 June 2022 Controlling interest (%) Direct	Indirect	Notes
Salvatore Ferragamo S.p.A.	Florence, Italy	Euro	16,879,000	Parent company		
Ferragamo Retail Nederland B.V.	Amsterdam, Holland	Euro	500,000	100%		
Ferragamo France S.A.S.	Paris, France	Euro	4,334,094	100%		
Ferragamo Deutschland GmbH	Munich, Germany	Euro	3,300,000	100%		
Ferragamo Austria GmbH	Vienna, Austria	Euro	1,853,158	100%		
Ferragamo U.K. Limited	London, United Kingdom	Pound Sterling	7,672,735	100%		
Ferragamo (Suisse) SA	Mendrisio, Switzerland	Swiss Franc	1,000,000	100%		
Ferragamo Belgique SA	Brussels, Belgium	Euro	750,000	100%		
Ferragamo Monte-Carlo S.A.M.	Principality of Monaco	Euro	304,000	100%		
Ferragamo Espana S.L.	Madrid, Spain	Euro	4,600,000	100%		
Ferragamo USA Inc.	New York, United States	US Dollar	74,011,969	100%		
Ferragamo Canada Inc.	Vancouver, Canada	Canadian Dollar	4,441,461		100%	(1)
S-Fer International Inc.	New York, United States	US Dollar	4,600,000		100%	(1)
Sator Realty Inc.	New York, United States	US Dollar	100,000		100%	(1)
Ferragamo Mexico S. de R.L. de C.V.	Mexico City, Mexico	Mexican Peso	4,592,700	99.73%	0.27%	(1)
Ferragamo Chile S.A.	Santiago, Chile	Chilean Peso	1,362,590,000	99%	1%	(1)
Ferragamo Argentina S.A.	Buenos Aires, Argentina	Argentine Peso	16,000,000	95%	5%	(1)
Ferragamo Brasil Roupas e Acessorios Ltda.	Sao Paulo, Brazil	Brazilian Real	55,615,000	99%	1%	(1)
Ferragamo Hong Kong Ltd.	Hong Kong, China	Hong Kong Dollar	10,000	100%		
Ferragamo Japan K.K.	Tokyo, Japan	Japanese Yen	305,700,000	71%		
Ferragamo Australia Pty Ltd.	Sydney, Australia	Australian Dollar	13,637,003	100%		
Ferrimag Limited	Hong Kong, China	Hong Kong Dollar	109,200,000		75%	(2)
Ferragamo Fashion Trading (Shanghai) Co. Ltd.	Shanghai, China	US Dollar	200,000		75%	(3)
Ferragamo Moda (Shanghai) Co. Ltd.	Shanghai, China	US Dollar	1,400,000	75%		
Ferragamo Retail HK Limited	Hong Kong, China	Hong Kong Dollar	39,000,000		75%	(3)
Ferragamo Retail Taiwan Limited	Taipei, Taiwan	New Taiwanese Dollar	136,250,000		75%	(3)
Ferragamo Retail Macau Limited	Macau, China	Macau Pataca	25,000	75.2%		
Ferragamo Retail India Private Limited	New Delhi, India	Indian Rupee	300,000,000	100%		(4)
Ferragamo Korea Ltd.	Seoul, South Korea	South Korean Won	3,291,200,000	100%		
Ferragamo (Singapore) Pte Ltd.	Singapore	Singapore Dollar	4,600,000	100%		
Ferragamo (Thailand) Limited	Bangkok, Thailand	Baht	100,000,000	100%		
Ferragamo (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	Malaysian Ringgit	1,300,000	100%		

1 – Through Ferragamo USA Inc. 2 – Through Ferragamo Hong Kong Ltd. 3 – Through Ferrimag Ltd. 4 -– Non-operating company.

During the first half of 2022, the Salvatore Ferragamo Group's structure underwent no changes.
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 2021. The impact of the application of the new standard in the first half of 2022 is not to be considered material at the Group level.

Translation of financial statements in currencies other than the Euro

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 June 2022	30 June 2021	30 June 2022	31 December 2021	30 June 2021
US Dollar	1.0934	1.2053	1.0387	1.1326	1.1884
Swiss Franc	1.03187	1.09457	0.9960	1.0331	1.0980
Japanese Yen	134.307	129.868	141.54	130.38	131.43
Pound Sterling	0.8424	0.8680	0.8582	0.8403	0.8580
Australian Dollar	1.5204	1.5626	1.5099	1.5615	1.5853
South Korean Won	1,347.84	1,347.55	1,351.61	1,346.38	1,341.42
Hong Kong Dollar	8.5559	9.3551	8.1493	8.8333	9.2293
Mexican Peso	22.165	24.327	20.9641	23.1438	23.5784
New Taiwanese Dollar	31.3582	33.7597	31.0109	31.4393	33.0938
Singapore Dollar	1.4921	1.6059	1.4483	1.5279	1.5976
Thai Baht	36.8550	37.1531	36.7540	37.6530	38.1180
Malaysian Ringgit	4.6694	4.9387	4.5781	4.7184	4.9336
Indian Rupee	83.3179	88.4126	82.1130	84.2292	88.3240
Macau Pataca	8.808	9.635	8.4271	9.1131	9.4884
Chinese Renminbi	7.0823	7.7960	6.9624	7.1947	7.6742
Chilean Peso	902.17	867.75	969.92	965.57	860.08
Argentine Peso	122.630	110.129	130.569	116.491	113.543
Brazilian Real	5.5565	6.4902	5.4229	6.3101	5.9050
Canadian Dollar	1.3901	1.5030	1.3425	1.4393	1.4722

3. Seasonality

The market in which the Group operates is characterized by seasonal events that are typical of the retail and wholesale sales and which can cause an uneven monthly breakdown in the sales flow and in operating costs.

Therefore, it is important to remember that income statement results for the first half of the year cannot be considered as proportional to the year as a whole. The half-year figures are affected by seasonal events also in terms of equity and financial position.

Comments on the main statement of financial position items (assets, shareholders' equity and liabilities)

4. Property, plant and equipment

The following table shows the change in property, plant and equipment for the half-year period ended 30 June 2022.

(In thousands of Euro)	Value at 01.01.2022	Translation diff.	Additions	Disposals	Depreciation	Value at 30.06.2022
Land	29,371	305	-	-	-	29,676
Buildings	56,680	343	65	(6)	(1,308)	55,774
Plant and equipment	17,141	3	162	-	(2,348)	14,958
Industrial and commercial equipment	20,308	789	4,510	(228)	(3,845)	21,534
Other assets	8,492	119	1,413	(14)	(2,291)	7,719
Leasehold improvements	46,916	2,015	9,217	(117)	(9,206)	48,825
Fixed assets in progress and payments on account	7,946	378	4,520	(5,863)	-	6,981
Total	**186,854**	**3,952**	**19,887**	**(6,228)**	**(18,998)**	**185,467**

The increase, net of the decrease in Fixed assets in progress and payments on account:

- in "Buildings, plant and equipment" largely refers to improvements implemented during the first half of 2022 at the Osmannoro – Sesto Fiorentino facility, owned by Salvatore Ferragamo S.p.A., and the property owned by Ferragamo USA Inc.;
- in "Industrial and commercial equipment" mainly refers to the opening and renovation of stores;
- in "Other assets" mainly refers to IT equipment (1,034 thousand Euro) and furniture and furnishings (308 thousand Euro);
- in "Leasehold improvements" refers mainly to work carried out for the opening or refurbishment of stores;
- in "Fixed assets in progress and payments on account" refers largely to expenses incurred and payments on account made for the renovation and opening of stores not yet operational as at the reporting date.

The decrease in Fixed assets in progress and payments on account concern the capitalization of works completed during the period within the various items of Property, plant and equipment (presented primarily as an increase in Industrial and commercial equipment and Leasehold improvements). Said works largely refer to the opening of new stores and the renovation of existing ones. The declines in other line items largely refer to disposals of assets (not fully depreciated) relating to stores that were renovated or closed during the period.
As at 30 June 2022, the Group considered whether there were any indicators of impairment, which could be identified using internal or external sources of information. From the analyses carried out no need emerged to recognize any further impairment or revaluations on this item.

5. Investment property

Investment property entirely refers to buildings located in the United States that are not used for operations but produce income through rental.

Please note that the right-of-use assets qualifying as investment property are classified in this line item and amounted to 25,152 thousand Euro as at 30 June 2022.

The following table shows the change in investment property for the half-year period ended 30 June 2022.

(In thousands of Euro)	Value at 01.01.2022	Translation difference	Additions	Depreciation	Value at 30.06.2022
Land	4,942	447	-	-	5,389
Buildings	237	16	-	(95)	158
Right-of-use assets: - Buildings	25,044	2,156	-	(2,048)	25,152
Total	**30,223**	**2,619**	**-**	**(2,143)**	**30,699**

As at 30 June 2022, the Group considered whether there were any indicators of impairment, which could be identified using internal or external sources of information. From the analyses carried out no need emerged to record any impairment on this item.

6. Goodwill

The amount of Goodwill was entirely acquired in 2020 through the business combination of Arts S.r.l. and Aura 1 S.r.l. and is attributable to the synergies and other economic benefits arising from the combination of the assets of the acquirees with those of Salvatore Ferragamo S.p.A., with respect to the design and manufacturing of men's footwear. Net of the fair value of the assets acquired and liabilities assumed, the residual amount allocated to goodwill arising from the acquisition totaled 6,679 thousand Euro. This item was unchanged in the first half of 2022.

As at 30 June 2022, the Group considered whether there were any indicators of impairment, which could be identified using internal or external sources of information. From the analyses carried out no need emerged to record any impairment on this item.

7. Right-of-use assets

The following table shows the change in right-of-use assets for the half-year period ended 30 June 2022.

(In thousands of Euro)	Value at 01.01.2022	Translation difference	Additions	Disposals	Depreciation	Value at 30.06.2022
Buildings	497,932	15,797	40,851	(3,583)	(56,113)	494,884
Vehicles	2,036	10	1,007	(38)	(692)	2,323
Equipment and other assets	79	2	12	-	(81)	12
Total	**500,047**	**15,809**	**41,870**	**(3,621)**	**(56,886)**	**497,219**

The line item Buildings includes Right-of-use assets largely relating to leases of stores (accounting for approximately 94% of right-of-use assets - Buildings) and, to a lesser extent, leases of offices, company lodgings, and other premises. The main increases recorded during the first half of the year refer to new rental agreements signed during the period or to extensions of existing agreements, mainly for stores. The main decreases, instead, primarily concern agreements terminated early or for which a reduction in future rent has been contracted.

For more details on cash outflows related to leases, see notes 23 Lease liabilities and 34 Breakdown by nature of income statement cost items.

As at 30 June 2022, the Group considered whether there were any indicators of impairment, which could be identified using internal or external sources of information. From the analyses carried out no need emerged to record any impairment on this item.

8. Intangible assets with a finite useful life

The following table shows the changes in intangible assets with a finite useful life for the period ended 30 June 2022.

(In thousands of Euro)	Value at 01.01.2022	Translation diff.	Additions	Disposals	Depreciation	Value at 30.06.2022
Industrial patents and use of intellectual property rights	1,023	7	163	(42)	(404)	747
Concessions, licenses and trademarks	1,658	-	82	-	(174)	1,566
Development costs	21,100	-	2,728	-	(4,824)	19,004
Others	6,300	68	-	-	(687)	5,681
Intangible assets with a finite useful life in progress	3,342	1	1,156	(1,240)	-	3,259
Total	**33,423**	**76**	**4,129**	**(1,282)**	**(6,089)**	**30,257**

Increases in intangible assets with a finite useful life, net of the decrease in Intangible assets with a finite useful life in progress, in the first half of 2022 refer primarily to new investments in development costs for software applications (recorded under the “Development costs” item) and expenses for software licenses (recorded under the “Industrial patents and use of intellectual property rights” item).
The item “Development costs” mainly includes the capitalization of software development costs incurred by the Parent company for the development of business software applications (SAP accounting system, ERP, reporting systems, development costs of the e-commerce platform and of a new SAP-based logistics/distribution system). As at 30 June 2022, the Group reported no intangible assets arising from internal development.
The item “Others” primarily includes the Know-how arising from the fair value measurement of the assets acquired and liabilities assumed in the business combination with Arts S.r.l. and Aura 1 S.r.l., which occurred in 2020 (net amount of 4,586 thousand Euro as at 30 June 2022); the item “Others” includes also to the so-called key money, i.e. the sums paid to obtain the use of leased property by taking over existing contracts or by obtaining the withdrawal of the lessees in such a way as to be able to enter into new contracts with the lessors (net amount of 411 thousand Euro as at 30 June 2022).
As at 30 June 2022, the Group considered whether there were any indicators of impairment, which could be identified using internal or external sources of information. From the analyses carried out no need emerged to recognize any further impairment or revaluations on this item.

9. Other non current assets

Other non current assets as at 30 June 2022 amount to 5,096 thousand Euro, down by 636 thousand Euro compared to 31 December 2021, and primarily concern the long-term share of contributions to customers for store fittings and/or personalized single-brand spaces, amounting to 2,498 thousand Euro, a decrease of 593 thousand Euro compared to 31 December 2021, and the effects related to the allocation at a constant rate of the active operating lease contracts deriving from real estate investments in the USA, as provided for by the reference principles, in the amount of 711 thousand Euro.

The item also includes the non-current portion of Due from tax authorities, totaling 1,887 thousand Euro – essentially unchanged from 31 December 2021. They primarily relate to the Research and Development, design and aesthetic conception, and technological innovation tax credit as well as the “Art Bonus” tax credit for donations in support of cultural activities and the Tax credit for investments in operating assets, which the Parent company was eligible for.

10. Other non current financial assets

“Other non current financial assets”, totaling 16,348 thousand Euro (15,659 thousand Euro as at 30 June 2021), refer to guarantee deposits, mainly for existing rental contracts, and are accounted for at amortized cost.

11. Inventories

Inventories include the following categories:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Gross value of raw materials, accessories and consumables	37,421	41,069	(3,648)
Provision for obsolete inventory	(2,799)	(4,010)	1,211
Raw materials, accessories and consumables	**34,622**	**37,059**	**(2,437)**
Gross value of finished products and goods for resale	323,363	309,359	14,004
Provision for obsolete inventory	(62,318)	(71,852)	9,534
Finished products and goods for resale	**261,045**	**237,507**	**23,538**
Total	**295,667**	**274,566**	**21,101**

The change in raw materials compared to 31 December 2021 depends on production volumes for the period; the relevant provision reflects the obsolescence of raw materials (mainly leather goods and accessories) which are no longer deemed suitable for the production plans. Inventories of finished products recorded an increase of 23,538 thousand Euro compared to 31 December 2021 (+9.9%).
Net (uses of) and/or allocations to the provision for obsolete inventory were as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change
	2022	2021	2022 vs 2021
Raw materials	(1,211)	(1,081)	(130)
Finished products	(11,797)	(8,751)	(3,046)
Total	**(13,008)**	**(9,832)**	**(3,176)**

12. Right of return assets

Concerning the right of return as per "Revenues from contracts with customers", the line item "Right of return assets", amounting to 7,046 thousand Euro (5,224 thousand Euro as at 31 December 2021), includes the estimated cost of the products expected to be returned, equal to the lower of the previous carrying amount of inventories (estimated cost of production) and net realizable value, less potential future costs associated with their recovery.

13. Trade receivables

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Trade receivables	123,901	115,972	7,929
Provision for bad debt	(3,835)	(3,302)	(533)
Total	**120,066**	**112,670**	**7,396**

Trade receivables, largely related to wholesale sales, recorded an increase compared to 31 December 2021. They are interest-free and generally have a maturity of less than 90 days. The related provision for bad debt is considered adequate to meet any cases of insolvency. In addition, during the first half of the year the Group reported 67 thousand Euro in credit losses after writing off non-performing trade receivables.

The change in the provision for bad debt in the half-year period ended 30 June 2022 was as follows:

(In thousands of Euro)	Value at 01.01.2022	Translation difference	Provisions	Uses	Value at 30.06.2022
Provision for bad debt	**3,302**	147	418	(32)	**3,835**

14. Tax receivables

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Due from tax authorities (value added tax and other taxes)	20,878	21,495	(617)
Due from tax authorities for direct taxes	3,739	6,017	(2,278)
Total	**24,617**	**27,512**	**(2,895)**

Tax receivables mainly refer to VAT receivables and amounts due from tax authorities for income taxes relating to advances paid during the period. They were down 2,895 thousand Euro compared to 31 December 2021, primarily because of receivables due from tax authorities for direct taxes.

15. Other current assets

The breakdown of other current assets is set out in the following table:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Other receivables	24,983	22,255	2,728
Accrued income	47	253	(206)
Prepaid expenses	12,751	9,772	2,979
Short-term hedging derivatives	2,087	326	1,761
Total	**39,868**	**32,606**	**7,262**

As at 30 June 2022, other receivables mainly include:

- receivables due from credit card management companies for retail sales amounting to 12,924 thousand Euro (12,359 thousand Euro as at 31 December 2021);
- receivable, amounting to 2.1 million Euro, from the Tuscany Region and the Ministry of Economic Development, relating to the partial payment of Incentives for Sustainable Growth (I-SUCCEED project). For details on the project, please refer to the Interim Directors' report on operations, "Significant events occurred during the first half of 2022" section;
- advances to suppliers amounting to 3,051 thousand Euro (2,331 thousand Euro as at 31 December 2021).

Prepaid expenses mainly include 4,974 thousand Euro in contributions to customers relating to the fit-out of tailored single brand stores and/or stores-in-stores, 2,505 thousand Euro in insurance premiums, and 160 thousand Euro in prepaid lease expenses outside the scope of standard IFRS16.

"Short-term hedging derivatives", amounting to 2,087 thousand Euro (326 thousand Euro as at 31 December 2021), refer to the fair value measurement of outstanding derivative contracts (hedging component) entered into by the Parent company to manage exchange rate risk on sales in currencies other than the Euro.

16. Other current financial assets

The "other current financial assets" item included, as at 31 December 2021, the fair value measurement of derivatives for the non-hedging component in the amount of 596 thousand Euro.

17. Cash and cash equivalents

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Time deposits	34,829	39,988	(5,159)
Bank and post office sight deposits	373,797	470,487	(96,690)
Cash and values on hand	1081	1,321	(240)
Total	**409,707**	**511,796**	**(102,089)**

Time deposits at banks have maturities ranging from one day to twenty-four months and, in any case, can be promptly liquidated without penalties. Bank and post office deposits refer to temporary cash holdings maintained mainly to meet imminent payments.
Also during the first half of 2022, the Group continued using a significant part of its cash surpluses in time-deposit investments, as well as to take out intercompany loans, regulated at current market conditions, so as to contain the increase in bank debt.
With the same objective of making treasury and cash flows management among Group companies more efficient, in June 2022, a cash-pooling structure was implemented between Salvatore Ferragamo S.p.A., as the header, and the Ferragamo USA Inc and Ferragamo HK Ltd. subsidiaries.

As at 30 June 2022, the Group had unused credit lines amounting to 781,569 thousand Euro; as at 31 December 2021, unused credit lines totaled 741,686 thousand Euro. For more details, see note 19 Interest-bearing loans & borrowings.

For the purposes of the consolidated statement of cash flows, the item “Cash and cash equivalents” as at 30 June 2022 and 30 June 2021 was broken down as follows:

(In thousands of Euro)	**30 June 2022**	**30 June 2021**	**Change 2022 vs 2021**
Cash and bank sight deposits	374,878	321,772	53,106
Time deposits	34,829	48,501	(13,672)
Total	**409,707**	**370,273**	**39,434**

Below is the reconciliation of the liabilities from financing activities as reported on the statement of cash flows for the first half of 2022.

(In thousands of Euro)	**Value at 01.01.2022**	**Cash flow for principal repaid/ received**	**Cash flow for interest paid/ received**	**Translation difference**	**New leases**	**Other non-cash changes**	**Value at 30.06.2022**
Non current interest-bearing loans & borrowings	63,516	(10,886)	(339)	(906)	-	339	51,724
Current interest-bearing loans & borrowings (excluding bank overdrafts)	75,604	(28,848)	(170)	894	-	170	47,650
Non current lease liabilities	487,230	-	-	18,698	40,952	(60,189)	486,691
Current lease liabilities	110,012	(55,172)	(7,282)	4,182	-	60,561	112,301
Total liabilities from financing activities	**736,362**	**(94,906)**	**(7,791)**	**22,868**	**40,952**	**881**	**698,366**

The column Cash flows for principal repaid, with respect to Current lease liabilities, is presented net of the proceeds relating to lease payment reductions obtained from negotiations to revise the terms and conditions of the leases of the Group's distribution network, amounting to 2,501 thousand Euro in the first half of 2022.
The column “Other non-cash changes” includes the reclassification of debt into the non current and current portions of Interest-bearing loans & borrowings and Lease liabilities, interest on Interest-bearing loans & borrowings and Lease liabilities accrued during the period, the proceeds relating to lease payment reductions obtained from negotiations to revise the terms and conditions of the leases of the Group's distribution network, as well as the effect of the early termination of some leases or the negotiation of a reduction in future lease payments on Lease liabilities.

18. Share capital and reserves

Here below are the main changes occurred in the Group’s share capital and reserves during the first half of 2022.

The authorized, subscribed, and paid up share capital of the Parent company as at 30 June 2022 totaled 16,879,000 Euro and consisted of 168,790,000 ordinary shares with a nominal value of 0.10 Euro each. During the first half of 2022, there were no changes in the number of shares outstanding.

The treasury share reserve, amounting to 54,106 thousand Euro, consisted of 3,096,433 shares in Salvatore Ferragamo S.p.A. purchased in 2018 (no. 14,000), 2019 (no. 136,000), 2021 (no. 624,163) and in the first half of 2022 (no. 2,322,270), at an average unit price of 17.47 Euro.

The extraordinary reserve of 570,585 thousand Euro, which refers entirely to the Parent company, was set up with retained earnings; the change recorded in the period was due to an increase of 32,800 thousand Euro, relating to

Salvatore Ferragamo S.p.A.'s profit for the year 2021. The decrease of 56,735 thousand Euro refers to the distribution of dividends, approved in the first six months of 2022.

The cash flow hedge reserve was negative 10,736 thousand Euro and is the result of the measurement of the financial instruments defined as cash flow hedges as at 30 June 2022, given the hedges against exchange rate risk, and is shown net of the tax effect.

The translation reserve, negative 7,744 thousand Euro, reflects value changes in the Group share of shareholders' equity of the consolidated companies, due to changes in the exchange rates of the companies' functional currencies against the presentation currency of the consolidated financial statements.

Retained earnings, amounting to 144,686 thousand Euro, include profits/losses capitalized during the years, taking due account of consolidation adjustments, in particular unrealized profit on inventories. In the first half of 2022, this reserve increased by 45,847 thousand Euro due to the capitalization of the result for the 2021 financial year, net of the result of the Parent company allocated to the extraordinary reserve, and 163 thousand Euro for minor effects.

As at 30 June 2022, the items "Other reserves" and "Effect IAS 19 equity" (net total of 3,472 thousand Euro) include the amounts recognized for the valuation differences required by IFRS compared to the local standards of the Group's companies. This item includes the Stock Grant reserve for the two incentive plans for top management in place on 30 June 2022, in the amount of 2,540 thousand Euro (for details, please refer to note 40). The 170 thousand Euro increase refers to the actuarial valuation of outstanding defined benefit plans at some of the Group's companies.

The amounts are net of the tax effects where applicable.

19. Interest-bearing loans & borrowings

A breakdown of current and non current interest-bearing loans & borrowings is given below:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Medium/long-term financial payables to banks	51,724	63,516	(11,792)
Short-term financial payables to banks	47,650	75,604	(27,954)
Total	**99,374**	**139,120**	**(39,746)**

In the first part of 2022, the trend already started in 2021 continued, when, in light of the improved general conditions of the credit market compared to the previous year, the planned repayments of part of the outstanding non-current term loans were carried out.

As it has in the past, the Group used a significant part of its cash surplus in order to take out intercompany loans, which are regulated at current market conditions. As a result, the following were outstanding as at 30 June 2022: the term loan related to the subsidiary Ferragamo Japan K.K., which can be fully repaid at maturity and had a residual maturity of thirteen months, and the 125,000 thousand Euro term loan related to the Parent company, with approximately 63,000 thousand Euro outstanding, repayable according to a repayment schedule, and with a final residual maturity of thirty-seven months. The Group's loans and credit lines are at floating rates. The cost of debt is benchmarked to the market rate for the period (usually Euribor/Libor or the benchmark of the loan currency on the specific interbank market) increased by a spread which depends on the type of credit line used. For term loans with maturity of more than one year, the interest period and the market rate used (Euribor/Libor) does not exceed six months, including for drawdowns beyond the year. Drawdowns range from one day to a maximum of less than five years (term loans). The margins applied are in line with the best market standards.

The financial instruments used are:

i) uncommitted credit lines made available in the currency and country of residence of the individual company in order to meet short-term financial needs linked to the management of working capital;

ii) short- and medium/long-term committed credit lines, in the form of either revolving credit lines or term loans, negotiated on a bilateral basis by the Parent company.

As at 30 June 2022 committed credit lines had a maximum residual duration of forty-two months and a weighted average residual duration of thirty months. The credit lines and the related financial business are spread among leading national and international banks. As at the reporting date uses are below three years.

As far as financial payables to banks are concerned, the following table provides a breakdown by type of the credit lines granted to the Group and the relevant uses:

(In thousands of Euro)	30 June 2022		31 December 2021	
	Agreed	Used	Agreed	Used
Committed credit lines	418,723	73,723	442,072	89,785
Revolving credit lines	*345,000*	*-*	*356,505*	*4,218*
Term loans	*73,723*	*73,723*	*85,567*	*85,567*
Uncommitted credit lines	462,080	25,511	438,596	49,197
Total	**880,803**	**99,234**	**880,668**	**138,982**

The following table provides the breakdown of, and changes in, the net financial position as at 30 June 2022, 31 December 2021 and 30 June 2021, presented in accordance with the model included in CONSOB Communication no. DEM/6064293 of 28 July 2006 as supplemented by Consob's Warning no. 5/21.

(In thousands of Euro)	30 June 2022	31 December 2021	30 June 2021	Change 06.22 vs 12.21	Change 06.22 vs 06.21
A. Cash	374,878	471,808	321,772	(96,930)	53,106
B. Cash equivalents	34,829	39,988	48,501	(5,159)	(13,672)
C. Other current financial assets	-	596	160	(596)	(160)
D. Cash and cash equivalents (A+B+C)	**409,707**	**512,392**	**370,433**	**(102,685)**	**39,274**
E. Current financial payables (including debt instruments)	26,449	53,955	45,366	(27,506)	(18,917)
F. Current portion of non current financial payables*	134,414	132,174	113,729	2,240	20,685
G. Current financial debt (E+F)	**160,863**	**186,129**	**159,095**	**(25,266)**	**1,768**
H. Current financial debt, net (G-D)	**(248,844)**	**(326,263)**	**(211,338)**	**77,419**	**(37,506)**
I. Non current financial payables (excluding debt instruments)*	538,415	550,746	568,808	(12,331)	(30,393)
J. Debt instruments	-	-	-	-	-
K. Trade and other current payables	-	-	-	-	-
L. Non current financial debt (I+J+K)	**538,415**	**550,746**	**568,808**	**(12,331)**	**(30,393)**
M. Net financial debt (H+L)	**289,571**	**224,483**	**357,470**	**65,088**	**(67,899)**

* As at 30 June 2022, the Current portion of non current financial payables included 15,797 thousand Euro in Current lease liabilities to related parties (15,956 thousand Euro as at 31 December 2021 and 15,256 thousand Euro as at 30 June 2021). As at 30 June 2022, Non current financial payables included 83,244 thousand Euro in Non current lease liabilities to related parties (88,034 thousand Euro as at 31 December 2021 and 93,323 thousand Euro as at 30 June 2021). For more details, please refer to note 42 "Transactions with Related Parties".

Limitations on the use of financial resources

In general, the Group's committed credit lines (both revolving credit lines and term loans) that are currently outstanding do not require compliance with financial covenants.

One exception is the loan agreement entered into with Intesa Sanpaolo S.p.A. on 24 July 2020, which includes a financial covenant based on the ratio of Adjusted net financial debt/(surplus) to restated EBITDA (EBITDA excluding the impact of the introduction of the accounting standard IFRS16), to be tested annually starting from 31 December 2021. As at said date, the financial covenant was met.
Financial covenants are also included in some local loan agreements entered into by Asian companies, even though these are uncommitted credit lines.
As at 30 June 2022, the financial and non-financial covenants were complied with by all the companies involved.

20. Provisions for risks and charges

The breakdown of, and changes in, the item are provided in the following table:

(In thousands of Euro)	Value at 01.01.2022	Translation difference	Additions	Uses	Value at 30.06.2022
Legal disputes	3,282	67	902	(1,111)	3,140
Other	17,450	(74)	328	(330)	17,374
Total	**20,732**	**(7)**	**1,230**	**(1,441)**	**20,514**

Legal disputes mainly refer to allocations against likely future liabilities relating to legal proceedings against the Parent company and some proceedings regarding subsidiaries as well as labor disputes with reference to both litigation and estimated amounts that Group companies expect to have to disburse for out-of-court settlements. The use of the provision for legal disputes mainly refers to the settlement of a number of legal and labor proceedings and/or disputes largely related to the Parent company during the period. The amounts set aside are primarily associated with labor and legal disputes that arose during the first half of 2022.
The provision for other risks mainly includes allocations against likely contingent liabilities; the main allocation concerns expenses for the restoration of premises leased from third parties recognized pursuant to the contractual obligations under the relevant leases (17,299 thousand Euro as at 30 June 2022 and 17,331 thousand Euro as at 31 December 2021). The provision for the period included 328 thousand Euro referring to costs for the restoration of premises.
As regards contingent liabilities at Group level, for which no provisions have been made, reference should be made to the Interim Directors' report on operations, section "Significant events occurred during the first half of 2022 – Tax and customs disputes and audits".

21. Employee benefit liabilities

The following table shows the breakdown of employee benefits as at 30 June 2022 and 31 December 2021:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Employee defined benefit liabilities	8,469	8,846	(377)
Other employee benefit liabilities	142	124	18
Total	**8,611**	**8,970**	**(359)**

Employee defined benefit liabilities of the Group's Italian company (the Parent company) amounted to 5,463 thousand Euro, down by 870 thousand Euro compared to 31 December 2021.

Employee defined benefit liabilities of the Group's non-Italian companies refer to Ferragamo Japan KK, Ferragamo Retail Taiwan Limited, Ferragamo France S.A.S., Ferragamo Monte-Carlo SAM, Ferragamo Belgique SA, Ferragamo Mexico S.de R.L.de C.V., Ferragamo Usa Inc., Ferragamo (Thailand) Limited and Ferragamo (Suisse) SA. They amounted to 3,006 thousand Euro, up by 493 thousand Euro compared to 31 December 2021. The value is net of the fair value of plan assets mainly consisting of insurance policies.

22. Other non current liabilities

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Payables for deferred liabilities	17,364	15,106	2,258
Other payables	376	350	26
Total	**17,740**	**15,456**	**2,284**

Payables for deferred liabilities (amounting to 17,364 thousand Euro as at 30 June 2022) largely refer to the straight-lining of the amounts received from lessors for the costs incurred to fit out the stores.

As at 30 June 2022, "Other payables" largely include 321 thousand Euro in guarantee deposits received for lease contracts (294 thousand Euro as at 31 December 2021).

23. Lease liabilities

Below are the changes in lease liabilities occurred in the first half of 2022, broken down between current and non current.

(In thousands of Euro)	Lease liabilities		
	non current	current	Total
Value at 01.01.2022	487,230	110,012	**597,242**
Translation difference	18,698	4,182	**22,880**
Additions	40,952	-	**40,952**
Disposals	(4,245)	-	**(4,245)**
Repayment of lease liabilities	-	(55,172)	**(55,172)**
Interest expense on lease liabilities paid	-	(7,282)	**(7,282)**
Other changes	(55,944)	60,561	**4,617**
Value at the end of the period	**486,691**	**112,301**	**598,992**

The average weighted IBR applicable to leases outstanding as at 30 June 2022 was 2.56% (2.54% in the first half of 2021). As for the other cash outflows related to leases, see note 34 Breakdown by nature of income statement cost items.

24. Trade payables

The breakdown of trade payables was as follows:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Trade payables	159,791	180,751	(20,960)
Advances from customers	1,975	3,041	(1,066)
Total	**161,766**	**183,792**	**(22,026)**

Trade payables do not bear interest and usually become due after 60/90 days.

This item consists of payables relating to the normal commercial activity carried out by Group companies, in particular costs for the purchase of raw materials, parts and costs relating to manufacturing.

25. Refund liabilities

Concerning the right of return as per “Revenues from contracts with customers”, the line item “Refund liabilities” totaled 11,329 thousand Euro as at 30 June 2022 (9,310 thousand Euro as at 31 December 2021) and refers to the liability to customers for the amount of the products expected to be returned.

26. Tax payables

Tax payables, amounting to 21,050 thousand Euro as at 30 June 2022 (25,732 thousand Euro as at 31 December 2021) concern debts for income taxes due for the period, value added tax and other taxes due by Group companies. The amount is lower, compared to 31 December 2021, by 4,682 thousand Euro, primarily with reference to value added tax payable.

27. Other current liabilities

The breakdown of the item "Other current liabilities" is set out in the following table:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Other payables	40,593	34,089	6,504
Payables to social security institutions	3,908	4,621	(713)
Accrued expenses	5,528	763	4,765
Deferred income	4,704	4,250	454
Hedging derivatives	25,985	15,206	10,779
Total	**80,718**	**58,929**	**21,789**

Other payables mainly include the Group's payables to employees for amounts accrued but not yet paid at the reporting date of 30 June 2022 (24,960 thousand Euro, down from 28,438 thousand Euro as at 31 December 2021). The item also includes the corporate income tax (IRES) payable to the Ferragamo Finanziaria S.p.A. parent company, in the amount of 10,164 thousand Euro (as of 31 December 2021 there was a receivable in the amount of 2,567 thousand Euro), attributable to Salvatore Ferragamo S.p.A., accrued as part of the national fiscal consolidation.
The item "Payables to social security institutions" refers to payables to social security institutions paid in the month after the reporting period and relating to amounts due to employees.
The item "Hedging derivatives" shows the fair value measurement at the end of the year of outstanding derivatives (hedging component) entered into by the Parent company to manage exchange rate risk. For further details reference should be made to note 29 below.

28. Other current financial liabilities

The breakdown of the item "Other current financial liabilities" is set out in the following table:

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs 2021
Short-term derivatives	912	513	399
Total	**912**	**513**	**399**

The item "Short-term derivatives" mainly refers to the fair value of financial derivatives with a negative mark to market at the reporting date. For further details, reference should be made to note 29 below.

29. Financial instruments and fair value measurement

The classification of financial instruments under IFRS 9 involves various items. The following table sets out the book value of outstanding financial instruments, divided by category, compared to the corresponding fair values, as at 30 June 2022 and 31 December 2021.

Classification of financial instruments and presentation of their fair value

FINANCIAL ASSETS	30 June 2022			31 December 2021		
	Book value		Fair Value	Book value		Fair Value
(In thousands of Euro)	*Current portion*	*Non current portion*		*Current portion*	*Non current portion*	
Financial assets at fair value through profit or loss						
Derivatives – non-hedging component	-	-	-	596	-	596
Assets measured at amortized cost						
Receivables due from credit cards	12,924	-	12,924	12,359	-	12,359
Trade receivables	120,066		120,066	112,670	-	112,670
Guarantee deposits	-	16,348	16,348	-	15,659	15,659
Cash and cash equivalents	409,707	-	409,707	511,796	-	511,796
Financial assets at fair value through other comprehensive income						
Derivatives – hedging component	2,087	-	2,087	326	-	326
Total	**544,784**	**16,348**	**561,132**	**637,747**	**15,659**	**653,406**

FINANCIAL LIABILITIES	30 June 2022			31 December 2021		
	Book value		Fair Value	Book value		Fair Value
(In thousands of Euro)	*Current portion*	*Non current portion*		*Current portion*	*Non current portion*	
Liabilities measured at amortized cost						
Trade payables and payments on account	161,766	-	161,766	183,792	-	183,792
Payables to banks	47,650	51,724	99,374	75,604	63,516	139,120
Guarantee deposits	105	321	426	96	294	390
Lease liabilities	112,301	486,691	n/a*	110,012	487,230	n/a*
Financial liabilities at fair value through profit or loss						
Derivatives – non-hedging component	912	-	912	513	-	513
Financial liabilities at fair value through other comprehensive income						
Derivatives – hedging component	25,985	-	25,985	15,206	-	15,206
Total	**348,719**	**538,736**	**288,463**	**385,223**	**551,040**	**339,021**

*Under the standard IFRS16, Lease liabilities are not measured at fair value.

The table shows that most outstanding financial assets and liabilities refer to short-term financial items, except for lease liabilities; taking into account their nature, the book value of most of these items is a reasonable approximation of their fair value.

In all other cases, fair value is measured according to methods which can be classified as Level 2 of the hierarchy of data significance levels used in the fair value calculation as defined by IFRS 13.

The Group uses internal valuation models, which are generally used in finance, on the basis of prices provided by market participants or prices collected on active markets through leading info-providers.

To determine the fair value of derivatives, the Company uses a pricing model based on market interest rate values and exchange rates at the measurement date.

As for "Guarantee deposits", the book value is a reasonable approximation of the fair value.

There have been no changes in the valuation methods used compared to the previous years or transfers from one Level to another in the hierarchy of assets or liabilities measured at fair value.

The Group calculates non-performance risk, i.e. the risk that one of the parties may not fulfill its contractual obligations due to a potential default before the derivative expires, both in reference to counterparty risk (Credit Value Adjustment: CVA), and to its own risk (Debt Risk Adjustment: DVA), applying it to the market value of the risk-free portfolio. Taking into account the type of derivatives in the portfolio (solely sales and purchases through currency forward contracts), the related expiry dates (not over twelve months), and the Group's and counterparties' ratings, these adjustments are immaterial.

In addition, it should be noted that, in compliance with the ISDA Master Agreements and the existing framework agreements relating to derivatives, it is generally possible to offset (through netting) all the outstanding financial assets and liabilities arising from these derivatives.

The following table shows the changes in the cash flow hedge reserve for the half-year periods ended 30 June 2022 and 31 December 2021:

(In thousands of Euro)	30 June 2022	31 December 2021
Opening balance	**(8,426)**	**6,740**
+ increases for recognition of new positive effectiveness	3,039	1,718
- decreases for recognition of new negative effectiveness	(20,043)	(17,216)
- decreases for transfer of effectiveness from Cash flow hedge reserve and recognition of income in profit or loss	(999)	(6,847)
+ increases for transfer of effectiveness from Cash flow hedge reserve and recognition of cost in profit or loss	12,303	7,179
Closing balance	**(14,126)**	**(8,426)**

Overall, the reserve, which consists of the value changes in hedges for expected transactions in foreign currency, declined by 5,700 thousand Euro during the first half of 2022, whereas it had declined by 15,166 thousand Euro in 2021. The changes in value reflect the Euro's performance against the main hedged currencies, and specifically the Euro's exchange rate with the dollar and the renminbi, as the single currency depreciated sharply during the period. The amount transferred from the Reserve to the Revenues item on the basis of the underlying flows was negative, amounting to 11,304 thousand Euro in the first half of 2022. In the first half of 2022, no hedge was interrupted due to the cancellation of the expected underlying value; hedges were one hundred percent effective for the whole duration of the underlying asset.

Below is the impact of the hedged items on the statement of financial position:

(in thousands of Euro)	Expected highly probable sales			
			Carrying amount	
	Notional amount	Cash flow hedge reserve / change in fair value used to measure ineffectiveness	Line item "other current assets"	Line item "other current liabilities"
30 June 2022	309,637	(14,126)	1,870	(17,008)
31 December 2021	286,031	(8,426)	299	(10,521)

30. Management of financial risks

For the Management of financial risks, reference should be made to the Annual Report as at 31 December 2021.

Comments on the main income statement items

For a better understanding of the trend in income statement items, reference should also be made to the comments in the Interim Directors' report on operations relating to the comparison between the data for the first half of 2022 and for the first half of 2021.

31. Revenues from contracts with customers

In the first half of 2022 and in the first half of 2021, revenues amounted to 628,963 thousand Euro and 522,674 thousand Euro respectively. The tables below provide the breakdown by channel and geographical area of the main categories of revenues from contracts with customers for the first half of 2022 and the first half of 2021.

(In thousands of Euro)	**Half-year period ended 30 June 2022**			
	Retail	**Wholesale**	**Licenses and services**	**Total Revenues from contracts with customers**
Europe	65,168	70,766	6,467	142,401
North America	129,195	53,196	161	182,552
Japan	51,999	72	-	52,071
Asia Pacific	157,806	54,610	172	212,588
Central and South America	29,710	9,557	84	39,351
Total	**433,878**	**188,201**	**6,884**	**628,963**

(In thousands of Euro)	**Half-year period ended 30 June 2021**			
	Retail	**Wholesale**	**Licenses and services**	**Total Revenues from contracts with customers**
Europe	36,825	56,350	2,958	96,133
North America	96,326	39,364	127	135,817
Japan	41,307	(266)	-	41,041
Asia Pacific	185,498	36,654	107	222,259
Central and South America	21,400	5,993	31	27,424
Total	**381,356**	**138,095**	**3,223**	**522,674**

The Group recognizes revenue from the sale of goods through both the retail and wholesale channels when control over the asset is transferred to the customer, generally upon delivery; in the case of licenses and services, revenue is recognized when the service is rendered to customers.

The item "Licenses and services" includes royalties deriving from the license contract with the Marchon group for the production and distribution of glasses ("Salvatore Ferragamo" brand) and with the Timex group for the production and distribution of watches ("Salvatore Ferragamo" brand). Since October 2021, the item includes also royalties deriving from the license contract with the Inter Parfums Inc. group for the production and distribution of fragrances ("Salvatore Ferragamo" brand). For more details, reference should be made to the Annual Report as at 31 December 2021, paragraph "Significant events occurred during the year". Revenues from royalties are accounted for based on the stage of completion of the licensee's sale.

32. Rental income investment properties

Rental income investment properties were wholly due to the Ferragamo USA Group for the lease of space in owned or leased and sub-leased properties. In the first half of 2022 they amounted to 1,316 thousand Euro, an increase compared to the first half of 2021, when they amounted to 1,143 thousand Euro (+4.5% at constant exchange rates).

33. Cost of goods sold and operating costs

Cost of goods sold and operating costs in the half-year periods ended 30 June 2022 and 30 June 2021 totaled 544,990 thousand Euro and 472,496 thousand Euro, respectively, and were classified by function as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change 2022 vs. 2021
	2022	2021	
Cost of goods sold	177,474	162,857	14,617
Style, product development and logistics costs	25,679	19,845	5,834
Sales & distribution costs	215,485	192,206	23,279
Marketing & communication costs	31,069	27,380	3,689
General and administrative costs	83,835	59,687	24,148
Other operating costs	11,448	10,521	927
Total	**544,990**	**472,496**	**72,494**

Costs recorded an increase of 15.3% compared to the first half of 2021, in support of sales growth (+20.3%), in part negatively influenced by exchange rate trends for some currencies, other than the Euro, in which the Group bears part of the operating costs.

34. Breakdown by nature of income statement cost items

The breakdown by nature of the cost of goods sold and operating costs is set out in the following table:

(In thousands of Euro)	Half-year period ended 30 June		Change 2022 vs. 2021
	2022	2021	
Raw materials, finished products and consumables used	93,041	106,207	(13,166)
Costs for services	227,782	176,563	51,219
Personnel costs	128,603	100,828	27,775
Amortization and depreciation of tangible and intangible assets	25,182	24,407	775
Depreciation of right-of-use assets	58,934	53,764	5,170
Write-downs of tangible/intangible assets	-	206	(206)
Other charges	11,448	10,521	927
Total	**544,990**	**472,496**	**72,494**

Compared to the first half of 2021, there is an increase in the Costs for services and the Personnel costs, partly influenced by appreciation of the main currencies in which the Group bears part of its operating costs during the period; the increase is, moreover, primarily attributable to the growth of revenues and the progressive normalization of the Group's cost structure, which has not yet returned to pre-pandemic levels. In this regard, the higher costs for strengthening the organizational structure and for the entry of some figures into the Group's top management, together with the lower contributions received during the first half of 2022 compared to the same period of the previous year, both in support of employment and for the renegotiation of rent payments, should be noted. Certain types of costs already show an increase linked to inflationary pressure.

The following table shows the impacts of leases on profit or loss, broken down by nature, in the first half of 2022 and in the first half of 2021:

(In thousands of Euro)	Half-year period ended 30 June				Change 2022 vs. 2021
	2022	% of Total	2021	% of Total	
Depreciation of right-of-use assets	58,934	60.0%	53,764	58.3%	5,170
Interest and expenses on lease liabilities	7,093	7.2%	6,855	7.4%	238
Income from lease liabilities	(614)	(0.6%)	(389)	(0.4%)	(225)
Costs relating to short-term leases	3,046	3.1%	3,551	3.8%	(505)
Costs relating to low-value leases	324	0.3%	242	0.3%	82
Costs relating to leases with variable payments not included in the measurement of lease liabilities	31,995	32.6%	32,138	34.9%	(143)
Lease payment reductions	(2,501)	(2.6%)	(3,973)	(4.3%)	1,472
Total	**98,277**	**100.0%**	**92,188**	**100.0%**	**6,089**

Some of the Group's leases contain variable lease payments linked to the revenues generated by stores (DOS), inside leased premises that are not included in the measurement of leases, and are recognized on an accrual basis. As at 30 June 2022, overall variable lease payments accounted for 32.6% of the total expense recognized in profit or loss associated with leases either included or not in the lease liability as per the accounting standard IFRS 16. Variable lease payments depend on sales, and therefore the Group's performance in subsequent years. The Company estimates that in the future variable lease payments will continue to be proportionate to the sales of finished goods.

It should be noted that, in order to contain the negative effects caused by the Covid-19 pandemic, the Group continued to benefit from the negotiations, already began in 2020 and 2021, to review the economic conditions of its distribution network leases, against which it recorded, in the first half of 2022 , an income, primarily related to the Chinese area, equal to 2,501 thousand Euro (3,973 thousand Euro in the first half of 2021); in the Consolidated statement of cash flows this amount was recorded under the Net cash from operating activities (Other non-monetary items). This accounting treatment is consistent with the amendments to IFRS 16 relating to renegotiations resulting from the Covid-19 pandemic.

35. Other income

Other income is broken down as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change 2022 vs. 2021
	2022	2021	
Expense recovery	1,103	1,989	(886)
Advertising contributions	37	5	32
Other income and revenues	7,891	11,878	(3,987)
Gains on disposal of tangible/intangible assets	1	24	(23)
Windfall profit	1,068	708	360
Total	**10,100**	**14,604**	**(4,504)**

Other income, totaling 10,100 thousand Euro, was down 4,504 thousand Euro compared to the first half of 2021. In the first half of 2021 Other income and revenues benefited from the 5.0 million Euro insurance payout that Ferragamo Usa Inc. received for the damage caused to some stores in North America during the protests that took place in the second quarter of 2020. In the first half of 2022 the item includes the contribution granted by the Tuscany Region and the Ministry of Economic Development for 1,832 thousand Euro relating to the Incentives for Sustainable Growth (I-SUCCEED project). For details on the project, please refer to the Interim Directors' report on operations, “Significant events occurred during the first half of 2022” section.

36. Financial operations

Financial operations are broken down as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change
Financial charges	**2022**	**2021**	**2022 vs. 2021**
Interest expense	508	814	(306)
Discount charges and other financial charges	966	1,143	(177)
Interest expense on lease liabilities	7,092	6,849	243
Expenses on lease liabilities	1	6	(5)
Losses on exchange rate differences	12,281	6,775	5,506
Financial charges for fair value adjustment of derivatives	13,447	10,026	3,421
Total	**34,295**	**25,613**	**8,682**

(In thousands of Euro)	Half-year period ended 30 June		Change
Financial income	**2022**	**2021**	**2022 vs. 2021**
Interest income	824	311	513
Other financial income	466	667	(201)
Income from lease liabilities	614	389	225
Gains on exchange rate differences	20,092	11,100	8,992
Financial income for fair value adjustment of derivatives	5,116	3,240	1,876
Total	**27,112**	**15,707**	**11,405**

The item Interest expense includes mainly interest on short-term bank loans and, to a lesser extent, on medium and long-term bank loans.
The item “Discount charges and other financial charges” refers mainly to bank charges and, to a lesser extent, to financial charges on employee benefits, in relation to the valuation of defined-benefit plans pursuant to IAS 19, and discount charges.
Interest expense on lease liabilities totaled 7,092 thousand Euro in the first half of 2022 (6,849 thousand Euro in the first half of 2021).
Gains and losses on exchange rate differences were recorded mainly by the Parent company Salvatore Ferragamo S.p.A., and derive from sales in currencies other than the Euro to both Group companies (intercompany level) and to third parties. During the first half of 2022, net exchange rate gains amounted to 7,811 thousand Euro, compared to 4,325 thousand Euro in net exchange rate gains in the first half of 2021.
Financial income/(charges) for fair value adjustment of derivatives refer 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-hedge derivatives and are closely related to net gains and losses on exchange rate differences. In the first half of 2022, the Group reported 8,331 thousand Euro in net financial charges for the fair value adjustment of derivatives, compared to 6,786 thousand Euro in net financial charges in the first half of 2021.

37. Income taxes

The taxes recorded in the income statement were as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change
	2022	**2021**	**2022 vs. 2021**
Current taxes	(26,681)	(11,715)	(14,966)
Deferred taxes	409	(7,014)	7,423
Total	**(26,272)**	**(18,729)**	**(7,543)**
Tax rate	**29.8%**	**33.4%**	

Taxes were calculated using the best estimate of the expected annual tax rate on the closing date of the period, in line with the effective tax rate for the year ended 31 December 2021, when it amounted to 29.6%.
Deferred taxes include the net use of deferred tax assets on tax losses during the period totaling 9,017 thousand Euro, mainly related to Salvatore Ferragamo S.p.A..

Deferred tax assets and liabilities

The following table provides a breakdown by nature of the assets and liabilities for deferred taxes as at 30 June 2022 and 31 December 2021.

(In thousands of Euro)	30 June 2022	31 December 2021	Change 2022 vs. 2021
Deferred tax assets			
- on employee benefits	1,120	1,216	(96)
- on tangible assets	12,695	11,619	1,076
- on intangible assets	1,881	2,057	(176)
- on right-of-use assets and lease liabilities	16,070	15,084	986
- on the cash flow hedge reserve	3,392	2,024	1,368
- on the valuation of inventories	13,496	15,455	(1,959)
- on the elimination of the profit unrealized in inventories	47,700	37,749	9,951
- on tax losses	1,039	9,986	(8,947)
- on taxed provisions	4,164	2,540	1,624
- for other temporary differences	9,136	7,738	1,398
Deferred tax assets	**110,693**	**105,468**	**5,225**
Deferred tax liabilities			
- on employee benefits	(114)	(103)	(11)
- on tangible assets	(366)	(337)	(29)
- on right-of-use assets and lease liabilities	(130)	(141)	11
- on the valuation of inventories	(1,933)	(1,805)	(128)
- for other temporary differences	(983)	(994)	11
Deferred tax liabilities	**(3,526)**	**(3,380)**	**(146)**
Net effect	**107,167**	**102,088**	**5,079**

Deferred taxes reflect the net tax effect of temporary differences between the book value and the taxable amount of assets and liabilities.

The accounting of assets for deferred taxes was duly adjusted to take account of the effective possibility to be realized.

38. Earnings per share

As required by IAS 33, information is provided on the data used to calculate the earnings per share and the diluted earnings per share. The basic earnings per share is calculated by dividing the profit or loss for the period attributable to the shareholders of the Parent company by the weighted average number of outstanding shares during the reporting period, considering also the weighted average impact of treasury shares during the reporting period.

Below are the amounts used to calculate basic and diluted earnings per share.

	Half-year period ended 30 June	
	2022	2021
Net profit (loss) – shareholders of the Parent company (Euro)		
Profit (loss) from continuing operations (Euro)	61,589,571	34,564,944
Profit (loss) from operations to be disposed of (Euro)	-	(3,850,932)
Net profit (loss) – shareholders of the Parent company (Euro)	61,589,571	30,714,012
Average number of ordinary shares	167,011,384	168,640,000
Basic earnings per share from continuing operations – ordinary shares (Euro)	**0.369**	**0.205**
Basic earnings per share from discontinued operation – ordinary shares (Euro)	**0.000**	**(0.023)**
Basic earnings per share – ordinary shares (Euro)	**0.369**	**0.182**
Average number of ordinary shares	167,011,384	168,640,000
Dilutive effect on stock grant plans	39,570	-
Diluted average number of ordinary shares	167,050,954	168,640,000
Diluted earnings per share from continuing operations – ordinary shares (Euro)	**0.369**	**0.205**
Diluted earnings per share from discontinued operation – ordinary shares (Euro)	**0.000**	**(0.023)**
Diluted earnings per share – ordinary shares (Euro)	**0.369**	**0.182**

Other information

39. 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 June 2022, dividends paid amounted to 56,391 thousand Euro.
Other Group companies with third-party minority shareholders did not approve and/or pay any dividends during the first half of 2022.

40. Share-based payments

The Ordinary Shareholders' Meeting of 14 December 2021 approved two incentive plans for the Managing Director and General Manager, Marco Gobbetti, as well as any additional recipients of the Ferragamo Group as the Board of Directors may identify in the future: the "Special Award 2022-2026" plan and the "Restricted Shares Plan". These plans became effective on 1 January 2022 for the Managing Director and General Manager. For more information on the above incentive plans, see the paragraph "Significant events occurred during the year" in the Annual Report as at 31 December 2021 and the relevant documentation about the Meeting, which is available on the Company's website http://group.ferragamo.com, section Governance/Shareholders' Meeting 2021/14 December.

Restricted Shares Plan

(a) Plan description

The Restricted Shares Plan is intended to strengthen the alignment of interests with all the Ferragamo Group's stakeholders as part of the overall remuneration package of the recipients, boosting specifically their motivation and loyalty to the Company and the Ferragamo Group.
As of 30 June 2022, the recipient of the Restricted Shares Plan is the Managing Director and General Manager of the Company. The Board of Directors may identify additional beneficiaries, at its sole discretion, among the managers who hold and will hold the role of directors, employees and/or collaborators of Companies and subsidiaries.

Object of the Plan

At the beginning of each year, the recipients shall be awarded the right to receive a number of Restricted Shares worth a monetary amount established by the relevant corporate bodies for free, dividing said monetary amount by the average value of the shares (i.e., the average of the stock's closing prices) in the 30 days prior to the award of the right.
The Restricted Shares Plan's shares shall then be awarded at the end of a 12-month period from the date the right was awarded, provided:
(1) the Company has met the following minimum targets (so-called underpins) in the reporting period:
a) a total revenues level at CER (current exchange rates) for the reporting year equivalent to a minimum of 70% of that of the previous year; and
b) a Ferragamo Group ROIC level at RER (reported exchange rates) for the reference year above the Group's WACC;
(2) the administrative and/or labor and/or collaboration relationship in place between each Beneficiary and the Company/Subsidiary is still in place on the assignment date.
Once assigned, the Restricted Shares will be subject to a 12 month non-transferability clause – the so-called lock-up – starting from the assignment date.
Shares in the Company are to be awarded under the Plan by using treasury shares arising from purchases authorized by the Shareholders' Meeting, pursuant to articles 2357 and 2357-ter of the Italian Civil Code, and/or any specific share capital increases pursuant to article 2349, paragraph 1, of the Italian Civil Code.
The Restricted Shares Plan must be considered as being provided for an indefinite period of time.
The Managing Director and General Manager, Marco Gobbetti, will be assigned annually, at the beginning of each year of the Restricted Shares Plan, the right to accrue, free of charge, a number of Restricted Shares corresponding to a monetary value of 2,500,000 Euro. For the first financial year that will close on 31 December 2022, the assignment of Restricted Shares will take place regardless of the achievement of the minimum objectives (so-called underpins).

The expected annual monetary value for any additional beneficiaries will be determined on a case by case basis by the competent corporate bodies.
The Restricted Shares Plan's incentive will be subject to ex-post adjustment mechanisms under the Company's remuneration policies (including claw back clauses, limited to any conduct that constitutes malice attributable to the recipients).

Changes in the period of the number of rights assigned to receive shares*		
(i)	Outstanding at the start of the year	-
(ii)	Assigned in the period	114,766
(iii)	Canceled in the period	-
(iv)	Exercised in the period	-
(v)	Expired in the period	-
(vi)	Outstanding at the end of the period	114,766
(vii)	Exercisable at the end of the period	-

* The average price for the period has not been indicated since it is a plan with free assignment of shares

b) Changes to the Stock Grant Reserve

	30 June 2022	
	Number	Fair Value (In thousands of Euro)
Rights to receive shares assigned to the Managing Director and General Manager		
- at the start of the year	-	-
- assigned in the year	114,766	1,263
- at the end of the period	114,766	1,263

(c) Fair value measurement

The fair value of the Restricted Shares Plan was determined as the fair value of the shares at the time of assignment, discounted by the expected dividends.
The assumptions for the valuation of the Restricted Shares Plan for the Managing Director and General Manager are as follows:

Date of assignment	1 January 2022
Share price at the assignment date (Euro)	22.53
Expected dividends	1.5%
Fair value per share at the assignment date (Euro)	22.19

Special Award 2022-2026 Plan

(a) Plan description

The Special Award Plan is intended to strengthen the alignment of interests between top management and all the Ferragamo Group's stakeholders in order to create value, providing recipients with an incentive to meet the Company's medium/long-term targets – also reflected in the strategic plan – and boosting retention.
In consideration and for the purpose of pursuing these objectives, the Special Award Plan provides for a single cycle subject to a five-year performance period. This timeframe is considered to be appropriate for the achievement of the aforementioned long-term objectives pursued with the Special Award Plan.
As of 30 June 2022, the recipient of the Special Award Plan is the Managing Director and General Manager of the Company. The Board of Directors may identify additional beneficiaries (at the beginning of the Plan or during the Vesting Period, with the application, in this case, of a pro rata temporis parameter that re-proportions the Special Award Bonus taking into account the actual period of service during the Vesting Period), at its sole discretion, among the top managers who hold and will hold the role of directors, employees and/or collaborators of Companies and subsidiaries.

Object of the Plan

The Special Award Plan provides for the disbursement of a "Special Award Bonus" in two instalments, respectively: (a) at the end of the first three years from 1 January 2022 (i.e. 31 December 2024), once the first objective has been reached; and (b) at the end of the following two years (i.e. 31 December 2026), once the second objective has been reached, subject to the existence at such dates of an administration and/or employment relationship between each Beneficiary and the Company or a Subsidiary, on a case by case basis. The disbursement of the "Special Award Bonus", for both instalments, will be paid 50% in cash and the remaining 50% in Company shares.
Each installment shall be equal to a percentage (determined by the Company's competent bodies and equal to 0.50% for the Managing Director and General Manager) of the Company's average capitalization in a period

between the three months before and after the end of the first three years and the subsequent two years from the start of the relationship (the "Average Value").
For the portion of the Special Award Bonus that will be paid through the free allocation of Company shares, this shall take place using treasury shares arising from purchases authorized by the Shareholders' Meeting, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, and/or any specific share capital increases pursuant to article 2349, paragraph 1, of the Italian Civil Code.
The shares awarded to recipients will be locked up for 3 months.
The Plan's incentive will be subject to ex-post adjustment mechanisms under the Company's remuneration policies (including claw back clauses, limited to any conduct that constitutes malice attributable to the recipients).

b) Charges to the Stock Grant Reserve and Plan Cost

	30 June 2022
	Fair Value (In thousands of Euro)
Rights to receive shares assigned to the Managing Director and General Manager	
- at the start of the year	-
- assigned in the year	1,278
- at the end of the period	1,278

(In thousands of Euro)	**Half-year period ended**
	30 June 2022
Cost of share-based payment transactions (payment in shares)	1,278
Cost of share-based payment transactions (payment in cash)	571

(c) Fair value measurement

Considering the allocation mechanism set out above, the valuation concerns the total fair value of the plan, influenced by the degree to which the performance objectives related to the valuation of the Company's stock have been achieved. With respect to the accounting standard these are therefore so-called "market based" objectives. The fair value estimation was carried out using a stochastic simulation with the Monte Carlo Method which, based on the appropriate assumptions, allowed to define a substantial number of alternative scenarios in the timeframe considered. In particular, in each scenario, the projection of the share price was carried out starting from the initial value, according to a Brownian geometric movement.
The main assumptions for the evaluation of the Special Award Plan for the Managing Director and General Manager on the date of assignment and on 30 June 2022, for the valuation of the instalments to be paid in cash, are presented below. The fair value of the cash payment instalment must be valuated at each reporting date.

Valuation at assignment	**1 January 2022**
Date of assignment	1 January 2022
Share price at the assignment date (Euro)	22.53
Expected dividends	1.5%
Expected volatility*	34%
Outflow rate	0%
Salvatore Ferragamo S.p.A. Share Rate of Return**	(0.07%)

Valuation at the reporting date	**30 June 2022**
Date of assignment	1 January 2022
Share price at the reporting date (Euro)	14.70
Expected dividends	1.5%
Expected volatility*	43%
Outflow rate	0%
Salvatore Ferragamo S.p.A. Share Rate of Return**	(0.07%)

* Reasonable estimate based on historical volatility calculated with reference to the valuation date.
** Average interest rate swap rates at the valuation date, respectively at the two three-year and five-year maturities.

41. Segment reporting

Accounting Standard IFRS 8 – Operating segments requires that detailed information is provided for each operating segment, understood as a component of an entity whose operating results are regularly reviewed by the entity's top management to make decisions about resources to be allocated to the segment and assess its performance.
At management level, the organization of the Salvatore Ferragamo Group is based on a matrix structure, divided by distribution channel, geographical area and product category, therefore operating segments cannot be identified and the top management reviews financial performance across the Group as a whole. Therefore, the Group's activity has been represented as a single reportable segment pursuant to IFRS 8.

(In thousands of Euro)	**Half-year period ended 30 June**	
	2022	**2021***
Retail revenues	441,080	378,623
Wholesale revenues	192,303	136,521
Net sales	*633,383*	*515,144*
Cash Flow Hedging Effect on Revenues	(11,304)	4,307
Licenses and services	6,884	3,223
Rental income investment properties	1,316	1,143
Revenues	**630,279**	**523,817**
Gross profit	**452,805**	**360,960**
Gross Profit %	**71.8%**	**68.9%**
Personnel costs	(121,235)	(93,203)
Rental costs	(41,918)	(39,190)
Amortization, depreciation and write-downs of non current assets	(84,033)	(77,992)
Communication costs	(27,690)	(24,459)
Other costs (net of other income)	(82,540)	(60,191)
Operating profit/(loss)	**95,389**	**65,925**
Net financial (charges)/income	(7,183)	(9,906)
Profit/(loss) before taxes	**88,206**	**56,019**
Income taxes	(26,272)	(18,729)
Profit/(loss) from continuing operations	**61,934**	**37,290**
Profit/(loss) from discontinued operation, net of tax	-	(3,851)
Net profit/(loss)	**61,934**	**33,439**
EBITDA**	**179,505**	**144,302**

* The data for the first half of 2021 is shown again for comparison purposes, for a different presentation of revenues by channel.
** As regards the definition of EBITDA, reference should be made to the specific paragraph in the Interim Directors' report on operations on alternative performance measures.

(In thousands of Euro)	**30 June 2022**	**31 December 2021**
Inventories and Right of return assets	302,713	279,790
Trade receivables	120,066	112,670
Tangible assets and investment property	216,166	217,077
Right-of-use assets	497,219	500,047
Intangible assets with a finite useful life and goodwill	36,936	40,102
Other assets	196,622	186,977
Total assets gross of cash and cash equivalents and current financial receivables	**1,369,722**	**1,336,663**
Net financial debt	289,571	224,483
Trade payables and Refund Liabilities	173,095	193,102
Other liabilities	152,159	133,199
Shareholders' equity	754,897	785,879
Total liabilities and shareholders' equity (net of cash and cash equivalents and current financial receivables)	**1,369,722**	**1,336,663**

As regards the information required by IFRS 8, reference should be made to the Interim Directors' report on operations for details and the relevant comments on revenues, broken down by geographical area, distribution channel, and product category.
Below is the information relating to non current assets (excluding financial instruments and deferred tax assets) broken down by geographical area.

(In thousands of Euro)	Italy	Europe (excluding Italy)	North America	Japan	Asia Pacific	Central and South America	Consolidated
30 June 2022	235,151	154,461	195,606	8,742	165,389	12,416	771,765
31 December 2021	242,998	163,477	181,100	12,615	168,127	10,300	778,617

42. Transactions with related parties

This section describes the transactions with related parties undertaken in the half-year periods ended 30 June 2022 and 2021.

(In thousands of Euro)	Half-year period ended 30 June 2022			30 June 2022					
	Revenues	Operating costs (net of other income)	Financial charges	Right-of-use assets	Trade receivables	Other assets	Trade payables	Other current liabilities	Lease liabilities
Holding company:									
Ferragamo Finanziaria S.p.A. (company which exercises management and coordination on Salvatore Ferragamo S.p.A.)	16	(24)	(11)	566	15	-	-	(10,164)	(598)
Related companies									
Palazzo Feroni Finanziaria S.p.A.	22	(3,374)	(745)	45,379	16	70	(83)	-	(48,305)
Lungarno Alberghi S.r.l.	4	(1,032)	(331)	16,908	5	-	(22)	-	(18,727)
Ferragamo Foundation	2	(51)	-	-	-	-	(50)	-	-
Companies connected to members of the Board of Directors									
Dal Borro S.r.l.	3	(11)	-	-	3	-	(11)	-	-
Bacco S.r.l.	-	(1)	-	4	-	-	-	-	(4)
Baia di Scarlino S.r.l.	-	-	-	-	3	-	-	-	-
Castiglion del Bosco S.a.r.l.	26	(2)	-	-	-	-	-	-	-
Il Borro S.r.l. Società agricola	1	-	-	-	1	-	-	-	-
Rubino S.r.l.	-	(19)	-	-	-	2	-	-	-
Windows on Italy S.r.l.	-	(1)	-	-	-	-	(1)	-	-
Vivia di Vivia Ferragamo & C. SAS	-	(97)	-	-	-	-	(20)	-	-
Harbour City Estates Limited	-	(2,159)	(88)	15,272	-	755	-	-	(16,488)
Times Square Ltd.	-	(225)	-	-	-	-	(74)	-	-
Harriman Leasing Limited	-	(2)	-	-	-	815	-	-	-
Long Jin Complex Development (Chengdu) Co. Ltd	-	(1,137)	(242)	11,939	-	787	(1)	-	(12,683)
Dalian Times Square Commercial Co. Ltd.	-	(332)	(28)	1,210	-	200	-	-	(1,354)
Pedder Group Limited	-	-	-	-	3	-	-	-	-
Pedder Vision Limited	5	-	-	-	16	-	-	-	-
OIS Realty Limited	-	(259)	(5)	348	-	140	-	-	(357)
Shanghai Wheelock square Development Co. Ltd.	-	(386)	(12)	523	-	247	(61)	-	(523)
Wharf IFS (Chengdu) Property Management Limited Company	-	(76)	-	-	-	-	-	-	-
Shanghai Harriman Property Management Co. Ltd.	-	(58)	-	-	-	31	(10)	-	-
Chongquing Jiayi Real Estate Development Co Ltd.	-	(182)	(2)	26	-	115	-	-	-
Chengdu Times Outlets Commerce Co., Ltd	-	(117)	-	2	-	4	(4)	-	(2)
Other related parties									
Massimo Ferragamo	-	(69)	-	-	-	-	(36)	-	-
Riccardo Ferragamo	-	(18)	-	-	-	-	-	(2)	-
Giovanna Ferragamo	-	(45)	-	-	-	-	-	-	-
Angiolo Anichini	-	(94)	-	-	-	-	-	(25)	-
Directors, Statutory Auditors and Managers with strategic responsibilities									
Directors, Statutory Auditors and Managers with strategic responsibilities	-	(16,064)	-	-	-	-	-	(6,934)	-
Total	**79**	**(25,835)**	**(1,464)**	**92,177**	**62**	**3,166**	**(373)**	**(17,125)**	**(99,041)**
Group total	**630,279**	**(357,416)**	**(34,295)**	**497,219**	**120,066**	**56,216**	**(161,766)**	**(80,718)**	**(598,992)**
% ratio	**0.0%**	**7.2%**	**4.3%**	**18.5%**	**0.1%**	**5.6%**	**0.2%**	**21.2%**	**16.5%**

(In thousands of Euro)	Half-year period ended 30 June 2021			30 June 2021					
	Revenues	Cost of goods sold and Operating costs (net of other	Financial charges	Right-of-use assets	Trade receivables	Other assets	Trade payables	Other current liabilities	Lease liabilities
Holding company:									
Ferragamo Finanziaria S.p.A. (company which exercises management and coordination on Salvatore Ferragamo S.p.A.)	10	(38)	(12)	630	10	2,690	-	-	(657)
Related companies under joint control									
Palazzo Feroni Finanziaria S.p.A.	21	(2,562)	(765)	51,190	15	70	(34)	-	(53,022)
Lungarno Alberghi S.r.l.	10	(952)	(343)	17,865	10	-	-	-	(19,448)
Ferragamo Foundation	2	(50)	-	-	-	-	(50)	-	-
Companies connected to members of the Board of Directors									
Arpa S.r.l.	-	(9)	-	-	-	-	(9)	-	-
Bacco S.r.l.	-	(1)	-	7	-	-	-	-	(7)
Caretti & Associati S.r.l.	-	(50)	-	-	-	-	(61)	-	-
Castiglion del Bosco S.a.r.l.	-	(9)	-	-	-	-	(4)	-	-
Castiglion del Bosco Hotel S.r.l.	2	-	-	-	3	-	-	-	-
Il Borro S.r.l. Società agricola	2	-	-	-	2	-	-	-	-
Prisma Property Investment Management S.r.l.	1	-	-	-	1	-	-	-	-
Vivia di Vivia Ferragamo & C. SAS	-	(87)	-	-	-	-	(15)	-	-
Harbour City Estates Limited	-	(3,343)	(99)	17,461	253	2,703	(139)	-	(18,118)
Times Square Ltd.	-	(519)	-	-	112	-	(196)	-	-
Harriman Property Management Limited	-	(1)	-	-	-	-	-	-	-
Harriman Leasing Limited	-	(1)	-	-	-	719	-	-	-
Long Jin Complex Development (Chengdu) Co. Ltd	-	(1,251)	(250)	12,862	-	714	(34)	-	(13,226)
Dalian Times Square Commercial Co. Ltd.	-	(297)	(36)	1,625	-	181	-	-	(1,791)
Pedder Group Limited	-	-	-	-	3	-	-	-	-
Pedder Vision Limited	20	-	-	-	10	-	-	-	-
OIS Realty Limited	-	(233)	(10)	729	-	123	-	-	(727)
Shanghai Wheelock square Development Co. Ltd.	-	(361)	(23)	1,187	-	224	-	-	(1,221)
Wharf IFS (Chengdu) Property Management Limited Company	-	(11)	-	-	-	-	-	-	-
Shanghai Harriman Property Management Co. Ltd.	-	(50)	-	-	-	28	-	-	-
Wharf (China) Property Management Co. Ltd - IFS Branch	-	(53)	-	-	-	-	-	-	-
Chongquing Jiayi Real Estate Development Co Ltd.	-	(168)	(8)	307	-	104	-	-	(362)
Chengdu Times Outlets Commerce Co., Ltd	-	(139)	-	-	-	4	(5)	-	-
Other related parties connected to members of the Board of Directors									
Massimo Ferragamo	-	(62)	-	-	-	-	-	-	-
Riccardo Ferragamo	-	(14)	-	-	-	-	-	(1)	-
Federica Anichini	-	(49)	-	-	-	-	-	-	-
Angiolo Anichini	-	(94)	-	-	-	-	-	(25)	-
Giuseppe Anichini	-	(5)	-	-	-	-	-	-	-
Directors, Statutory Auditors and Managers with strategic responsibilities									
Directors, Statutory Auditors and Managers with strategic responsibilities	-	(4,398)	-	-	-	-	-	(2,773)	-
Total	**68**	**(14,807)**	**(1,546)**	**103,863**	**419**	**7,560**	**(547)**	**(2,799)**	**(108,579)**
Group total	**523,817**	**(457,892)**	**(25,613)**	**469,553**	**109,884**	**48,335**	**(120,516)**	**(40,928)**	**(562,244)**
% ratio	**0.0%**	**3.2%**	**6.0%**	**22.1%**	**0.4%**	**15.6%**	**0.5%**	**6.8%**	**19.3%**

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. Bank guarantees were issued in favor of Palazzo Feroni Finanziaria S.p.A. (1,733 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 Group has not set aside any provision for bad debt in relation to amounts due from related parties.
Specifically:

Holding company

Ferragamo Finanziaria S.p.A.

Under the domestic fiscal unity in which the Parent company Salvatore Ferragamo S.p.A. participates together with Ferragamo Finanziaria S.p.A. (consolidating entity), Other current liabilities included 10,164 thousand Euro in corporate income tax (IRES) payables of Salvatore Ferragamo S.p.A. (as of 31 December 2021 it was a credit in the amount of 2,567 thousand Euro recorded under Other current assets).

Salvatore Ferragamo S.p.A. has one outstanding lease contract with Ferragamo Finanziaria S.p.A. concerning the lease of an industrial shed adjacent to the Osmannoro facility, which the Parent company converted into a design and prototyping laboratory for the development of leather goods. Since it falls within the scope of IFRS 16, the lease was accounted for by recognizing a right-of-use asset, depreciated over the lease term, and a corresponding lease liability.

Related companies

These transactions mainly refer to trade transactions that affected revenues, operating costs, trade receivables and payables, right-of-use assets, lease liabilities, and other assets and liabilities. They include mainly:

- sale of products;
- leases; if they fall within the scope of IFRS 16, they are accounted for accordingly (i.e. by recognizing right-of-use assets, lease liabilities, depreciation expense, and financial charges), otherwise lease payments are recognized through profit or loss on a straight-line basis over the lease term and the relevant payables are included in Trade payables;
- rendering of services.

In particular, the following transactions should be noted:

Palazzo Feroni Finanziaria S.p.A.

Revenues and the relevant receivables largely refer to IT and administrative services.
Right-of-use assets and lease liabilities, operating costs, and finance expense largely refer to leases for the headquarters in Florence and some stores of the Italian chain, which mostly fall within the scope of IFRS 16. Other assets refer to the relevant guarantee deposits.

Lungarno Alberghi S.r.l.

Revenues (and the relevant credit balances) refer to product sales; right-of-use assets, lease liabilities, operating costs, and financial charges largely refer to the lease of a space used as a store of the Italian retail chain, which falls within the scope of IFRS 16.

Ferragamo Foundation

Costs (and the relevant debit balances) include 51 thousand Euro relating to services rendered for the management of the Salvatore Ferragamo S.p.A. historical archive (50 thousand Euro in the first half of 2021).

Companies connected to members of the Board of Directors

These transactions mainly refer to trade transactions that affected revenues, operating costs, trade receivables and payables, right-of-use assets, lease liabilities, and other assets and liabilities. They include mainly:

- sale of products;
- leases; if they fall within the scope of IFRS 16, they are accounted for accordingly (i.e. by recognizing right-of-use assets, lease liabilities, depreciation expense, and financial charges), otherwise lease payments are recognized through profit or loss on a straight-line basis over the lease term and the relevant payables are included in Trade payables;
- rendering of services.

In particular, the following transactions should be noted:

Harbour City Estates Limited

Right-of-use assets and lease liabilities, operating costs (net of the reduction in lease payments granted because of the Covid-19 pandemic), and financial charges largely refer to leases for premises in Hong Kong, including mainly the Canton Road flagship store, which mostly fall within the scope of IFRS 16. Other assets refer to the relevant guarantee deposits.

Times Square Ltd. and Harriman Leasing Limited

As regards Times Square Ltd., operating costs (and the relevant trade payables) mainly refer to rents for premises for a store in Hong Kong, while as regards Harriman Leasing Limited, other assets refer to the guarantee deposit for the same store in Hong Kong.

<u>Long Jin Complex Development (Chengdu) Co. Ltd</u>
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease for a store of Ferragamo Moda (Shanghai) Limited, which largely falls within the scope of IFRS 16, whereas other assets refer to the relevant guarantee deposit.

<u>Dalian Times Square Commercial Co. Ltd.</u>
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease for a store of Ferragamo Moda (Shanghai) Limited, which falls within the scope of IFRS 16, whereas other assets refer to the relevant guarantee deposit.

<u>OIS Realty Limited</u>
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease for the offices of Ferragamo Hong Kong Limited and Ferragamo Retail Hong Kong Ltd, which falls within the scope of IFRS 16, whereas other assets refer to the relevant guarantee deposit.

<u>Shanghai Wheelock square Development Co. Ltd.</u>
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease of the offices of Ferragamo Fashion Trading Shanghai Co. Limited and Ferragamo Moda Shanghai Limited, which falls within the scope of IFRS16, whereas other assets refer to the relevant guarantee deposits.

<u>Chongquing Jiayi Real Estate Development Co Ltd.</u>
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease for a store of Ferragamo Moda (Shanghai) Limited, which falls within the scope of IFRS 16, whereas other assets refer to the relevant guarantee deposit.

Other related parties
With respect to the other related parties, costs, and the relevant payables, refer to the cost incurred primarily by Salvatore Ferragamo S.p.A. and Ferragamo Usa Inc. under the working relationship in place during the period.

Directors, Statutory Auditors and Managers with strategic responsibilities
The Managers with strategic responsibilities during the first half of 2022 are listed in the following table:

Full name	Role
Giacomo Ferragamo	Chief Product & Transformation Officer and Director
Alessandro Corsi	Chief Financial Officer and Manager charged with preparing Company's Financial Reports

The costs associated with the managers with strategic responsibilities as well as the relevant payables referred to the cost incurred by the Group as part of the employment relationship, including the variable bonus. In the first half of 2022, they amounted to 553 thousand Euro (572 thousand Euro in the first half of 2021). Typically, the managers with strategic responsibilities receive non-monetary benefits such as cars, mobile phones, and insurance policies.
The remuneration due to the Managing Director and General Manager, amounting to 14,521 thousand Euro, is inclusive of the remuneration relating to the employee relationship, of the flat-rate entry fee and of the estimate of the variable bonus and remuneration for the period of the two share-based payment plans (for details, please refer to note 40 "Share-based payments" in the explanatory notes to this document). The remuneration due to the other Directors of Salvatore Ferragamo S.p.A. is inclusive of the remuneration for participation in the committees, and for Angelica Visconti of the cost incurred in relation to the employment relationship, which ended during the first half of 2022. In the first half of 2022, the total remuneration relating to the Board of Directors amounted to 15,406 thousand Euro (3,723 thousand Euro in the first half of 2021). Some directors receive non-monetary benefits such as cars, mobile phones, insurance policies, and accommodation.

The remuneration of the Board of Statutory Auditors of Salvatore Ferragamo S.p.A. (also for the auditors' role as members of the Supervisory Body) amounted to 104 thousand Euro (103 thousand Euro in the first half of 2021).

43. Commitments and risks

The breakdown of the risks and commitments is as follows:

(In thousands of Euro)	30 June 2022	31 December 2021
Sureties and guarantees provided by third parties to third parties in the interests of Group companies	26,553	23,804
Guarantees provided by Group companies to third parties in the interests of Group companies	142,120	136,176
Total	**168,673**	**159,980**

The sureties and guarantees provided by third parties in the interests of Group companies largely refer to sureties and guarantees on lease contracts entered into by Group companies, including a guarantee for 6 million US dollars (equal to 5,776 thousand Euro) relating to a lease contract of the Ferragamo Usa Group.
The guarantees provided by Group companies are mainly in favor of banks to guarantee credit lines which may be used locally.

44. Significant non-recurring events and transactions

During the first half of 2022, the Salvatore Ferragamo Group did not carry out significant non-recurring transactions and no significant non-recurring events occurred.

45. Transactions arising from atypical and/or unusual transactions

The Group did not undertake atypical and/or unusual transactions, i.e. those transactions which, due to their importance/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 fairness/completeness of the information provided in the financial statements, conflicts of interest, the safeguarding of the company's equity, and the protection of minority interests.

46. Significant events occurred after 30 June 2022

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 (equal to approximately 25 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.
No additional significant events occurred after 30 June 2022.

Florence, 6 September 2022

On behalf of the Board of Directors
The Chair
Leonardo Ferragamo

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

1. The undersigned Marco Gobbetti in his capacity as "Managing Director" and Alessandro Corsi in his capacity as "Manager charged with preparing Company's Financial Reports" of Salvatore Ferragamo S.p.A. certify, having also taken account of the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the company's structure and
- the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements for the first half of 2022.

2. The adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements as at 30 June 2022 has been assessed on the basis of the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission which is the generally accepted model internationally.

3. It is also certified that
3.1 The condensed consolidated half-year financial statements as at 30 June 2022:

a. have been prepared in accordance with the applicable International Accounting Standards as endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002, and in particular IAS 34 – Interim Financial Reporting;
b. correspond with accounting books and records;
c. are suitable to provide a true and fair representation of the equity, income and financial position of the Parent company and of the group of companies included in the consolidation area.

3.2 The Interim Directors' report on operations includes a reliable analysis of the significant events occurred during the first six months of the year and of their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Interim Directors' report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Florence, 6 September 2022

Managing Director
Marco Gobbetti

Manager charged with preparing Company's Financial Reports
Alessandro Corsi

KPMG S.p.A.
Revisione e organizzazione contabile
Viale Niccolò Machiavelli, 29
50125 FIRENZE FI
Telefono +39 055 213391
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Salvatore Ferragamo S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Salvatore Ferragamo Group, comprising the statement of financial position as at 30 June 2022, the income statement and the statements of comprehensive income, cash flows, changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Salvatore Ferragamo Group as at and for the six months ended 30 June 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Florence, 7 September 2022

KPMG S.p.A.

(signed on the original)

Riccardo Cecchi
Director